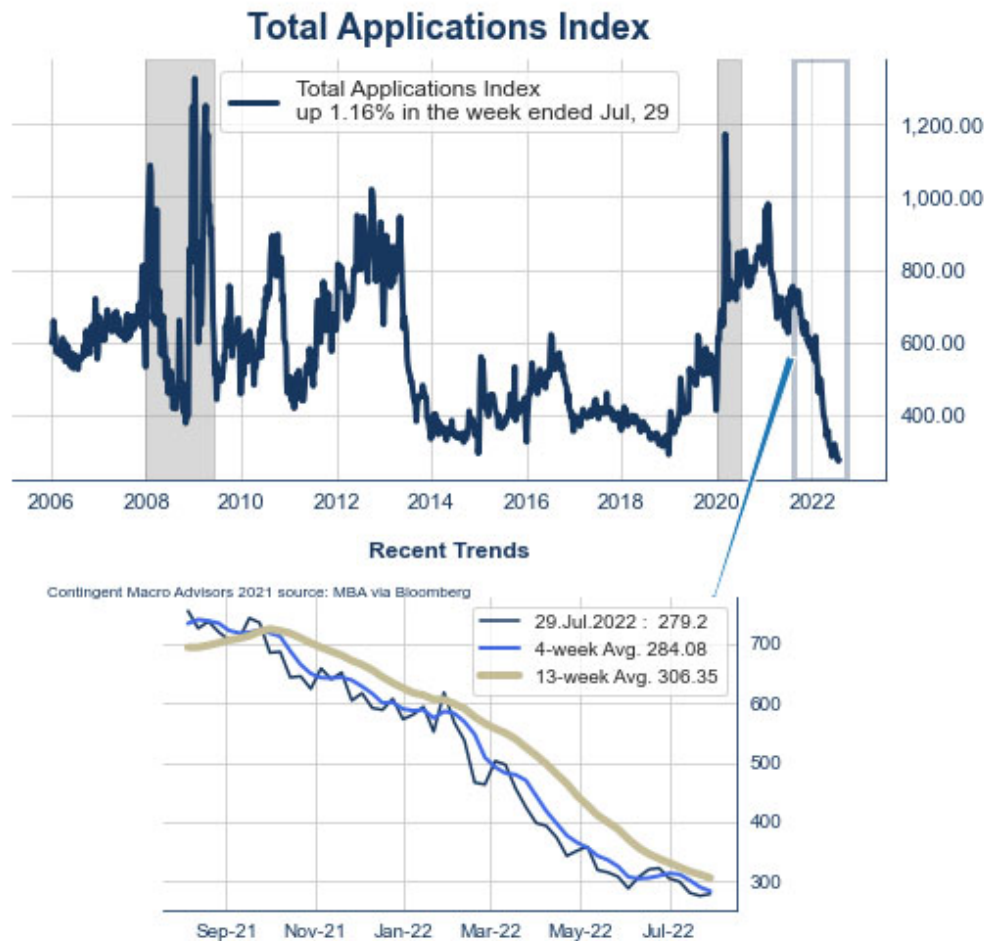


03.Aug.2022

## **Mortgage Apps: Only Slight Rebound On Lower Rates**

**Bottom Line:** Mortgage applications rose slightly but remained near record lows even as effective mortgage rates fell to 5.62% after eclipsing 6% earlier in the month. Mortgage bankers were finally able to pass along some of the decline in secondary mortgage market rates to borrowers. But relatively few borrowers took advantage of the lower rates as affordability remained an issue and likely will until rates get back below 5%. And that appears unlikely until the Fed ends rates hikes and starts cutting, something markets expect next year. But Fed officials were trying to dissuade markets from expecting that. Secondary mortgage market rates have moved sharply higher, particularly yesterday on the back of several hawkish Fed speakers.

**Overall, the trend in mortgage applications suggests that the slowdown in housing has continued through July. It appears that purchase application volume will fall towards levels seen in 2015 as the housing market was still recovering from the financial crisis.**



**The MBA Mortgage Application Index** ROSE slightly, UP 1.2% to 279.0, BELOW the 13-week average of 306.0 and -62.0% BELOW the year-ago level. Non-seasonally adjusted the index was nearly unchanged, UP 1.2%.

**The Purchase Index** ROSE slightly , UP 1.0% to 208.0, BELOW the 13-week average of 225.0 and -15.8% BELOW the year-ago level.

**The Refinancing Index** ROSE slightly, UP 1.5% to 641.0, BELOW the 13-week average of 727.0 and -82.1% BELOW the year-ago level.

