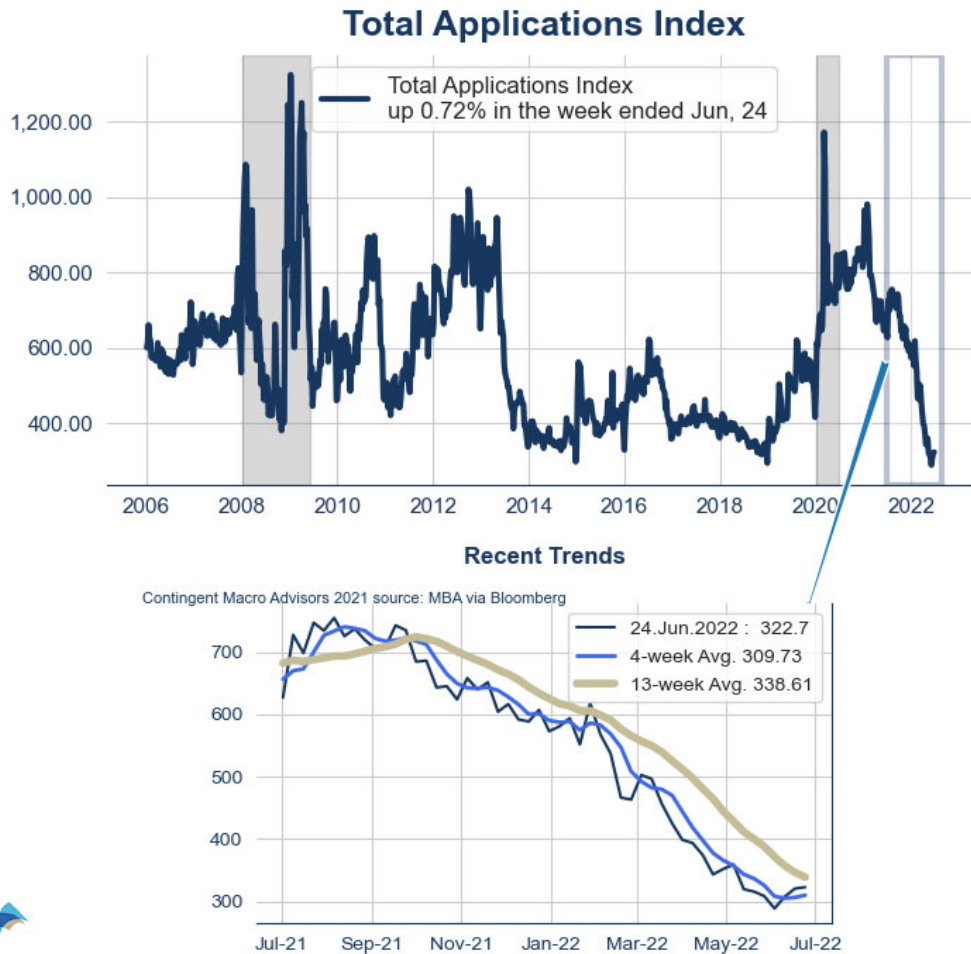


29.Jun.2022

## **Mortgage Apps: Third Week of Increases**

**Bottom Line:** Mortgage applications rose for the third week, despite historically high mortgage rates. The slight increase was driven by applications for refinancing, which remain historically very depressed, with the vast majority of mortgage borrowers enjoying rates some 250+ basis points below current rates. Purchase applications were unchanged after starting to rebound in mid-June, but the trend remains to the downside. Mortgage bankers are overstaffed, with several lenders announcing layoffs, and there appears to be some last-ditch effort to push through any applications they can. Bankers have pushed 5/1 ARMs (5-year fixed-rate, floating annually thereafter for 25 years) to make payments affordable (the 5-year fixed portion last week was over 140bps below the 30-year rate). Overall, we are keeping a close eye on the uptick in applications, but so far, the recent increase looks anomalous rather than any significant shift in the trend.



**The MBA Mortgage Application Index** ROSE slightly, UP 0.7% to 323.0, BELOW the 13-week average of 339.0 and -49.5% BELOW the year-ago level. Non-seasonally adjusted the index FELL sharply, DOWN -20.0%.

**The Purchase Index** was nearly unchanged, UP 0.1% to 243.0, ABOVE the 13-week average of 239.0 but -4.7% BELOW the year-ago level.

**The Refinancing Index** ROSE slightly, UP 1.9% to 726.0, BELOW the 13-week average of 872.0 and -74.6% BELOW the year-ago level.

