Invesco

Invesco Fixed Income

Multi-sector asset allocation outlook
Q2 2022

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IFI multi-sector asset allocation overview

Macro factor summary
The global economy's pace of growth is easing as the post-pandemic recovery fades and headwinds to growth build. We expect inflation to remain elevated, though peak levels of inflationary pressure may be behind us. Inflation well above targets will likely keep the pressure on global central banks, who will likely be tightening policy steadily throughout the coming year.

Asset allocation summary
Interest rate markets have moved aggressively to price in likely rate hikes, and short ends of yield curves now price in the most likely outcomes for central banks; we have moved to a neutral stance on duration as a result. We remain neutral on global credit as fundamentals are still broadly supportive, and valuations are fair, in our view, but we expect more volatility as central bank policy tightens. We have moved to overweight on the US dollar.

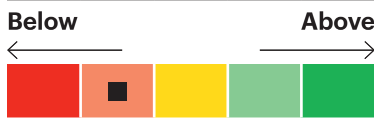
Risk position summary
We maintain a neutral risk position. Tightening policy and slowing growth momentum are headwinds for risky assets, keeping our risk-taking measured. The fact that central bank rates are still low at this time, and we believe that recession risks are not high, should provide some support for risky assets.

Senior Editor

Ann Ginsburg
Head of Thought Leadership
Fixed Income

1 IFI macro factor outlook (three-month outlook)

Factors vs. market expectations



Global growth: Slightly below expectations
The global economy is decelerating from its strong, post-pandemic growth rates. We do not expect a near-term recession in the US or Europe, but a tight labor market, tightening policy and the Ukraine conflict will likely constrain growth to a more moderate pace compared to its recent pace. We also see near-term headwinds to growth in China related to COVID pandemic lockdowns and other structural factors. We expect Chinese policy makers to move to support growth, but we still anticipate that growth will undershoot targets and expectations in the near term.

Global inflation: Above expectations
Globally, both headline and core inflation have risen sharply in recent months. US and European inflation are well above levels acceptable to their central banks, and central banks are being forced to move aggressively to try to counter this inflationary pressure. While upside inflation pressure will likely remain with us for the near future, the year-over-year rate of change is likely to ease in the near future. US core CPI inflation likely peaked in March, and the headline level may peak in Q2. Both tight labor markets and strong housing markets should keep upward pressure on inflation, but easing supply chain disruptions and high, but stable, commodity prices should mitigate some upward pressure on inflation.

Global policy and financial conditions: Tightening
Most global developed market central banks are tightening. Inflation and tight labor markets will likely keep the pressure on central banks to tighten to get ahead of inflationary pressures. The US Federal Reserve (Fed) is likely to lead, and is aiming to get monetary policy to a neutral stance as soon as practicably possible. With short-term interest rates still close to zero in the US, and below zero in some other developed markets, including the euro area, central banks will likely be raising rates steadily throughout the year. The Fed will likely also take the lead in reducing the size of its balance sheet. We expect quantitative tightening (QT) to begin in May of this year, and many other central banks to also begin the process of reducing the size of their balance sheets this year. The Chinese central bank (PBoC) will likely be moving in the opposite direction, and is likely to continue to ease conditions over the balance of this year; growth headwinds in China demand easier policy, and the Chinese authorities have room to be able to ease policy from here.

IFI 2022 macro outlook

	Growth (%)		Inflation (%)		Policy	
	IFI Forecast	Consensus	IFI Forecast	Consensus	Next Move	Consensus
US	3.5	3.2	7.2	6.9	We expect the Fed to hike rates at every meeting in 2022, reaching 2.50% by the end of 2022, with more hikes in 2023, for a terminal rate of 3.00-3.50%.	Consensus is broadly in line with our forecasts.
Europe	3.2	2.8	6.5	6.5	We expect two hikes from the European Central Bank (ECB) this year, and two more in 2023.	
China	4.8	5.0	2.0	2.2	We don't expect a change in the Bank of Japan's (BoJ) Yield Curve Control framework.	
Japan	1.8	2.2	1.7	1.5	The PBoC is likely to focus more on credit easing than interbank liquidity going forward.	

Invesco Fixed Income, Bloomberg L.P. Data as of April 20, 2022. IFI forecasts are six-month trends.

