Daily Coverage. Industry Leading Perspective.

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



Todd Hanley, RICP®, CMA™

Senior Loan Officer, United Direct Lending

https://todd.mortgage M: (954) 806-5114 todd.hanley@uniteddirectlending. com

5500 NW Glades Rd Boca Raton FL 33431-7367 LO71086



# (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).

		MMBSLIVE		10	🖬 * 100.0 * 100.3 * 100.5 * 📗 0.000.00			GLOWN SETER		
THE PROPERTY	6	0.0	BEAL THE CHART MANE		0.0 (HALTHE C	NAMES (RED)				MES LIVE OWN
10.18			DOVERSIAN ALL W	104.75 104.77 104.75 104.88	10 Year Tel	and a			-	COLOR OF SHE
	Pro	An Owner .	106.75 (0.00)	CHARLOW COULD CHARLOW COULD CHARLOW	. 1.8270				CONST. OFTIGALS IN	Gen Outries
Mark 10 Year' Free			Annual Charles 24 (54) (54) (54) (54) (54) (54)			June Carl M THE THE THE THE THE THE THE				They all downed much lower
18 15	10108-000				-					Analy Paris, dr
						a. –		10 Real Trees		Constant Parale 1 man
fee (ill finant -		144	Lo Ma			100	1000	1,022/15.12.3 Open: 1,7630		and the de key pay?
	10.01.000	3984	1140	•	- 1 <b>C</b> (		<i>a</i>	High: 1,7%23		And And Barry Parks, March 1999
	10144-0.00				- I & M			Low 117908	1 1 K	21 Take studie playing a rule i
40			EU 80.0					Owner, 1 7144		De tre Darake i man
No. of Conc.										
	NO 36 1010									Christopher Enverse + 17

© 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
  - o 3.99

0	4.05
0	4.12
0	4.19
0	4.34
0	4.40



## MBS & Treasury Markets

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%				

÷

÷

÷

÷

Open Dashboard

Share This

15YR UMBS-15 5.0