**The effective (adjusted for points paid) 30-year mortgage rate** FELL sharply, DOWN -30bps to 5.62%, BELOW the 13-week average of 5.81% but 83bps ABOVE the year-ago level.

**Current coupon yields in the secondary market** were down -35.0 bps last week , closing at 3.82%, and were up 24.0 bps this week through Tuesday.

# Purchase Index

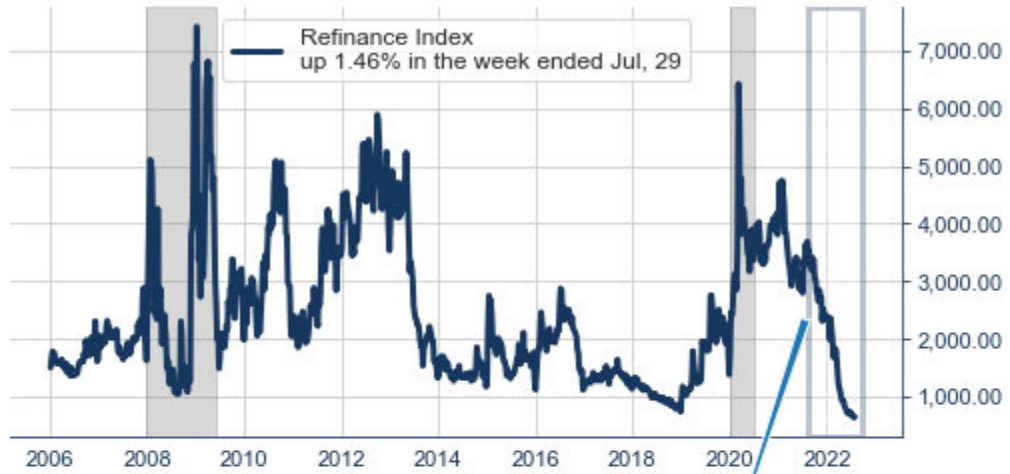


## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



