



Agile TBA Execution Data Study



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Study Methodology & Summary*

Agile conducted a study of TBA auctions on the platform between June 2022 and May 2023. In other words, the study looked at TBA sales, not pair-off transactions. A total of 8,542 trades were executed following the auctions conducted on the Agile platform[^]. The study looked at each individual trade (8,520 trades in total or \$26 billion in volume) and calculated the number of bidders, the average bid, the maximum bid, the minimum bid and then compared the maximum bid to the average bid and the maximum bid to the minimum bid. The difference between the maximum bid and the average bid is what a lender could expect to pick up on a trade and is labeled Average Gain. The difference between the maximum bid and the minimum bid is the potential that a lender could expect to pick up on a trade and is labeled Potential Gain.

A summary of the study results is shown in the table below:

Agile TBA Trading Study

Study range	6/22 - 5/23				
Number of trades	8,525				
			UM30	UM15	G2SF
Average Trade Size (million)	\$ 3.05	Number of trades	5,440	38	3,047
Average Gain (ticks)	0.92	Average Trade Size	\$ 3.01	\$ 2.59	\$ 3.12
Potential Gain (ticks)	1.92	Average Dealers in comp	\$ 4.44	\$ 4.37	\$ 4.46
Average dollar gain per trade	\$ 876	Average gain (ticks)	0.8	1.7	1.1
Potential dollar gain per trade	\$ 1,826	Potential gain (ticks)	1.7	3.2	2.2
		Average gain (\$)	\$ 755	\$ 1,395	\$ 1,093
Dollar volume of TBA trades	\$ 25,973	Potential gain (\$)	\$ 1,622	\$ 2,558	\$ 2,190

The average gain per trade was 0.92 ticks or 2.88 or basis points per trade. The average trade size was just over \$3 million, so the average gain in dollars was \$876 per ticket.

The average potential gain per trade was 1.92 ticks or 6 basis points. The average potential gain is just under \$2,000 per ticket. Ginnie Mae TBAs received bigger pickups than Uniform Mortgage-Backed Securities.

As we discuss in further sections, the average pickup does vary over time, by volume, and by the number of dealers that participate in the auction.

* Past results do not guarantee future performance.

[^]Executions occur off platform.

Examples of User Savings with Agile*

Below is a table of the top 25 users by trade volume on Agile during the study period. The table below covers the first five months of 2023. The typical TBA volume for these lenders was \$58 million per month, which resulted in an average savings of \$17,520 per month. For the overall study, the typical lender traded 11.3 million in TBA volume which translated into average monthly savings of \$3,484.

Average Volume top 25 lenders Jan-May	\$ 58.0
Average Savings top 25 lenders Jan-May	\$ 17,520

Average Volume All Lenders June - May	\$ 11.33
Average Savings All Lenders June - May	\$ 3,484