2

IFI broad asset allocation (three-month outlook)

Global duration: Neutral
Central bank interest rate increases now appear priced into the market. Longer maturity bonds could move slightly higher in yield, but we are cautious about being short duration at these levels.

US dollar: Overweight
Tighter US monetary policy is supportive of the US dollar, in our view, especially against the European and Japanese currencies. Strong commodity prices should be supportive of other developed market and some emerging market currencies.

Global credit: Neutral
Valuations within global credit have improved somewhat over the recent quarter, but slower rates of economic growth going forward could weigh somewhat on fundamentals. Tighter policy and financial conditions may be conducive to volatility going forward. We believe the current risk-reward balance favors a more cautious stance on credit. We are seeking to add value through idiosyncratic opportunities, security selection and buying into pullbacks.

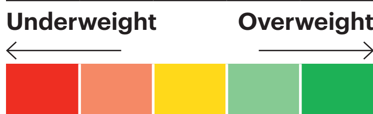
3

IFI risk position (three-month outlook)

We maintain a neutral risk position. We believe peak rates of growth for this cycle are in the past, and slowing growth in the upcoming periods will likely be a slight headwind to fundamentals. Aggressive rate hikes by central banks create a more difficult technical headwind for risky assets going forward, in our view. We expect overall market price action to continue to be two-way. We look to take advantage of corrections in the overall market to add risk back to portfolios that should be positioned neutral to credit and risky assets at the current time.

4

IFI multi-sector asset allocation (three-month outlook)



US					
Fundamentals		■			
Valuations			■		
Technicals			■		

(US overall: | | | ■ | | |)

Long-term government interest rates

US

The likely Fed rate hike path appears fully priced into the short end of the yield curve, so the upside to short maturity bond yields is limited, in our view. The upside to longer maturity yields is likely to be tempered by the fact that we have likely seen the near-term peak in inflation and that year-over-year core inflation is likely to decline in the coming months. Core inflation increased at a very strong pace in Q2 2021, and is unlikely to increase at such a pace in 2022. This means that the market's inflation angst will likely ease in the next few months. While inflation will probably remain well above the Fed's targets throughout 2022, concerns about ever increasing inflation are likely to ease. We believe 10-year Treasury yields probably have some more upside, but given easing inflation concerns, we do not expect 10-year yields to rise much above 3% in the near term. This is also equivalent to a 0% 10-year real yield, as measured by the US Treasury Inflation Protected Securities market. A 0% 10-year real yield had prevailed prior to the pandemic shock.[1]

Europe			■		
Fundamentals		■			
Valuations			■		
Technicals			■		

Europe

Our outlook for European fixed income has become more balanced over the past month. Despite the continued conflict in Ukraine and its potential impact on growth in the region, yields have continued to march higher and now stand at multi-year highs. The ECB has not wavered from its hawkish stance and the market appears to expect an end to negative interest rates this year and a total of 200 basis points of hikes over the next two years.[2] While that is possible, our analysis indicates that inflation will likely begin to fall sharply this year and that rates may need to rise much less than anticipated to bring inflation back to target. While the front end of the yield curve will likely benefit from a lower path of interest rates, longer dated bonds may continue to struggle as the ECB's bond buying program comes to an end and issuance by euro area governments increases sharply to meet fiscal promises and additional defense spending.

China			■		
Fundamentals				■	
Valuations			■		
Technicals		■			

China

We have turned neutral on Chinese government bonds as we see limited room for further yield compression in Q2 2022. We expect continued weak growth in the first half of the year on a year-over-year basis and recent rises in COVID cases and partial lockdowns, especially in the coastal area, have added further downward pressure on growth momentum. Although the PBoC has made efforts to ease monetary policies, including the recent 25 basis point cut in the required reserve ratio, its statement indicates more reluctance than the market had expected, in our view.[3] We expect the PBoC's focus to turn more toward credit easing than liquidity easing down the road to boost the economy, which could limit room for further downward moves in government bond yields.

Japan		■			
Fundamentals		■			
Valuations		■			
Technicals			■		

Japan

BoJ intervention has been successful so far in capping 10-year Japanese government bond (JGB) yields below its 25 basis point target range. However, inflation has recently surprised to the upside, increasing the likelihood that it will move close to 2% in the second half of the year once major base effects from mobile phone tariff cuts fall out of the data in April. In addition, rising commodity prices and the recent yen depreciation appear to be feeding into higher inflation expectations, with the Q1 Tankan showing a substantial jump in inflation expectations among companies. In the context of a continued economic recovery, rising inflation pressures will likely increase the probability that the BoJ will eventually shift its yield target to the 5-year JGB or drop it altogether.

