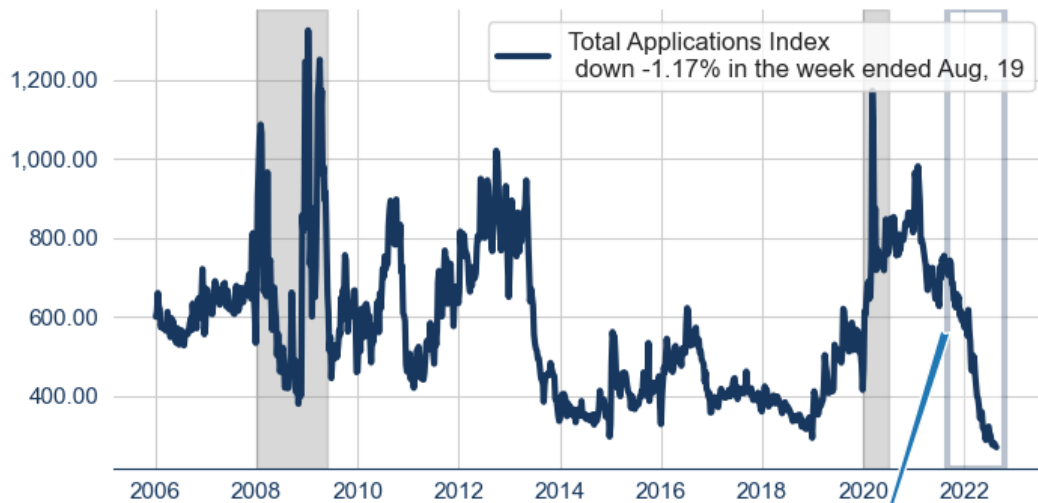


24.Aug.2022

Mortgage Apps: Headed for Record Lows?

Bottom Line: After declining for much of July and through the first half of August, mortgage rates jumped higher last week, sending mortgage applications lower again. Already historically depressed with most existing mortgage borrowers holding mortgages below 4%, the refinance index fell nearly 3%. The purchase application index fell slightly. The average 30-year mortgage rate was 5.85% last week, and with secondary mortgage market prices notably lower this week, the rate for most borrowers is likely over 6% this week. **Overall, the trend in mortgage applications suggests that the slowdown in housing has continued through August. It appears that purchase application volume will fall towards levels seen in 2015, possibly hitting record lows later this year.**

Total Applications Index



Recent Trends



The MBA Mortgage Application Index FELL slightly , DOWN -1.2% to 270.0, BELOW the 13-week average of 293.0 and -63.4% BELOW the year-ago level. Non-seasonally adjusted the index FELL slightly , DOWN -2.5%.

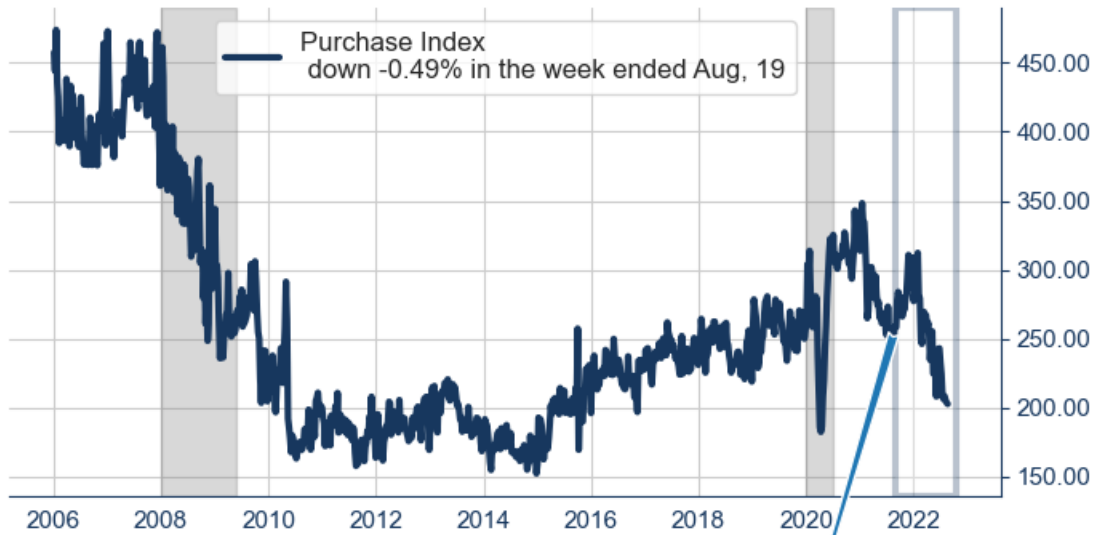
The Purchase Index was nearly unchanged, DOWN -0.5% to 203.0, BELOW the 13-week average of 218.0 and -21.2% BELOW the year-ago level.