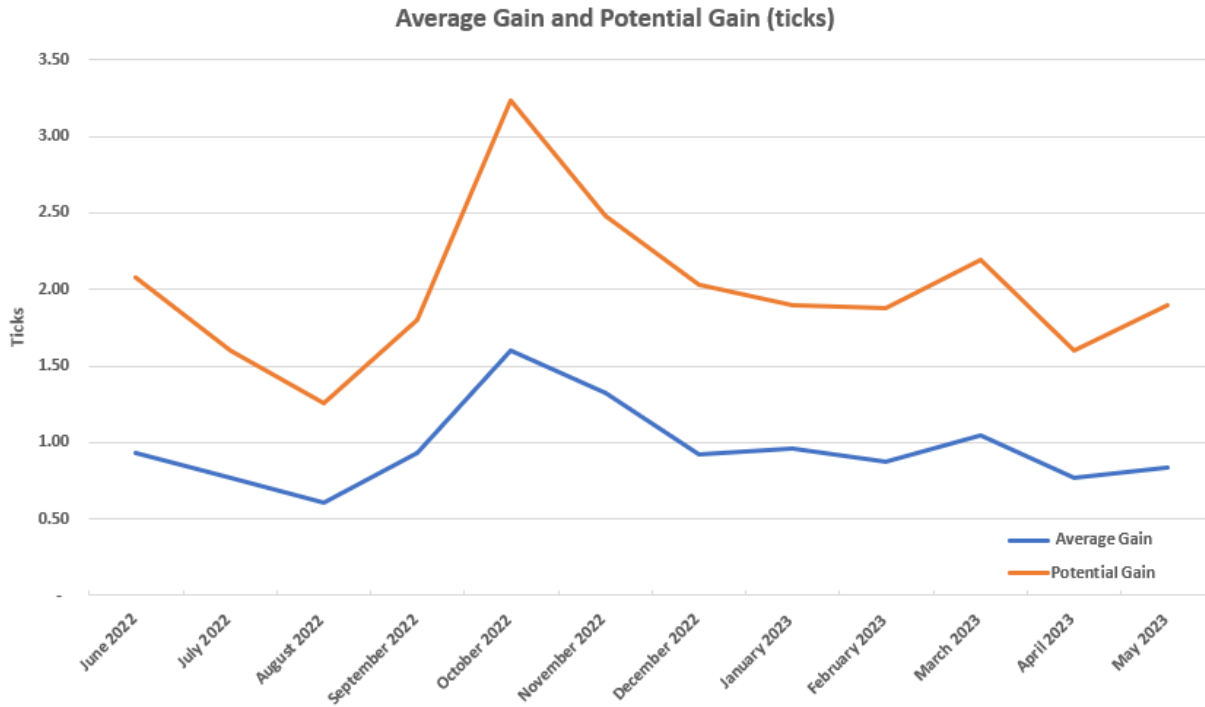
Row Labels	Jan 2023		Feb 2023		Mar 2023		Apr 2023		May 2023	
	Savings		Savings		Savings		Savings		Savings	
Lender A	\$ 16,593	\$ 39	\$ 16,836	\$ 57	\$ 49,559	\$ 88	\$ 44,822	\$ 60	\$ 53,646	\$ 56
Lender B	\$ 14,390	\$ 70	\$ 49,587	\$ 170	\$ 52,508	\$ 185	\$ 22,866	\$ 110	\$ 42,627	\$ 195
Lender C	\$ 19,749	\$ 75	\$ 20,320	\$ 70	\$ 41,958	\$ 110	\$ 28,368	\$ 92	\$ 38,201	\$ 87
Lender D	\$ 30,424	\$ 164	\$ 32,268	\$ 212	\$ 84,391	\$ 306	\$ 73,306	\$ 287	\$ 65,901	\$ 328
Lender E	\$ 36,383	\$ 189	\$ 23,499	\$ 153	\$ 41,998	\$ 152	\$ 12,991	\$ 78	\$ 11,699	\$ 57
Lender G	\$ 53,169	\$ 50	\$ 17,175	\$ 57	\$ 30,771	\$ 98	\$ 14,288	\$ 68	\$ 30,713	\$ 87
Lender J	\$ 10,027	\$ 26	\$ 3,890	\$ 40	\$ 9,609	\$ 29	\$ 4,277	\$ 18	\$ 34,414	\$ 62
Lender K	\$ 2,243	\$ 7	\$ 9,183	\$ 29	\$ 3,725	\$ 7	\$ 6,147	\$ 25	\$ 10,139	\$ 22
Lender L	\$ 33,968	\$ 114	\$ 16,704	\$ 71	\$ 45,712	\$ 133	\$ 27,780	\$ 104	\$ 25,528	\$ 92
Lender I	\$ 9,738	\$ 42	\$ 23,210	\$ 71	\$ 26,548	\$ 87	\$ 24,350	\$ 71	\$ 31,558	\$ 113
Lender M	\$ 7,609	\$ 43	\$ 13,249	\$ 91			\$ 2,669	\$ 14	\$ 13,234	\$ 80
Lender O	\$ 20,891	\$ 24	\$ 4,866	\$ 25	\$ 20,788	\$ 59	\$ 6,456	\$ 21	\$ 10,195	\$ 35
Lender P	\$ 5,123	\$ 32	\$ 39,669	\$ 56	\$ 6,407	\$ 28	\$ 1,923	\$ 8	\$ 6,379	\$ 31
Lender H	\$ 6,082	\$ 37	\$ 10,953	\$ 44	\$ 30,904	\$ 43	\$ 14,377	\$ 37	\$ 7,243	\$ 36
Lender Q	\$ 6,230	\$ 39	\$ 13,088	\$ 45	\$ 10,176	\$ 33	\$ 1,953	\$ 15	\$ 13,049	\$ 41
Lender R	\$ 4,105	\$ 21	\$ 10,769	\$ 36	\$ 14,505	\$ 48	\$ 11,432	\$ 57	\$ 14,591	\$ 41
Lender S	\$ 26,273	\$ 44	\$ 10,132	\$ 55	\$ 19,970	\$ 87	\$ 10,940	\$ 55	\$ 18,695	\$ 60
Lender T	\$ 2,084	\$ 15	\$ 5,833	\$ 23	\$ 16,246	\$ 51	\$ 4,177	\$ 25	\$ 13,225	\$ 39
Lender U	\$ 14,062	\$ 20	\$ 2,288	\$ 23	\$ 8,372	\$ 37	\$ 5,625	\$ 24	\$ 22,591	\$ 34
Lender V	\$ 1,383	\$ 3	\$ 59,691	\$ 18	\$ 2,860	\$ 10	\$ 2,083	\$ 15	\$ 117	\$ 2
Lender Z	\$ 1,820	\$ 7	\$ 1,715	\$ 8	\$ 7,113	\$ 19	\$ 6,022	\$ 19	\$ 3,574	\$ 19
Lender AA			\$ 30,258	\$ 10	\$ 3,975	\$ 10	\$ 1,205	\$ 13	\$ 3,596	\$ 22
Lender AB	\$ 3,424	\$ 13	\$ 3,288	\$ 12	\$ 9,336	\$ 17	\$ 7,531	\$ 18	\$ 5,448	\$ 20
Lender AC	\$ 9,189	\$ 5	\$ 2,155	\$ 12	\$ 11,798	\$ 33	\$ 625	\$ 4	\$ 2,172	\$ 11
Lender AD	\$ 11,579	\$ 50	\$ 3,498	\$ 23	\$ 19,638	\$ 56	\$ 17,939	\$ 79	\$ 17,782	\$ 37