Currencies

USD				■	
Fundamentals				■	
Valuations			■		
Technicals			■		

USD

Our outlook for the dollar is positive, but only given the weakness of the world's other major currencies. The yen continues to sell off sharply, driven by the BoJ's Yield Curve Control policy, which has kept interest rates lower at the front end. The euro is on the backfoot amid the conflict in Ukraine and its potential impact on growth in the region, while the Chinese currency faces headwinds from a weaking economy and the authorities' desire for a weaker currency to compensate. Ultimately, as the Fed hikes interest rates above neutral and slows the US economy to combat inflation, the US dollar may begin to come under some pressure, but, in our view, that's not for today.

EUR		■			
Fundamentals		■			
Valuations			■		
Technicals		■			

EUR

We view the outlook for the euro as challenging against a backdrop of continued uncertainty caused by the conflict in Ukraine and interest rate differentials with the US. We do not expect the ECB to deliver what the market has priced in in terms of rate hikes, but we think the Fed could do more.

RMB		■			
Fundamentals		■			
Valuations		■			
Technicals			■		

RMB

We remain neutral on the renminbi, as we are cautious about its increasingly stretched valuation. We see room for the USD/RMB pair to move upwards, given the growth, rates and monetary policy divergence between the US and China. Chinese export growth could also be less rosy in the rest of 2022 compared to 2021 and upcoming Fed rate hikes and tapering could lead to some market volatility. That being said, on a currency basket basis, the RMB may remain very strong compared to historical levels.

JPY			■		
Fundamentals		■			
Valuations				■	
Technicals				■	

JPY

The yen has depreciated by 5% to 6% against the US dollar, the euro and the RMB over the last month, with the USD/JPY exchange rate hitting its highest level since 2015.[4] The sharp move has been caused by the divergence between Japanese interest rates, which are being held down by the BoJ, and rising interest rates in the US and Europe, driven by a more hawkish Fed and ECB policy stance. Higher commodity prices are also weighing on the yen, as Japan is a net importer. Although, the BoJ still appears likely to lag the global tightening cycle, the risk-reward calculation around being short the yen is now less attractive, in our view, since the market appears to have priced in a rapid normalization of policy in the US and euro zone.

Credit

Investment grade

US			■		
Fundamentals			■		
Valuations				■	
Technicals		■			

US

US corporate fundamentals remain strong, despite volatility stemming from the Ukrainian crisis, elevated inflation and an extremely hawkish Fed. A shift in Fed rhetoric has raised concerns about the non-transitory nature of inflation, leading to extreme rate volatility in the first quarter. Input cost pressures caused by supply chain bottlenecks and labor shortages are pressuring corporate margins and growth across certain sectors. The pace of ratings upgrades has slowed in 2022, but the US IG market is still on pace to recover from the massive wave of downgrades in 2020. Non-US investors continue to benefit from higher all-in bond yields and reduced currency hedging costs, which, although off the cycle lows, still trade below long-term historical averages. The market environment is becoming incrementally less conducive for mergers and acquisitions, as equity volatility remains elevated and interest rates continue to move higher, negatively impacting the potential transaction accretion impact from debt financing. Despite near-term headwinds, we remain constructive on the investment grade asset class due to the strong US economic backdrop, but valuations and continued yield volatility may limit appreciation, given relatively narrow spread levels on an absolute and duration-adjusted basis.

Canada				■	
Fundamentals				■	
Valuations				■	
Technicals				■	

Canada

Credit valuations have improved significantly along with stronger credit fundamentals amid rising commodity prices. Front-loaded corporate bond issuance at the start of the year had led to market underperformance. The ongoing rise in all-in bond yields has attracted demand, especially in longer maturity bonds where liability driven investors have been allocating. In terms of fundamentals, earnings are forecast to be strong overall. In terms of market technicals, we expect corporate bond supply trends to be more favorable than government bond supply trends through the remainder of the year. We will likely continue to add selective new issues, given prevailing price concessions.

