

Mortgage/Swap

Selling (Convexity)

Dealers getting executed on pass throughs.

Specific Swaps: 2y 3y 5y 10y 30y

Relieving → Means looking for Rally. (Getting long)

They think spreads will narrow (Tightening spreads)

Paying → Getting short: Widening spreads.

Mortgage Spreads

If WIDEN were looking for sellers in Treasuries

If Tighten

Agencies?

~~Bonds~~ for fixed income the affect

Swaps:

Mortgage: Widening is bearish for us
Tightening is bullish for us

Note: If 3y Swap tightens } putting on steepener
If 10y Swaps widen }