# Refinance Index

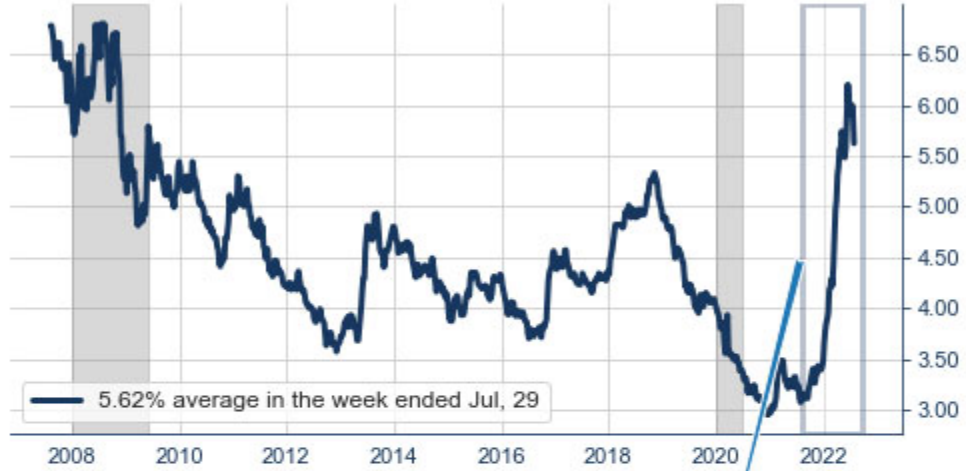


## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

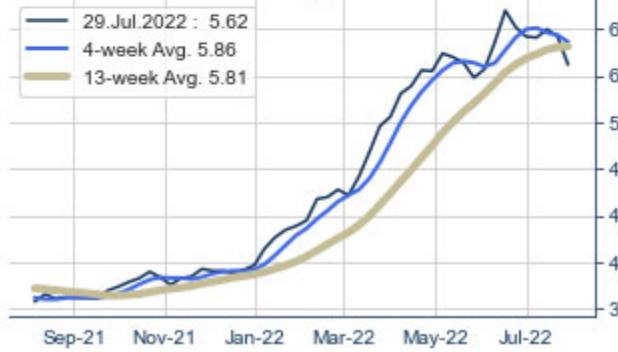


# MBA 30-yr Fixed Mortgage Effective Rate

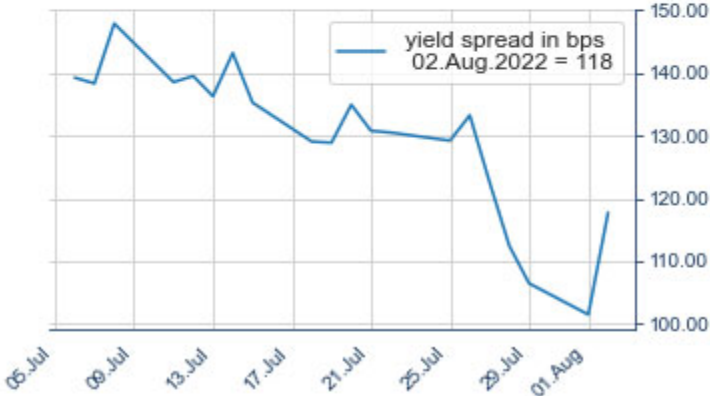


## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



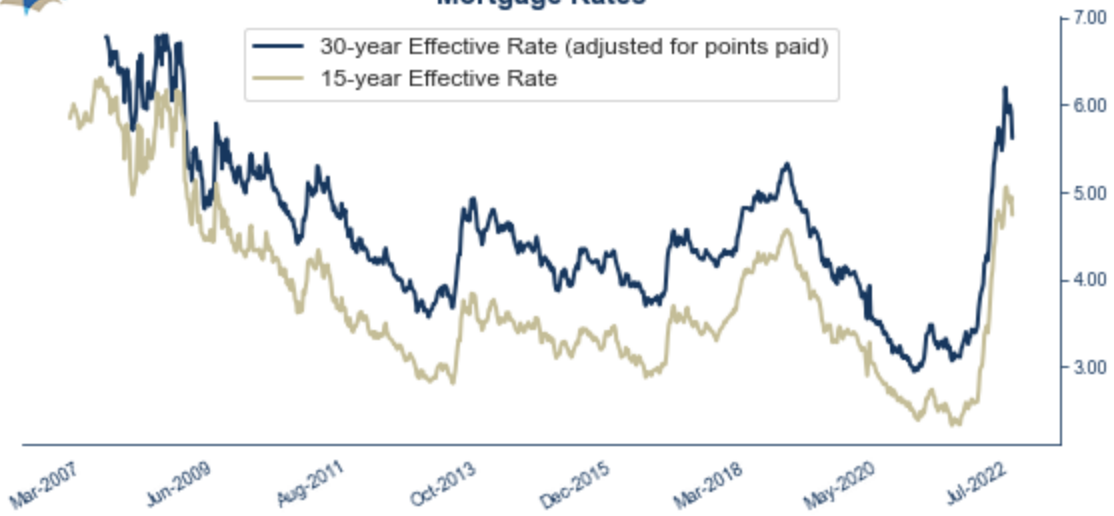
### MBS Current Coupon spread to Blend of Treasury Yields