The Refinancing Index FELL -2.8% to 610.0, BELOW the 13-week average of 678.0 and -82.7% BELOW the year-ago level.

The effective (adjusted for points paid) **30-year mortgage rate** ROSE sharply , UP 23bps to 5.85%, ABOVE the 13-week average of 5.82% and 88bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 32.0 bps last week , closing at 4.36%, and were up 14.0 bps this week through Tuesday.

Purchase Index

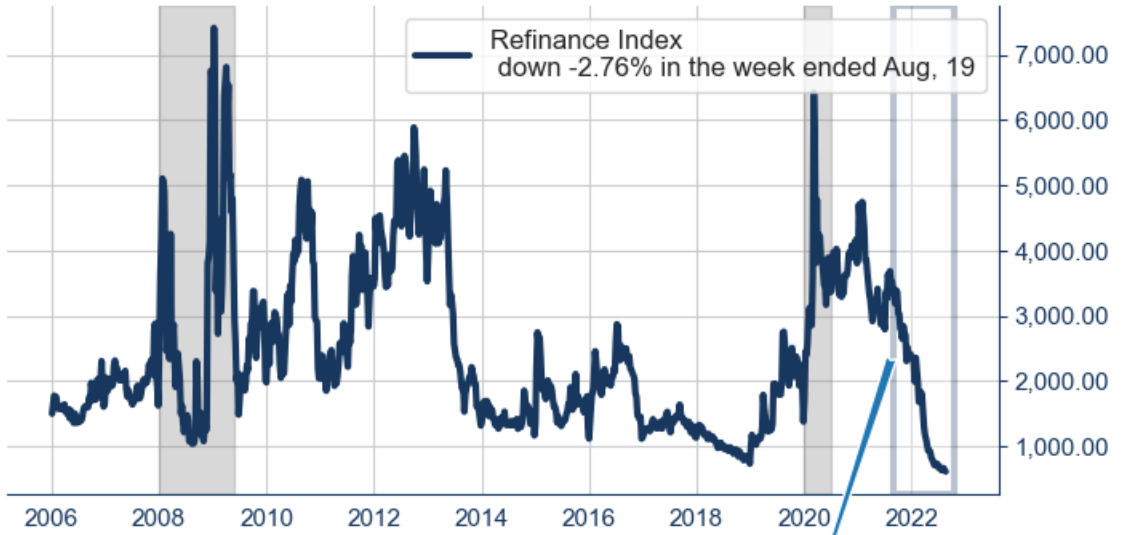


Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

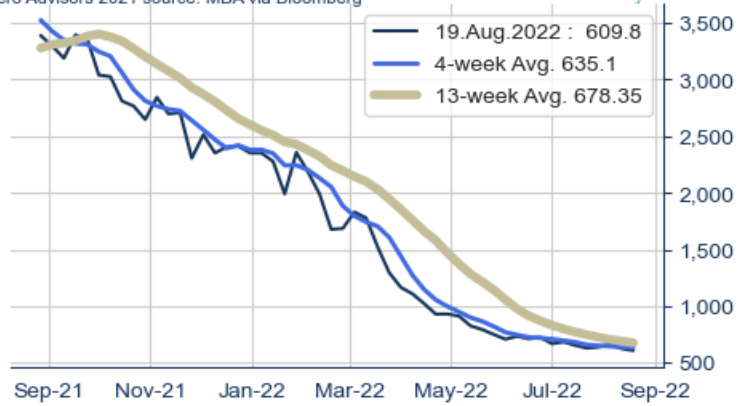


Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

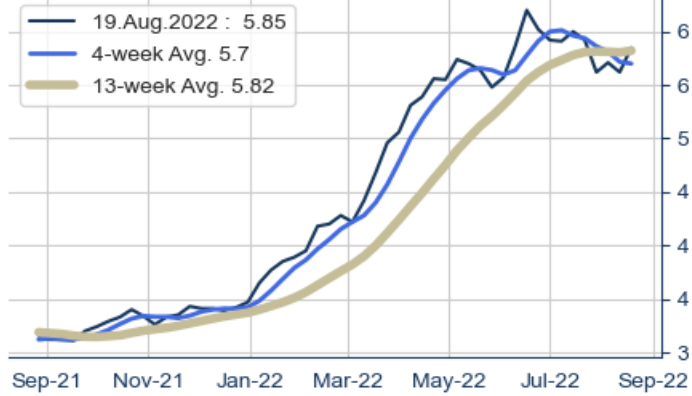


MBA 30-yr Fixed Mortgage Effective Rate

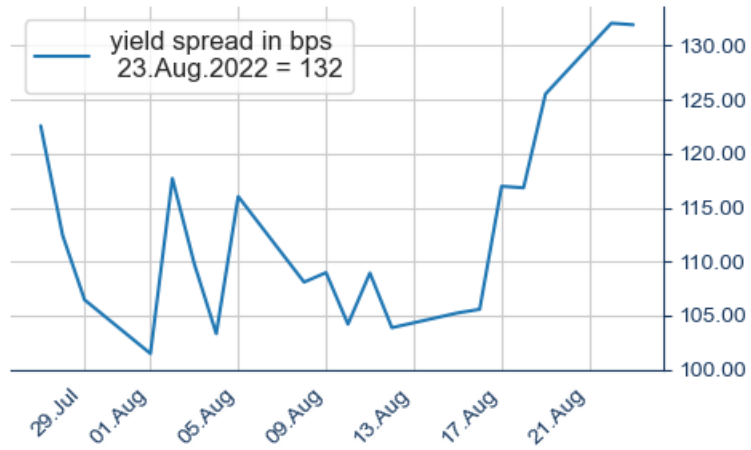


Recent Trends

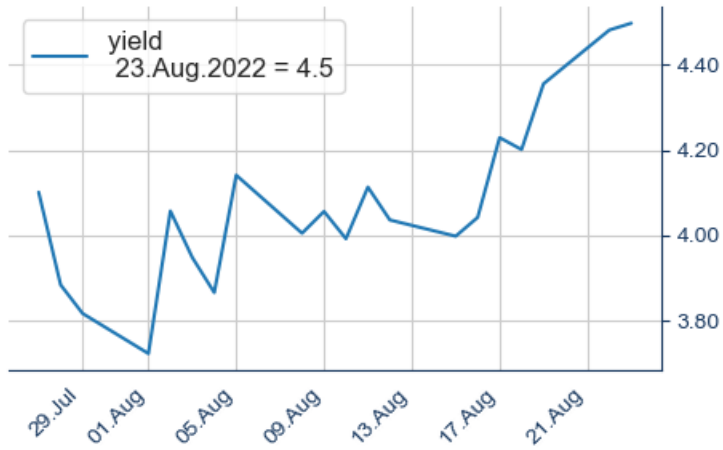
Contingent Macro Advisors 2021 source: MBA via Bloomberg