* Past results do not guarantee future performance.

^Executions occur off platform.

Analysis of Average Gain Over Time

The average gain varied over the course of the study period. You can see the average and potential gains over the study time period by month below. The average pickup varied between 0.6 ticks (or 1.8 basis points) and 1.6 ticks (or 5 basis points).



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Analysis of Average Gain as a Function of Market Volatility

At right is a table of the average and potential pickup compared to bond market volatility as measured by the ICE BAML MOVE Index. The correlation between bond market volatility and the average pickup came out to 0.52, which indicates a significant positive correlation. The correlation may be explained by widening bid-ask spreads during volatile markets, which creates a bigger dispersion of quotes between different broker-dealers.

Month	Average	Potential	Volatility
June 2022	0.9	2.1	123
July 2022	0.8	1.6	134
August 2022	0.6	1.3	123
September 2022	0.9	1.8	134
October 2022	1.6	3.2	151
November 2022	1.3	2.5	130
December 2022	0.9	1.9	123
January 2023	0.9	1.8	114
February 2023	0.8	1.7	110
March 2023	1.0	2.0	150
April 2023	0.8	1.6	131
May 2023	0.8	1.9	132

Correlation between average and volatility 55%
 * Source: ICE / BAML MOVE Index

The Impact of Additional Bidders

Auction theory suggests that increasing the number of bidders in an auction generally results in the seller receiving a better price. Agile has found that increasing the number of bidders does positively affect the average and potential gain on TBA trades facilitated on Agile.

