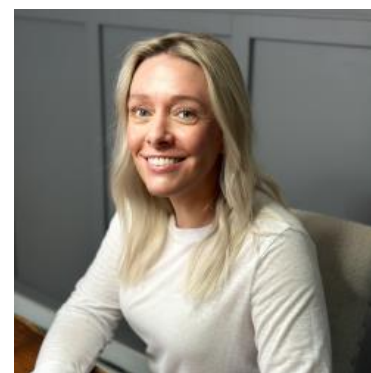


## The Day Ahead: Global Bond Audience is Booing US Fiscal Performance

When Moody's announced the surprise cut of the US credit rating on Friday, there were only a few minutes left to trade and all but the latest working US-based traders were even at their desks. The most logical fallout in a scenario like that is for the rest of the world to take its turn piling into the trade as soon as overseas markets opened (not to mention US traders who were already gone for the day on Friday). Unfortunately, logic prevailed overnight. We'd note that Moody's was simply the last of the big 3 to make this change, and that it's not really a groundbreaking development. Rather, the groundbreaking development is playing out behind the scenes as the US government (all of it, red and blue and in between) once again fails to set the country on a sustainable fiscal path. THAT is what the market is protesting. That is why the crowd is booing. Moody's is simply the surly guy who shouted "you suck!" from the back of the audience.



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