Europe			■		
Fundamentals			■		
Valuations				■	
Technicals		■			

Europe

After a Q1 dominated by the surprise re-emergence of geopolitical risk and sharply rising interest rates, we maintain a neutral allocation to European investment grade credit. Although there is a post-COVID economic recovery underway, the combination of the war in Ukraine and sanctions on Russia is likely to further weigh on supply chains and consumer confidence, which are putting downward pressure on the medium-term growth outlook. Spreads have widened sharply in Q1 (though we saw a good recovery in March), which means that valuations have moved to more attractive levels compared to the end of 2021. However, rising inflation means that the withdrawal of ECB bond buying will likely occur in the third quarter of 2022. As a result, we believe the technical picture has deteriorated in 2022. Although we have a neutral rating on credit, we see a broader range of potential outcomes with less visibility than before.

UK			■		
Fundamentals			■		
Valuations			■		
Technicals		■			

UK

Although the UK economy is experiencing a recovery after a challenging period of COVID, credit fundamentals are facing headwinds from a combination of commodity-driven inflation and increased geopolitical risk, which are weighing on already fragile consumer confidence. Spreads widened in Q1 reflecting these uncertainties and improved the relative valuation argument, but the lack of a "sterling premium" - a long-standing spread pick-up in sterling versus euro markets, which compressed during the pandemic - prevents us from getting too constructive on valuations. The Bank of England's recent hawkish pivot, which includes a planned reduction of Asset Purchase Facility holdings, means that the technical outlook is relatively weak, in our view. Overall, therefore, we maintain a neutral allocation rating on sterling investment grade credit.

Asia			■		
Fundamentals		■			
Valuations			■		
Technicals			■		

Asia

The PBoC stands out in contrast to other developed market central banks in terms of its easing cycle. Other Asian central banks, such as the Thai and Indonesian central banks are likely to be less aggressive in tightening than the Fed. However, US rate hikes and geopolitical conflict will likely continue to weigh on the sentiment toward Asian IG credits. Valuations of Chinese IG bonds still offer decent spread pick-up over their peers, in our view, but we still expect credit differentiation and credit selection to remain critical.

High yield (HY)

US			■		
Fundamentals				■	
Valuations			■		
Technicals			■		

Europe			■		
Fundamentals			■		
Valuations		■			
Technicals				■	

US and Europe

The high yield market is benefiting from strong fundamental tailwinds that should create a low default environment for the foreseeable future. As a result, we believe high yield is positioned to generate excess returns, especially now that yields have moved higher in concert with the US Treasury yield curve. However, as the Fed telegraphs an end to accommodation, we expect higher short-term interest rates and less support for asset prices, as it shifts from quantitative easing to quantitative tightening. Consequently, we view yield spreads between CCC-rated issues and US Treasuries as tight and not offering much compensation if profit margins are squeezed for a prolonged period of time or if higher interest rates make it too expensive to refinance overleveraged capital structures. We, therefore, prefer to keep credit quality modestly higher. Our overall risk positioning is mostly neutral relative to the market risk, with prospects for outperformance mostly likely to come from security selection, nimble trading, modest thematic tilts and opportune participation in new issues.

Asia			■		
Fundamentals		■			
Valuations			■		
Technicals				■	

Asia

The property market in China continues to deteriorate, as new COVID lockdowns under the dynamic zero-COVID policy pose additional headwinds to property sales. We expect further divergence within the Chinese property sector and it could face more defaults and rating downgrades with heavy bond maturity walls in the first half of 2022. We see volatility continuing in China's HY property space, but current valuations for quality issuers could potentially provide support for medium-term performance. We expect commodity exporting Asian HY names to be supported by rising commodity prices.

Sovereign				■	
Fundamentals			■		
Valuations				■	
Technicals			■		

Corporate			■		
Fundamentals			■		
Valuations			■		
Technicals		■			

Emerging markets (USD)

Emerging markets have faced several challenges this year, including rising interest rates, a war between two emerging market countries, COVID lockdowns in China, rising inflation and moderating growth. The positive news is that these risks now appear largely priced into the market and the valuation reset in emerging market debt provides a potential opportunity for investors going forward. Moving into the second quarter, we are more positive on the prospects for the asset class. Volatility may persist and we expect a high level of differentiation in country and sector returns this year. Nonetheless, taking a medium to longer-term view, we think emerging market debt is well positioned to deliver potentially strong returns, given significantly improved valuations. Some investors have already recognized the potential valuation opportunity, resulting in a positive reversal of fund flows into the asset class and credit spread tightening over the past month – a trend that could be self-reinforcing.