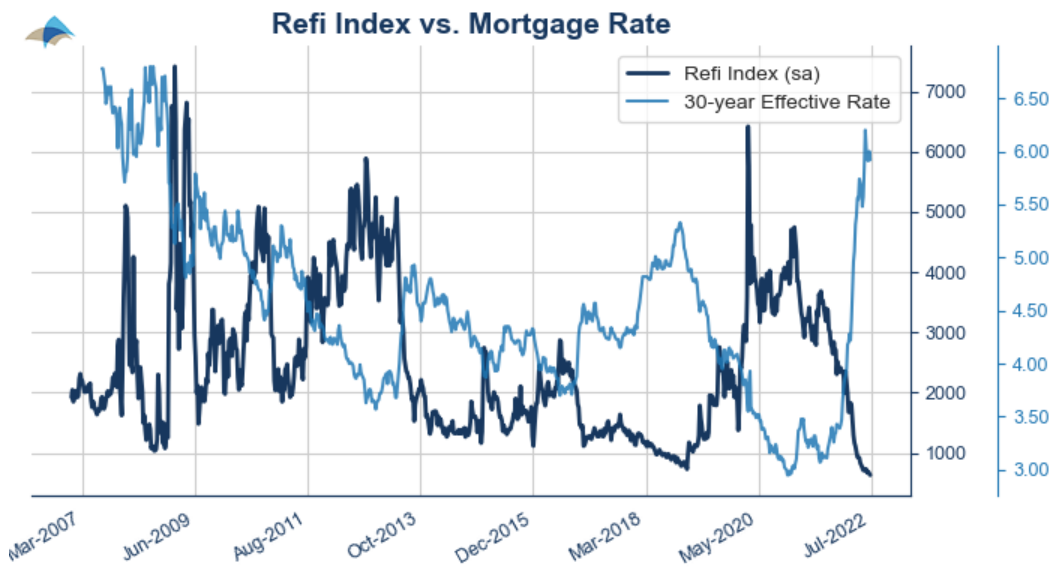
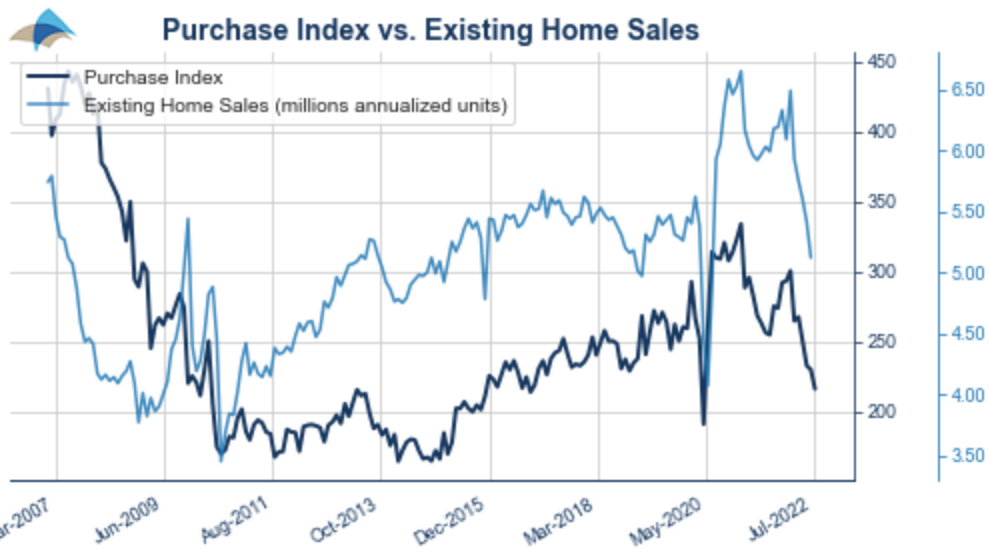


### MBS Current Coupon Yield



### Mortgage Rates





Weekly MBA Mortgage Application Survey	29.Jul	22.Jul	15.Jul	08.Jul	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
<b>Total Applications Index</b>	<b>279.20</b>	<b>276.00</b>	<b>281.10</b>	<b>300.00</b>	<b>288.32</b>	<b>309.72</b>	<b>306.35</b>	<b>514.27</b>
<b>Week % Chg</b>	<b>1.20</b>	<b>-1.80</b>	<b>-6.30</b>	<b>-1.70</b>				
<b>Total Apps NSA % Chg.</b>	<b>1.15</b>	<b>-1.47</b>	<b>17.33</b>	<b>-12.68</b>				
Purchase Index	208.40	206.40	208.00	224.30	215.94	229.78	225.29	262.15
Purch. Idx - % Chg.	0.97	-0.77	-7.27	-3.57				
Refinance Index	640.60	631.40	655.70	685.30	656.66	720.95	727.24	1955.93
Refi. Idx - % Chg.	1.46	-3.71	-4.32	2.24				
Ref % Tot	30.80	30.70	31.40	30.80	30.66	30.98	31.26	50.71
MBA 30-yr Fixed Mortgage Effective Rate	5.62	5.92	6.00	5.91	5.87	5.91	5.81	4.32



Weekly MBA Mortgage Application Survey	29.Jul	22.Jul	15.Jul	08.Jul	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
MBA 30-yr Fixed Points	0.65	0.61	0.65	0.59	0.63	0.68	0.65	0.48
MBA 15-yr Fixed Mortgage Contract Rate	4.74	4.95	4.88	4.93	4.89	4.88	4.83	3.46
MBA 15-yr Fixed Mortgage Effective Rate	4.74	4.95	4.88	4.93	4.89	4.88	4.83	3.46
MBA 15-yr Fixed Points	0.65	0.67	0.76	0.72	0.70	0.76	0.73	0.48
MBA 5-yr ARM Effective Rate	4.55	4.67	4.60	4.71	4.63	4.62	4.58	3.46
% of ARMs	8.40	9.10	9.50	9.60	9.22	9.25	9.41	5.66
% of \$ARMs	16.10	16.50	17.10	17.70	16.96	17.20	17.23	12.38

source: Mortgage Banker Association via Bloomberg Professional