MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Moody's Pulls Pin And Walks Away With 10 Minutes Left to Trade



Stephen Heston Broker NMLS #1930964, Aspire Mortgage Solutions LLC NMLS #2481498

www.aspiremortgagesolutions.co m P: (509) 202-4424

102 W Main St. #3 Pullman WA 99163 2481498 1930964

Moody's Pulls Pin And Walks Away With 10 Minutes Left to Trade

MBS Recap Matthew Graham | 5:25 PM

Bonds began the day stronger after a gentle overnight rally. Selling commenced at 9:30am for the 4th day in a row and picked up slightly after the highest reading on inflation expectations since 1981. Even then, losses were modest at best and bonds were generally flat/unchanged until the very end of the day. With carefully considered timing, Moody's pulled the pin and walked away with 10 minutes left to trade. The grenade in this case was a downgrade of the US credit rating. This move is certainly in the ratings agencies' playbooks amid congressional budget battles, but most notably all the way back in 2011. Also of note, Moody's was the last of the big 3 to have the US at a triple A rating, so while it's not the craziest thing that ever happened to bonds, the timing made for some last minute selling ahead of the 5pm cut-off.

			MMBS	SLIVE		1 m/*		es • 🔝 serve serv	
THE PROPER		0.0	REAL THE OWNER MANE		0.0 RAL	E OWNI (KI)			MES LIVE OWN
10.100			STREEMALS *	PROD 0755 LTOP 1000 108,75 108,77 108,75 108,88	10.000	theory *			COLOR OF THE
Page 12		No. Change	106.75 (0.00)	Creat priced + BLECT poet +	. 1.82	0 (-0.0010)	LON LON CHI LON Overories a		GRA DWITHIN
Not 10 Year - Fee		Just Carl M SH TH SH SH SH SH SH			Journ Chart Mr. That That That That That That		They all doord much lower		
38 . 1823		101							They all ploased shares been
8.6 NO.1	100-1010								Andy Parks, day 1.1 and
	175-680				and it is not	- AL	18 Tes		Con state Danke Linger
New 10 Your						1 A A	A	612309 Ac	and not the key pay?
3.8 165	M -		1.18			A 11		1,7694	And And Parks All a Mare
10 100	A		E had the second second	the second se	04 U U U U		1441	240	The state should also be a raise

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.



Watch the Video

MBS Morning

10:34 AM Coasting Into The Weekend With Little Regard For Data

Alert 10:42 AM Down Just Over an Eighth From AM Highs Alert 3:01 PM Negative Reprice Risk Increasing Slightly 4:47 PM Alert 4:56 PM Losing More Ground After Moody's Downgrade

Econ Data / Events

- • Housing Starts
 - 1.361m vs 1.37m f'cast
 - Import Prices
 - 0.1 vs -0.4 f'cast, -0.4 prev
 - Consumer Sentiment
 - 50.8 vs 53.4 f'cast, 52.2 prev
 - 1yr inflation expectations
 - 7.3 vs 6.5 prev

Market Movement Recap

10:04 AM modestly stronger overnight and slowly eroding so far. MBS up 2 ticks (.06) and 10yr down 2.8bps at 4.403

 $\ensuremath{\mathbb C}$ MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

- 02:06 PM Sideways at weakest levels. MBS down 1 tick (.03) and 10yr up about half a bp at 4.437
- 05:03 PM additional weakness after Moody's downgrade. MBS down a quarter point on the day and 10yr up roughly 5bps at 4.479

Lock / Float Considerations

Bonds/rates find themselves in the unpleasant position of not knowing where their next big impetus for improvement will come from. While it's true that rates can fall despite an obvious catalyst, this is nonetheless not a float-friendly environment. The only foreseeable exceptions would be for seriously weak economic data and another big dip in stocks.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - **4.64**
 - **4.48**
- Floor/Resistance
 - **3.99**
 - ° 4.05
 - **4.12**
 - **4.19**
 - **4.34**
 - 4.40



MBS & Treasury Markets

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

30YR GNMA 5.5 15YR UMBS-15 5.0								
	US Treasuries							
10 YR	4.478%	+0.047%						
2 YR	3.994%	+0.021%						
30 YR	4.959%	+0.068%						
5 YR	4.091%	+0.037%						

Open Dashboard

Share This

30YR UMBS 5.5 30YR UMBS 6.0