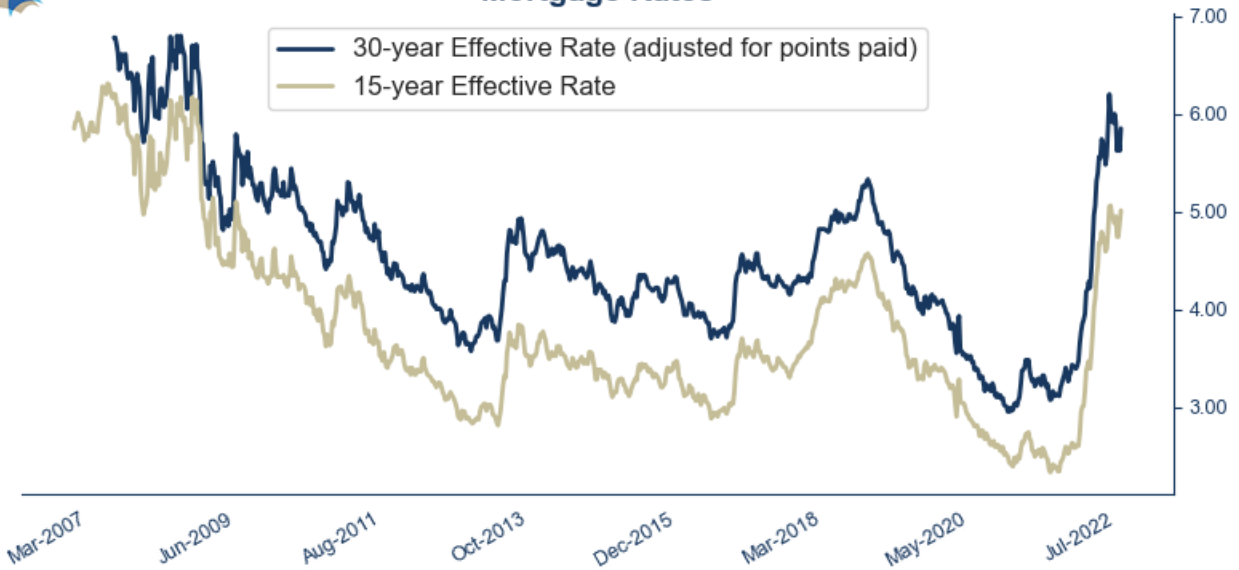
MBS Current Coupon spread to Blend of Treasury Yields