IG			■		
Fundamentals				■	
Valuations			■		
Technicals			■		

HY			■		
Fundamentals				■	
Valuations		■			
Technicals			■		

Tax-exempt municipals (IG and HY)

The predominant story for all of fixed income in 2022 has been persistent inflation, an increasingly hawkish Fed and the resulting selloff in US Treasury rates. Municipals sold off in sympathy with the rate move and retail investors have been withdrawing funds from the municipal market at a rapid rate, quickly reversing the robust technical picture of inflows experienced over the previous 18 months. Following the change in the technical environment, we have seen improvements in valuations, as municipal to US Treasury yield ratios have risen from around 81% to 103% over the quarter.[5] In terms of fundamentals, the municipal market remains strong, as demonstrated by the relatively stable credit spread levels and orderly manner in which the market has been able to meet the roughly 28 billion in year-to-date outflows.[6] Due to the volatile environment pervasive across all of fixed income, we believe we are starting to see attractive entry points for long-term investment opportunities.

Taxable			■		
Fundamentals				■	
Valuations			■		
Technicals				■	

Taxable municipals

Similar to other fixed income sectors, taxable municipals have posted a negative return to start the year.[7] Spreads have widened year-to-date and are near their 52-week high, though they remain below historic five-year averages.[8] Although we are generally neutral on valuations, we could see some spread tightening over the next few months, given potentially improved demand and light supply. Taxable municipal supply has been significantly lower year-over-year due to interest rate volatility. Although hedging costs have increased to start the year, the demand for taxable municipals remains robust, given the higher quality nature of the asset class and higher yields.

Structured

Agency MBS*		■			
Fundamentals			■		
Valuations			■		
Technicals		■			

Agency MBS

Agency MBS was not immune from the spread widening that affected all fixed income assets in the first quarter. Interest rates surged 100-150 basis points across the yield curve and the Fed executed its first rate hike of 25 basis points in mid-March.[9] The risk of elevated and more persistent inflation, combined with Russia's invasion of Ukraine caused increased interest rate volatility, which typically negatively affects Agency MBS due to their short option position. However, higher rates have already resulted in lower prepayment expectations across the mortgage universe, which is a long-term, fundamental positive factor for the Agency MBS market. Nominal spreads are now as wide as they have been in the past 10 years (except for a short period in March 2020 during COVID).[10] Technical market conditions will likely pose challenges to Agency MBS performance in 2022, as the market will likely have to absorb a larger net supply as the Fed has stopped buying and is expected to let its portfolio run off starting in May or June. However, money managers remain underweight Agency MBS and bank demand may surprise to the upside, helping to stabilize MBS spreads in the remainder of 2022.

RMBS*				■	
Fundamentals				■	
Valuations					■
Technicals		■			

RMBS

Home price appreciation is beginning to moderate as affordability pressures build and inventories stabilize (albeit at historically low levels). While mortgage rates are higher this year, limited supply and positive demographic trends and shifting housing preferences should continue to keep the demand picture solid for the time being. We expect loan losses to remain contained given strong underwriting, high levels of borrower equity and solid housing demand. While fundamentals have been positive, technicals have challenged most RMBS subsectors, generally due to increased issuance during a time when mutual funds are experiencing material outflows, reducing demand for the new paper. Government-Sponsored Enterprise (GSE) credit risk transfer securities have experienced higher new issuance in 2022 due to Fannie Mae's return to the market after a two-year hiatus as well as increased risk-sharing issuance overall. Non-Qualified Mortgage issuance is expected to increase in 2022 given credit expansion. All of this issuance has created some attractive valuations in our markets, particularly in non-Qualified Mortgage seniors and senior credit risk transfer securities.

CMBS*			■		
Fundamentals			■		
Valuations			■		
Technicals			■		

CMBS

On the fundamental front, CMBS continues to benefit from the economic reopening and generally strong property price performance over the past year. On the negative side, the lodging and retail sectors may experience a reduction in demand due to higher gas prices, offsetting some of the positives of the reopening theme. CMBS delinquencies remain elevated compared to pre-pandemic levels, but they are stabilizing, while rents are increasing across most property types. On the technical front, issuance remains relatively heavy and fixed income fund outflows have created a headwind to stable spreads. We continue to generally favor single-asset single-borrower (SASB) exposure through new issuance where we are able to target specific favored assets in the commercial property market.

