

Market Commentary

RESIDENTIAL MORTGAGE LOANS | MARCH 2026

While the residential credit isn't immune to the broader market volatility, the space has stayed active since the start of the Iran conflict. Spreads and yields have moved in line with broader markets (more detail on that below), but both loan (RMLs) and securities (RMBS) markets remain open and efficient.

In terms of activity, data on RMBS issuance volumes are the most readily available. Total RMBS issuance for March month-to-date is \$26 billion, with Non-QM issuance at \$11 billion. Investors are certainly more patient than earlier in the year, and deals take a little longer to get done and overall subscription levels are lower, but the market is active and functioning well.

Real-time origination data is a little more difficult to come by, but we estimate the overall mortgage market is still tracking toward \$2 trillion in 2026 originations. Non-QM origination is running at \$12–15 billion per month here.

In terms of broad market changes, rates are off 40–50 basis points, stocks down 3–4%, IG off by 6 basis points and HY off 20 basis points.

RMBS Issuance

| Asset | YTD 26 | 2026 Est | 2025 |
|-----------------|-------------|--------------|--------------|
| Non-QM | 25.6 | 85.0 | 79.6 |
| Prime | 13.8 | 50.0 | 36.6 |
| Agency Investor | 3.8 | 28.0 | 9.1 |
| RPL/NPL | 4.1 | 35.0 | 25.9 |
| 2nds | 13.5 | 25.0 | 29.2 |
| Other | 8.5 | 15.0 | 44.5 |
| Total | 69.3 | 238.0 | 224.9 |

Non-QM Market Activity

As we get into some detail around market moves in Non-QM, here's a quick breakdown on our activity during the month, which both informs our views on exactly where the market is today and shows the breadth of activity still occurring despite overall volatility:

- i. Funded over \$500 million in RMLs
- ii. Delivered \$450 million in RMLs to our investing vehicles across insurance portfolios and securitization funds
- iii. Priced and closed a \$400+ million Non-QM securitization (SGR 2026-2)
- iv. Pledged RMLs to the FHLBs
- v. Bid over a dozen bulk pool offerings
- vi. Sold \$100+ million loans to third parties

Market Movements

| Asset | 27-Feb | 26-Mar | Change |
|--------|--------|--------|--------|
| 2YR | 3.37 | 3.98 | 0.61 |
| 5YR | 3.50 | 4.09 | 0.59 |
| 10YR | 3.94 | 4.41 | 0.47 |
| SPY | 685 | 647 | -6% |
| QQQ | 607 | 578 | -5% |
| CDX IG | 56 | 65 | 9 |
| CDX HY | 332 | 371 | 39 |

Spreads & Performance

Big picture in Non-QM, RML yields have generally tracked rates with spreads having slightly outperformed CDX IG. RMBS has moved more than RMLs. In our experience, this price action isn't unexpected. Buyers of Non-QM RMLs are split pretty evenly between insurance portfolios and securitizers. The move higher in RML yields has brought in

Non-QM Spreads & Yields

| Asset | 27-Feb | 26-Mar | Change |
|-----------------|--------|--------|--------|
| NQM RMLs Spread | 240 | 245 | 5 |
| NQM RMLs Yield | 5.95 | 6.45 | 0.50 |
| NQM AAA | 120 | 145 | 25 |
| NQMA | 155 | 175 | 20 |
| NQM BBB | 190 | 210 | 20 |

more insurance portfolio demand and helped to support spreads. For securitizers, the RMBS spread moves have hurt execution, but we saw above trend returns prior to the conflict and still believe securitization can provide mid-teens returns here — helping to support demand. Net/net, demand has remained steady from both buyer base and the market has been fairly disciplined in tracking broader moves.

On the RMBS side, AAA has also tracked with prior experience. AAAs are 70–80% of the capital stack, so that’s roughly \$8–9 billion of new issue Non-QM AAAs that cleared during March. Additionally, AAAs moved sharply tighter earlier in the year post the administration’s announcement that the GSE will buy \$200 billion of MBS and we’ve essentially just retraced to pre-announcement spreads.

Wrap-Up

Summing it all up, RMLs and RMBS markets functioned well despite the broader volatility. Origination continues to scale, loans are trading, securitizations are pricing and the FHLBs are financing RMLs.

We continue to be active on all fronts, providing investing clients turn-key access to RML SMAs, securitization funds and are working on an upcoming Private RMBS deal. Please let us know how we can help.

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