



Change of FTSE US Mortgage Index due to Volatility Model Update

17 January 2025

The volatility model used to calculate analytics for mortgage cohorts tracked by the FTSE US Mortgage Index is scheduled to be updated to LMM SOFR Flat on March 16, 2025. These cohorts are also eligible for the FTSE US Broad Investment-Grade (USBIG®) Index and FTSE World Broad Investment-Grade (WorldBIG®) Index. Projected changes to index analytics are provided in Figure 1 below.

Figure 1. Projected Impact to FTSE World Broad Investment-Grade Bond Index, FTSE US Broad Investment-Grade Index, and FTSE US Mortgage Index

Index	# Issues	Par Amt*	MV %	Effective Duration			Convexity			OAS (bps)		
				Existing Model	LMM SOFR Flat	Diff	Existing Model	LMM SOFR Flat	Diff	Existing Model	LMM SOFR Flat	Diff
FTSE US Mortgage	263	7,815.4	100.00	5.65	5.94	-0.29	-0.37	-0.36	-0.01	34.04	36.55	-2.52
30-Year	211	7,209.3	92.07	5.81	6.12	-0.31	-0.39	-0.38	-0.01	32.81	35.29	-2.47
UMBS 30-Year	98	5,245.4	66.39	5.96	6.29	-0.33	-0.38	-0.36	-0.01	33.49	34.57	-1.08
FHLMC 30-Year	29	111.5	1.48	5.24	5.45	-0.21	-0.06	-0.10	0.04	46.92	47.93	-1.01
GNMA 30-Year	84	1,852.5	24.19	5.42	5.70	-0.28	-0.46	-0.44	-0.02	30.08	36.47	-6.39
15-Year	52	606.1	7.93	3.81	3.86	-0.05	-0.10	-0.14	0.03	48.24	51.27	-3.03
UMBS 15-Year	45	594.1	7.77	3.83	3.89	-0.06	-0.10	-0.14	0.03	47.37	50.49	-3.12
FHLMC 15-Year	6	9.2	0.13	2.23	2.25	-0.02	-0.02	-0.03	0.01	98.27	97.98	0.29
GNMA 15-Year	1	2.78	0.04	3.60	3.72	-0.12	-0.10	-0.09	-0.01	62.67	57.89	4.78
FTSE USBIG	10,039	30,545.5	100.00	5.99	6.07	-0.08	0.50	0.50	0.00	33.15	33.78	-0.63
FTSE WorldBIG	16,642	54,854.4	100.00	6.47	6.54	-0.07	0.74	0.74	0.00	29.42	29.63	-0.21

* In USD billions. Source: FTSE Russell. Data as of December 31, 2024.

Please contact us at fi.index@lseg.com with any comments or questions.

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1 Further detail on the model change can be found using the following link:
https://www.yieldbook.com/f/s/pdf/articles/model/20241025_LMM_SkewUpdate.pdf

For further information please contact FTSE Russell Client Services at info@ftserussell.com or call:

Australia	+61 (0) 2 7228 5659
Hong Kong	+852 2164 3333
Japan	+81 3 6441 1430
London	+44 (0) 20 7866 1810

New York

+1877 503 6437

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