ABS*			■		
Fundamentals			■		
Valuations				■	
Technicals		■			

ABS

We expect ABS delinquency and loss rates to gradually increase to pre-COVID averages for most assets in ABS. Employment conditions remain favorable but rising inflation is a headwind, particularly for lower-income consumers. ABS spreads generally held in better than many other securitized asset classes in the first quarter and also performed better than investment grade corporate bonds. Esoteric ABS sectors, such as aircraft, container, franchise, timeshare and some subprime auto loan ABS experienced more spread widening given generally poor fixed income spread market conditions.[11] We expect more attractive entry points to potentially present themselves during 2022 given the relatively stronger performance of most ABS sectors during the first quarter of 2022.

Bank loans

US				■	
Fundamentals				■	
Valuations				■	
Technicals					■

US

Inflation has supplanted COVID as the primary risk to earnings quality in the near term, although issuers have so far been able to pass higher costs on to their consumers. The Fed is undertaking increasingly aggressive measures to tighten financial conditions to fight inflation, which is accretive to loan coupons but may also put pressure on issuer credit metrics over time through rising debt service costs. Broadly speaking, loan issuers boast healthy balance sheets and are well positioned to absorb higher interest expenses, thus default activity is likely to remain muted. Sharply rising interest rates have contributed to robust demand for the asset class from retail and institutional buyers, even as collateralized loan obligation (CLO) formation has decelerated from 2021's record levels. With new issue supply still muted in light of higher risk premia stemming from the Russia/Ukraine conflict, and generally higher macro uncertainty, market technicals have been supportive.

Europe				■	
Fundamentals				■	
Valuations				■	
Technicals				■	

Europe

The encouraging trends seen across sectors hit hard by COVID (e.g., travel, leisure) are being offset by inflationary pressures seen across energy-intensive (e.g., packaging) and food-related sectors. This pressure has been further amplified by the Ukraine/Russian conflict and supply-chain delays that have begun to increase again. The ECB has pivoted to a more hawkish monetary stance, while committing to flexibility. Interest rate hikes are likely by year-end, which would be a potentially positive development for the low duration asset class. Default and stress rates are expected to remain low in the near term. The primary issuance pipeline looks reasonable, with deals expected to come to market (at attractive levels) that were delayed in the first quarter due to geopolitical uncertainty. CLO demand has stagnated of late, but we expect a degree of normalization as new issuance reopens.

1. Source: Bloomberg L.P., Dec. 31, 2020.
2. Source: Bloomberg L.P., April 20, 2022.
3. Source: PBoC, April 15, 2022.
4. Source: Bloomberg L.P. Data from March 14, 2022 to April 14, 2022.
5. Source: Bloomberg L.P. Data from Jan. 1, 2022 to April 11, 2022.
6. Source: Strategic Insight (SI) simfund. Data as of March 31, 2022.
7. Source: Bloomberg L.P. Data from Jan. 1, 2022 to April 11, 2022.
8. Source: Bloomberg L.P. Data from April 11, 2017 to April 11, 2022.
9. Source: Bloomberg L.P. Data from Jan. 1, 2022 to April 7, 2022.
10. Source: Bloomberg L.P. Data from April 7, 2012 to April 7, 2022.
11. Source: Bloomberg L.P. Data from Jan. 1 2022 to April 7, 2022.

*MBS is mortgage-backed securities. RMBS is residential mortgage-backed securities. CMBS is commercial mortgage-backed securities. ABS is asset-backed securities.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Past performance is not a guide to future returns.

Fixed-income investments are subject to credit risk of the issuer and the effects of changing interest rates. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

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The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified investments.

Mortgage- and asset-backed securities, which are subject to call (prepayment) risk, reinvestment risk and extension risk. These securities are also susceptible to an unexpectedly high rate of defaults on the mortgages held by a mortgage pool, which may adversely affect their value. The risk of such defaults depends on the quality of the mortgages underlying such security, the credit quality of its issuer or guarantor, and the nature and structure of its credit support.

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All data as of April, 20, 2022, unless otherwise stated. All data is USD, unless otherwise stated.

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