Pickup in ticks

# Dealers	Average	Potential
2	0.44	0.88
3	0.78	1.54
4	1.01	2.00
5	1.03	2.22
6	1.04	2.22
7	1.14	2.59
8	1.07	2.25

\$ Pickup Per Average Trade

# Dealers	Average	Potential
2	\$ 418	\$ 837
3	\$ 738	\$ 1,470
4	\$ 957	\$ 1,900
5	\$ 982	\$ 2,110
6	\$ 988	\$ 2,110
7	\$ 1,088	\$ 2,463
8	\$ 1,021	\$ 2,142

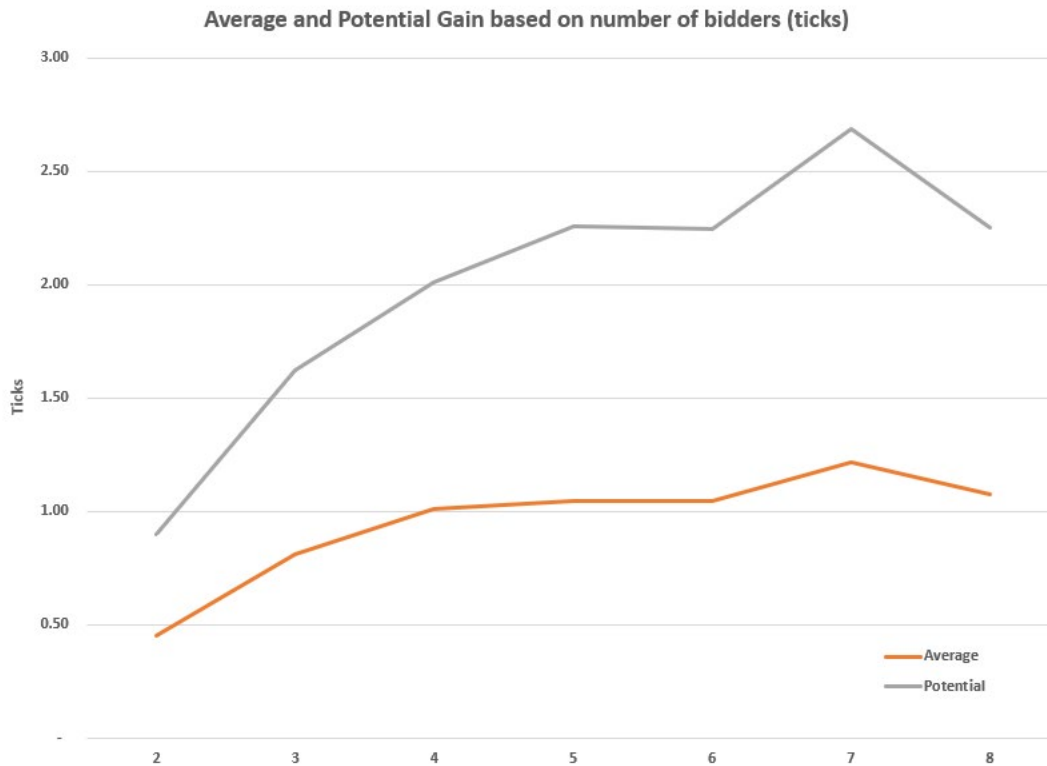
Pickup for Lenders doing \$100 million in TBA Volume

# Dealers	Average Monthly Gain	Potential Monthly Gain
2	\$ 13,735	\$ 27,470
3	\$ 24,229	\$ 48,239
4	\$ 31,412	\$ 62,369
5	\$ 32,244	\$ 69,239
6	\$ 32,412	\$ 69,245
7	\$ 35,693	\$ 80,830
8	\$ 33,516	\$ 70,312

The average trade had 4.45 different bidders and was \$3.05 million in size.

