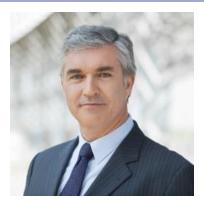
Daily Coverage. Industry Leading Perspective.

# MBS Recap: (Un)Surprising Reversal After Initial Weakness



Matthew M. Loan Senior Loan Officer, Mortgage Company, LLC.

**P:** (704) 867-5309 **M:** (980) 867-5309

1050 W. Main St. Charlotte NC 28031 NMLS: #987654321



# (Un)Surprising Reversal After Initial Weakness

MBS Recap Matthew Graham | 3:47 PM

The sharp overnight losses in stocks and bonds were consistent with a market that didn't have time to process the sort of knee-jerk reaction one would expect from headlines like Moody's US credit rating downgrade. Most of the rest of the domestic session was consistent with the type of reversal one might expect after a knee-jerk reaction to news that wasn't really that newsworthy. As has been exhaustively covered, 2 of the other big 3 ratings agencies had long since taken the US credit rating down a peg, thus limiting the true significance of Friday's news. Bonds ended the day weaker than they were at 3pm last Friday (before the Moody's news), but slightly stronger vs the 5pm levels (15 minutes after the Moody's news).

					and in the second			an war	
			MMBSLIVE		10.P +			The other store	
		0.0	HEAL THE CHART MANE	0 0 RAL	INE COURT (40)				MES LIVE OWN
15.18			3010 FINAL 4.0 * 2510 101	10 Line mile 17 100.75 100.88	There a			÷.	COROLL OF SM
		No-Charge B TOWN LST -		rtext · macrowr · 1.82	70 (-0.0010)			ALLE DAVID DETAILS IN SE	Gen Outrow
Red 10 Year			Annual Manager and the state of the		Out IN THE THE	100 100 100	1967		The barrents and the second
		106		10.04					They still closest much lower
									And Party Party Party Party
							18 Feat Treasure		The state bank i have
the (i) the			1 N N N N N N N N N N N N N N N N N N N	194.84		. A	100708-0030	- Av.	Total and the did they play?
			11 Mile 1 🗢 2			1	Open: 1,7434		Anty Parls, Apr 1 1 1
	10144-0.00			Pat in the Party of the Party o			Level 1,7808	1412	21 rate studie playing a rule to
48			1 U 800.0				Owner, 1 1964	1.1	an torn apple boat of part
Ref 20 Tes								-	
				Contraction of the local division of the loc			1000	F1	Christopher Einesen: +
			T THE	And a local division of the local division o			- Criss	6	Contraction Conversion ( 117-
							1.4		The loss has been being 1.87 for
			Security of the second second second	104 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					Batthew Grahami, n. 14, pp.
iles -		Ver	A.4	al dan					10 state for membered that a to 10 state.
	100,2109 (14,0000)							15.00	Buthen Gallen + 1 an
			LIVE NOWS STREAM						110 hi a be arts legge be
			COLUMN AND ADDRESS VALUE	Aren Ghest 10	CAREFORD PROPERTY IN			0.0	The Galact Demands 1 10 per
			and the second s		In surface and from	a reprise?	_		are have named leads for \$
		And in case of the local division of the loc				a second second	344	of Restar	when the barely the per-

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



Watch the Video

MBS Morning				
9:10 AM	Global Bond Audience is Booing US Fiscal Performance			
3:14 PM				

#### Market Movement Recap

- 08:36 AM Sharply weaker overnight as Moody's reaction extends overseas. MBS down 3/8ths and 10yr up 7.3bps at 4.552
- 10:48 AM Making progress after sellers got their fill. MBS down only an eighth and 10yr up only 2bps at 4.5
- 02:01 PM Now moving into positive territory with MBS up 1 tick (.03) and 10yr roughly unchanged at 4.481

## 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**

0	4.	3	4
~	л	л	^

· 4.40

MBS & Treasury Markets



MBS

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

US Treasuries			
10 YR	4.460%	-0.020%	
2 YR	3.973%	-0.031%	
30 YR	4.924%	-0.035%	
5 YR	4.066%	-0.021%	

