

26.Oct.2022

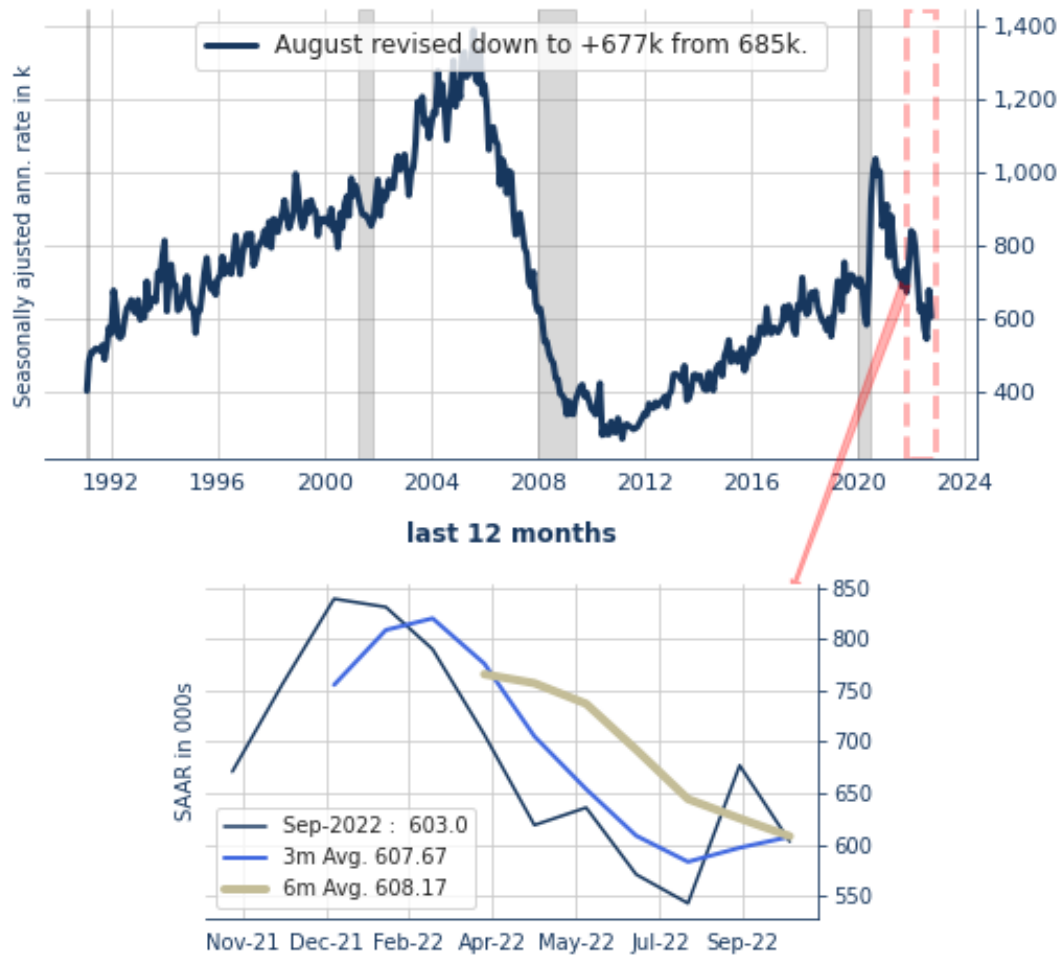
New Home Sales: Drag on Growth More Severe

Bottom Line: New home sales fell nearly 11% in September. While better than expected, there were negative revisions to the surprisingly strong August reading. The trend in new home sales was volatile but still trending lower. Additionally, inventories were higher, bringing the months' supply metric to 9.2, a level only seen during and immediately after the financial crisis.

Separately, mortgage applications last week were lower again, led by declines in purchase applications, which are nearing the record lows seen in 2015, as applications for refinancings make fresh record lows.

Overall, housing's drag on economic growth continues to become more severe as the average 30-year fixed-rate rises to levels not seen in over a decade, hitting 7.42% last week.