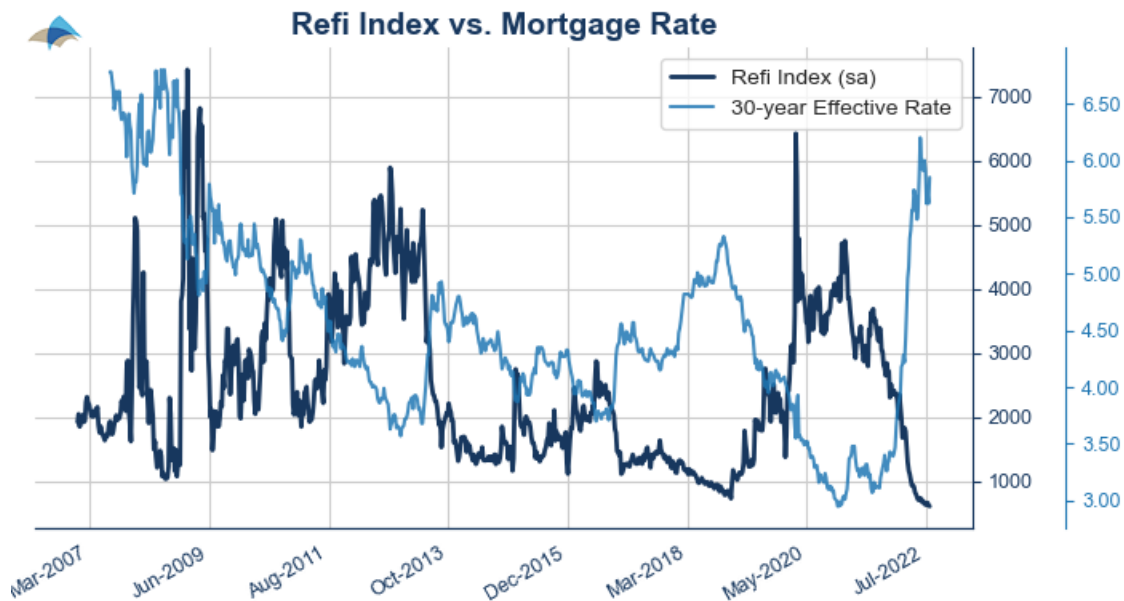
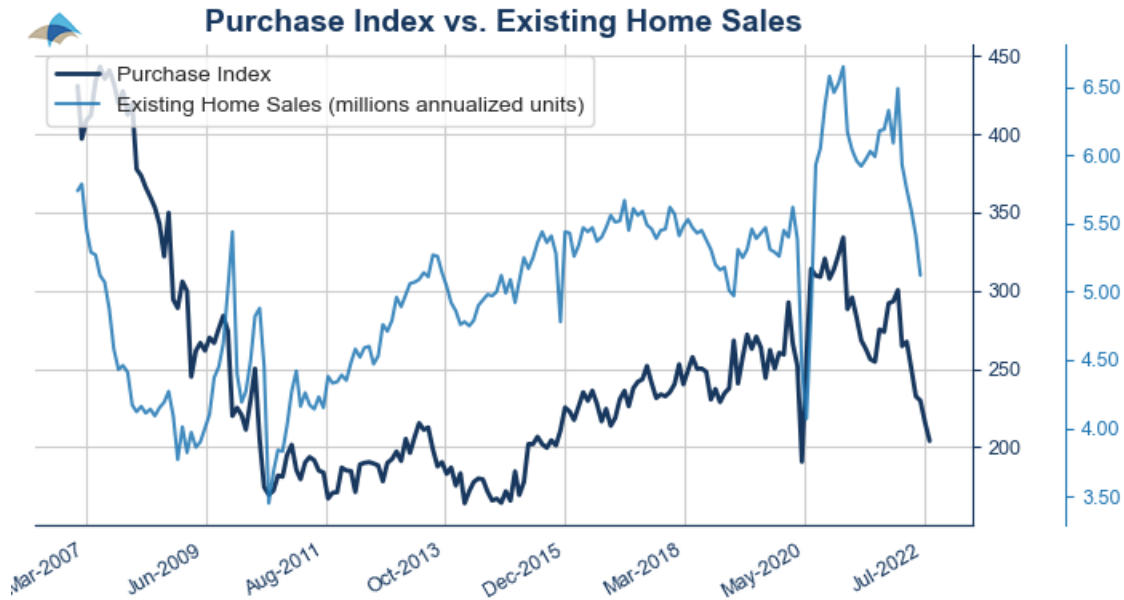