The effective (adjusted for points paid) **30-year mortgage rate** FELL sharply, DOWN -18bps to 6.02%, ABOVE the 13-week average of 5.62% and 81bps ABOVE the year-ago level.

**Current coupon yields in the secondary market** were down -15.0 bps last week , closing at 4.51%, but were up 11.0 bps this week through Tuesday.

# Purchase Index



## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



# Refinance Index



## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



# MBA 30-yr Fixed Mortgage Effective Rate



## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



## MBS Current Coupon spread to Blend of Treasury Yields



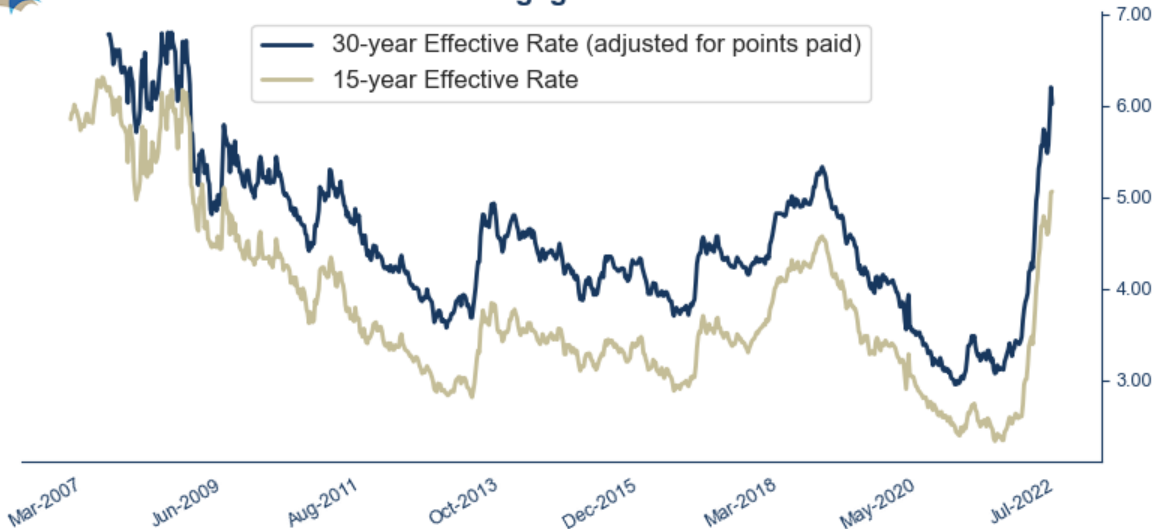
last 20 trading days

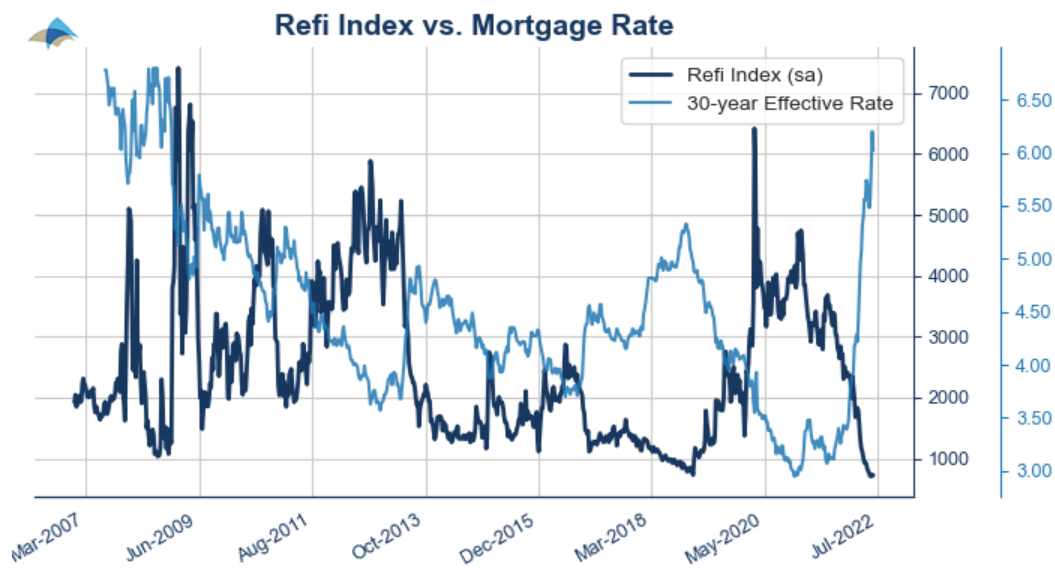
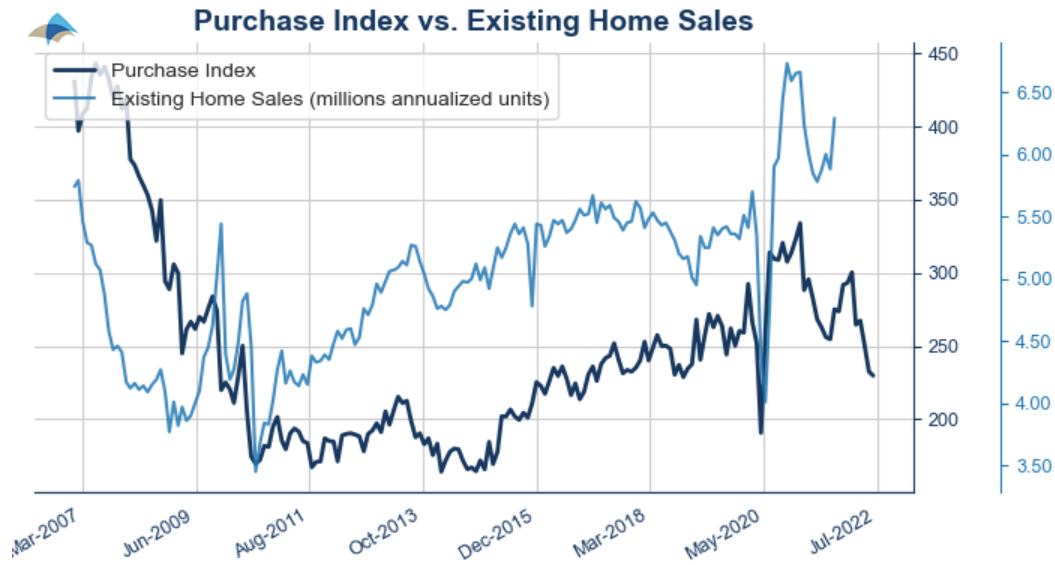


### MBS Current Coupon Yield



### Mortgage Rates





Weekly MBA Mortgage Application Survey	24.Jun	17.Jun	10.Jun	03.Jun	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
<b>Total Applications Index</b>	<b>322.70</b>	<b>320.40</b>	<b>307.40</b>	<b>288.40</b>	<b>309.72</b>	<b>325.52</b>	<b>338.61</b>	<b>554.51</b>
<b>Week % Chg</b>	<b>0.70</b>	<b>4.20</b>	<b>6.60</b>	<b>-6.50</b>				
