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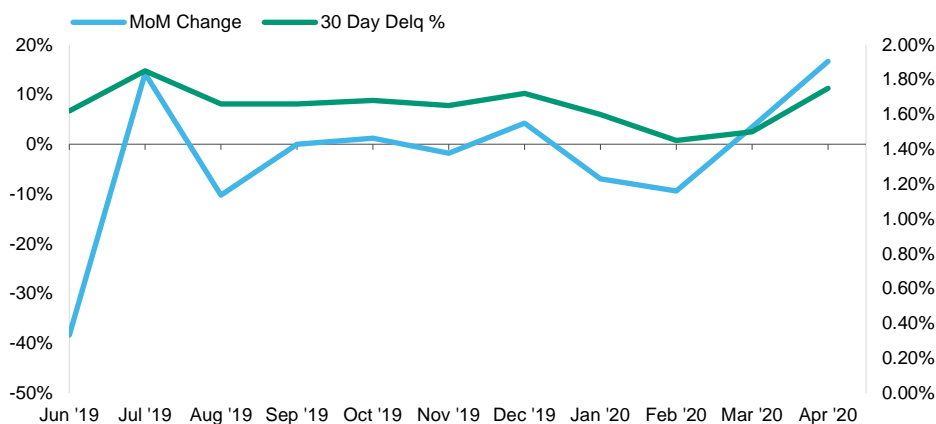
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# COVID-19 and Initial Signs of Weakness in US Non-Agency RMBS

Government actions in response to the COVID-19 pandemic have had meaningful impact on the economy and the US consumer. US mortgage performance began to deteriorate prior to the government requiring partial shutdowns starting in mid-March 2020. This paper examines the increase in 30-day US residential mortgage-backed securities (RMBS) delinquencies, specifically delinquencies for the March 1, 2020 mortgage payment date, as reflected in the April 25, 2020 remittance period. For a prior report in this series, please click [here](#).

The nominal amount of 30-day delinquencies in the United States is fairly small, only 1.75% of outstanding mortgage balances. However, the rate of increase in delinquencies increased to roughly 16% on a month-over-month basis in the last period.

**Figure 1** US Non-Agency RMBS 30-Day Delinquency



Source: Moody's Analytics DataViewer

Many of the Top-10 States with the highest rate of month-over-month change in RMBS 30-day delinquent loans over the last period have a high COVID-19 case rate and/or to varying degrees, had exposure to negative economic pressure from declines in winter travel and tourism. Note, that a negative number represents a decrease in the volume of 30-day delinquent loans.

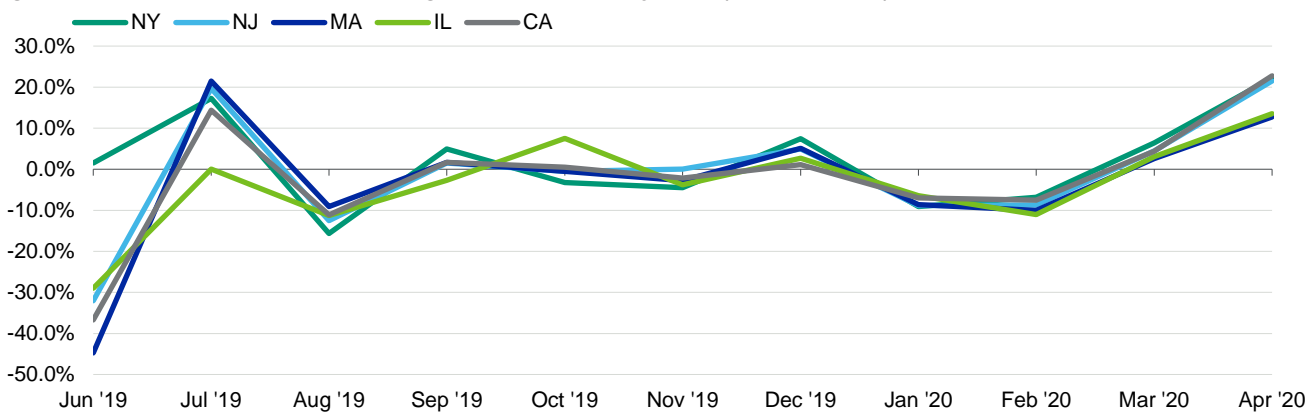
**Figure 2 Top-10 States With Largest Month-Over-Month Percentage Increase In 30-Day Delinquencies**

|    | APR 2020   | MAR 2020 | FEB 2020 | JAN 2020 | DEC 2019 | NOV 2019 | OCT 2019 | SEP 2019 | AUG 2019 | JUL 2019 | JUN 2019 |
|----|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| UT | <b>27%</b> | 6%       | -12%     | -9%      | 19%      | -8%      | 2%       | -9%      | -1%      | 8%       | -62%     |
| NV | <b>26%</b> | 2%       | -13%     | -4%      | 8%       | -3%      | 6%       | -1%      | -5%      | 12%      | -46%     |
| LA | <b>25%</b> | 1%       | -11%     | -4%      | 3%       | -2%      | 1%       | -5%      | -4%      | 12%      | -37%     |
| AK | <b>25%</b> | -8%      | 5%       | 0%       | 2%       | -7%      | 4%       | 2%       | -23%     | 13%      | -49%     |
| ND | <b>25%</b> | -2%      | -22%     | 16%      | 14%      | -3%      | -3%      | -18%     | 1%       | 24%      | -66%     |
| WY | <b>24%</b> | -7%      | 0%       | -5%      | 3%       | -6%      | 8%       | -12%     | -7%      | 13%      | -47%     |
| CA | <b>23%</b> | 4%       | -8%      | -7%      | 1%       | -2%      | 1%       | 2%       | -11%     | 14%      | -37%     |
| NY | <b>22%</b> | 6%       | -7%      | -9%      | 7%       | -4%      | -3%      | 5%       | -16%     | 17%      | 2%       |
| NJ | <b>22%</b> | 4%       | -9%      | -9%      | 5%       | 0%       | 0%       | 1%       | -13%     | 20%      | -32%     |
| FL | <b>21%</b> | 6%       | -10%     | -5%      | 3%       | -1%      | 0%       | 2%       | -11%     | 14%      | -33%     |

Source: Moody's Analytics DataViewer

Looking at the Top-5 States that have been most impacted by COVID-19, on a per-capita basis, we see a significant increase in 30-day delinquencies, with New York, New Jersey and California underperforming Illinois and Massachusetts. Not surprisingly, the Core Based Statistical Area containing the New York City accounted for nearly 65% of the New York and New Jersey 30-day delinquencies in the most recent period.

**Figure 3 Month-Over-Month Percentage Increase In 30-Day Delinquencies For Top-5 COVID States**



Sources: Moody's Analytics DataViewer (mortgage data); [www.cdc.gov](http://www.cdc.gov) (COVID-19 data)

The economic impact of COVID-19 and the resulting shutdowns are affecting all borrowers regardless of credit profile and location. A roughly 13.5% increase in 30-day delinquencies month-over-month was observed for borrowers, who, before the most recent period, had a clean payment history over the life of their loan. This, after an approximate 4.25% month-over-month increase in 30-day delinquencies for this same cohort in the prior period.

Our analysis was derived from the Moody's Universal RMBS Dataset, and analyzed using the Moody's Analytics DataViewer module ("DataViewer"). Both the underlying data and the DataViewer is temporarily available to the public on a complimentary basis. Please click [here](#) to access the DataViewer.

As additional data is continually reported, Moody's Analytics will look to provide further analysis on the impact of the COVID-19 pandemic on US Non-Agency RMBS performance.

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