MBS Current Coupon Yield



Mortgage Rates





Weekly MBA Mortgage Application Survey	19.Aug	12.Aug	05.Aug	29.Jul	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	270.10	273.30	279.80	279.20	274.40	288.32	293.23	487.46
Week % Chg	-1.20	-2.30	0.20	1.20				
Total Apps NSA % Chg.	-2.50	-3.16	-0.33	1.15				
Purchase Index	202.80	203.80	205.40	208.40	204.00	215.94	218.07	259.31
Purch. Idx - % Chg.	-0.49	-0.78	-1.44	0.97				
Refinance Index	609.80	627.10	662.90	640.60	633.27	656.66	678.35	1786.79
Refi. Idx - % Chg.	-2.76	-5.40	3.48	1.46				
Ref % Tot	31.10	31.20	32.00	30.80	31.43	30.66	31.00	48.62

MBA 30-yr Fixed Mortgage Effective Rate	5.85	5.62	5.71	5.62	5.73	5.87	5.82	4.47
MBA 30-yr Fixed Points	0.68	0.57	0.80	0.65	0.68	0.63	0.65	0.50
MBA 15-yr Fixed Mortgage Contract Rate	5.01	4.87	4.74	4.74	4.87	4.89	4.86	3.60
MBA 15-yr Fixed Mortgage Effective Rate	5.01	4.87	4.74	4.74	4.87	4.89	4.86	3.60
MBA 15-yr Fixed Points	0.84	0.64	0.62	0.65	0.70	0.70	0.71	0.51
MBA 5-yr ARM Effective Rate	4.81	4.43	4.60	4.55	4.61	4.63	4.61	3.57
% of ARMs	6.50	7.00	7.40	8.40	6.97	9.22	8.67	5.88
% of \$ARMs	13.50	13.80	15.60	16.10	14.30	16.96	16.28	12.66

source: Mortgage Banker Association via Bloomberg Professional