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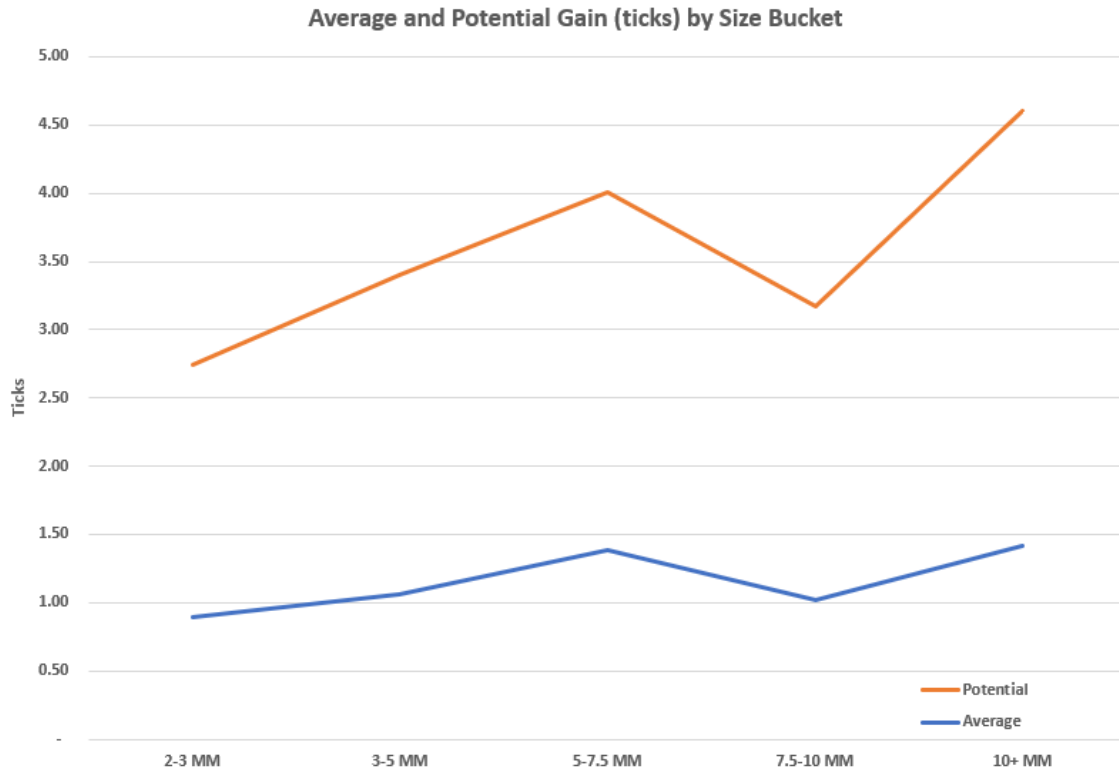
The Impact of Order Size on Execution

The Agile study found that order size correlates positively with average gain. In other words, TBA trades of \$2 million have smaller average gains than orders over \$10 million. This makes sense because broker-dealers can earn a larger profit on a larger TBA trade.

Agile created different tranches for trade sizes including \$2-\$3 million, \$3-5 million, \$5-7.5 million, \$7.5-10 million and \$10 million or greater. The average gain ranged from 0.89 ticks for the \$2-3 million bucket to 1.42 ticks for trades of \$10 million or greater. The potential gain ranged from 1.85 ticks for trades of \$2 - \$3 million to 3.19 ticks for trades over \$10 million.

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Learn More About Agile

According to the analysis conducted in this study, Agile helps mortgage lenders cut their TBA trading costs by improving execution. The average gain on a trade was .92 ticks, or 2.9 basis points. This translated into \$876 in savings on a typical \$3 million trade. The pickup will vary with overall bond market volatility, trade size and the number of dealers involved.

Interested lenders or broker-dealers should visit <https://trade-agile.com/> for more information.

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