

## MBS basis cheapness – Not just about returning to “normal”

There is widespread recognition in the MBS market that spreads are historically wide, especially compared to the post-GFC history. That said, some clients have wondered whether today's wide levels of the MBS basis are simply a return to the pre-GFC “normal”. We take a look at data and the drivers and conclude that current levels are cheap on an apples to apples basis even when compared to the pre -GFC period.

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