<b>Total Apps NSA % Chg.</b>	<b>-20.00</b>	<b>3.39</b>	<b>17.04</b>	<b>-16.92</b>				
Purchase Index	243.10	242.80	225.00	208.20	229.78	232.50	238.62	266.02
Purch. Idx - % Chg.	0.12	7.91	8.07	-7.10				
Refinance Index	726.10	712.70	735.50	709.50	720.95	821.75	871.72	2212.49
Refi. Idx - % Chg.	1.88	-3.10	3.66	-5.60				
Ref % Tot	30.30	29.70	31.70	32.20	30.98	32.30	33.35	54.02
MBA 30-yr Fixed Mortgage Effective Rate	6.02	6.20	5.86	5.57	5.91	5.64	5.62	4.06



Weekly MBA Mortgage Application Survey	24.Jun	17.Jun	10.Jun	03.Jun	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
MBA 30-yr Fixed Points	0.64	0.77	0.71	0.60	0.68	0.65	0.65	0.46
MBA 15-yr Fixed Mortgage Contract Rate	5.06	5.05	4.79	4.62	4.88	4.71	4.66	3.22
MBA 15-yr Fixed Mortgage Effective Rate	5.06	5.05	4.79	4.62	4.88	4.71	4.66	3.22
MBA 15-yr Fixed Points	0.72	0.86	0.80	0.65	0.76	0.74	0.73	0.44
MBA 5-yr ARM Effective Rate	4.64	4.78	4.57	4.51	4.62	4.46	4.37	3.30
% of ARMs	10.10	10.60	8.10	8.20	9.25	9.80	9.04	5.10
% of \$ARMs	18.20	18.60	16.10	15.90	17.20	17.60	16.82	11.69

source: Mortgage Banker Association via Bloomberg Professional

*Recent Economic Reports*