US New Home Sales September: 603k -74k consensus: +580k



Contingent Macro Advisors 2022 source: US Census Bureau

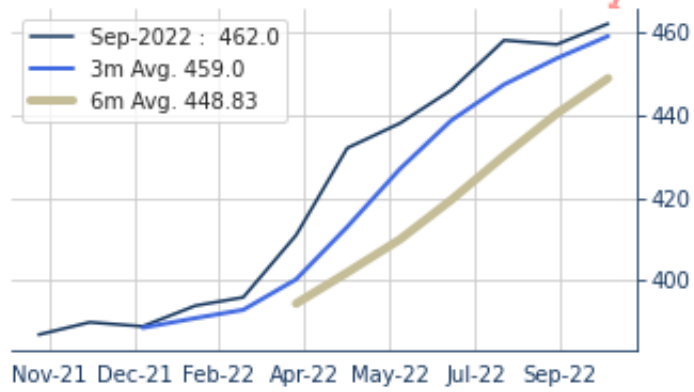
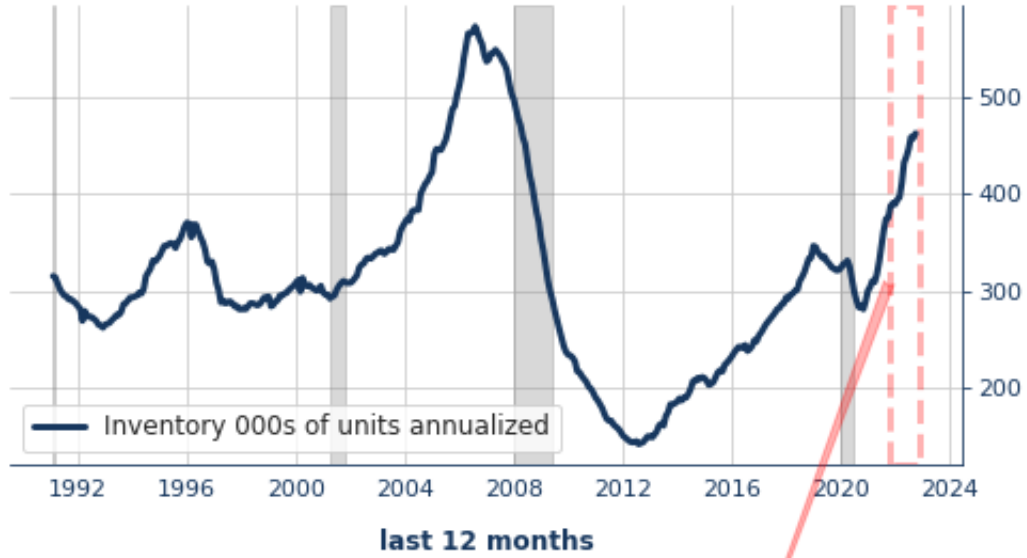
New Home Sales FELL by 10.9% to 603k, after the prior month was revised lower to 642k. This compared with market expectations for a decline to 580k, from the unrevised August level of 685k. Sales are now 17.6% BELOW their year-ago level.

The Inventory of Homes Available for Sale ROSE by 1.1% to 462k. Inventories are now 23.2% ABOVE their year-ago.

Combined with the decline in sales, the **Months' Supply** increased to 9.2 months from 8.1 months. This is modestly ABOVE a normal level of 6.0 months.

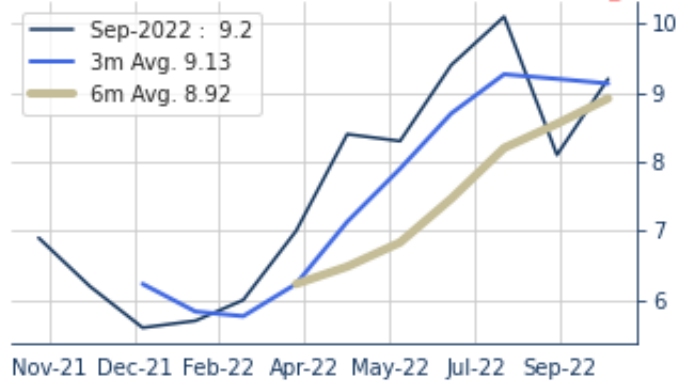
Home Prices ROSE with median prices 13.9% ABOVE their year-ago level and with average prices 10.0% ABOVE their year-ago level.

New Home Sales - Inventory



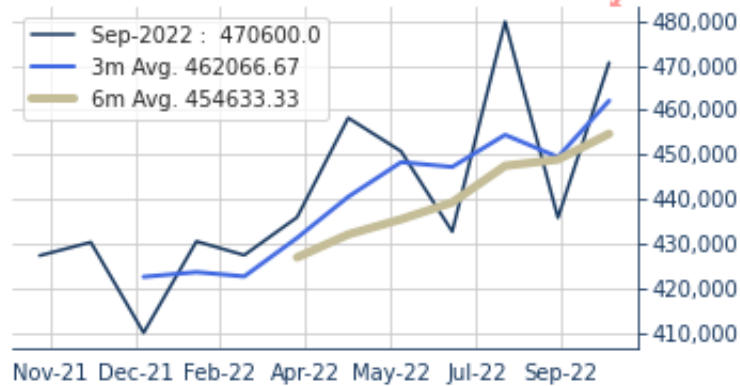
Contingent Macro Advisors 2022 source: US Census Bureau

New Home Sales - Months Supply



Contingent Macro Advisors 2022 source: US Census Bureau

New Home Sales - Median Price



Contingent Macro Advisors 2022 source: US Census Bureau

US New Home Sales	Sep-2022	Aug-2022	Jul-2022	Jun-2022	3-mo. Avg.	6-mo. Avg.	12-mo. Avg.	2021 Avg.	2020 Avg.	60-mo. Avg.
New Home Sales	603.0	677.0	543.0	571.0	607.7	608.2	686.9	769.4	831.2	712.0
New Home Sales - % Chg.	-10.9	24.7	-4.9	-10.2						
Inventory	462.0	457.0	458.0	446.0	459.0	448.8	421.7	349.4	304.1	338.8
Inventory - % Chg.	1.1	-0.2	2.7	1.8						
Months Supply	9.2	8.1	10.1	9.4	9.1	8.9	7.6	5.5	4.6	5.9
Months Supply Chg.	1.1	-2.0	0.7	1.1						
Median Price in \$k	470.6	435.8	479.8	432.7	462.1	454.6	440.8	394.0	335.0	358.1
Median Price - % Chg.	8.0	-9.2	10.9	-4.0						
Avg. Price in \$k	517.7	529.0	566.4	472.0	537.7	528.2	515.1	452.8	385.0	417.0

Avg. Price - % Chg.	-2.1	-6.6	20.0	-9.5						
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source: Census Bureau

The MBA Mortgage Application Index FELL -1.7% to 201.0, BELOW the 13-week average of 249.0 and -68.8% BELOW the year-ago level. Non-seasonally adjusted the index FELL slightly, DOWN -1.8%.

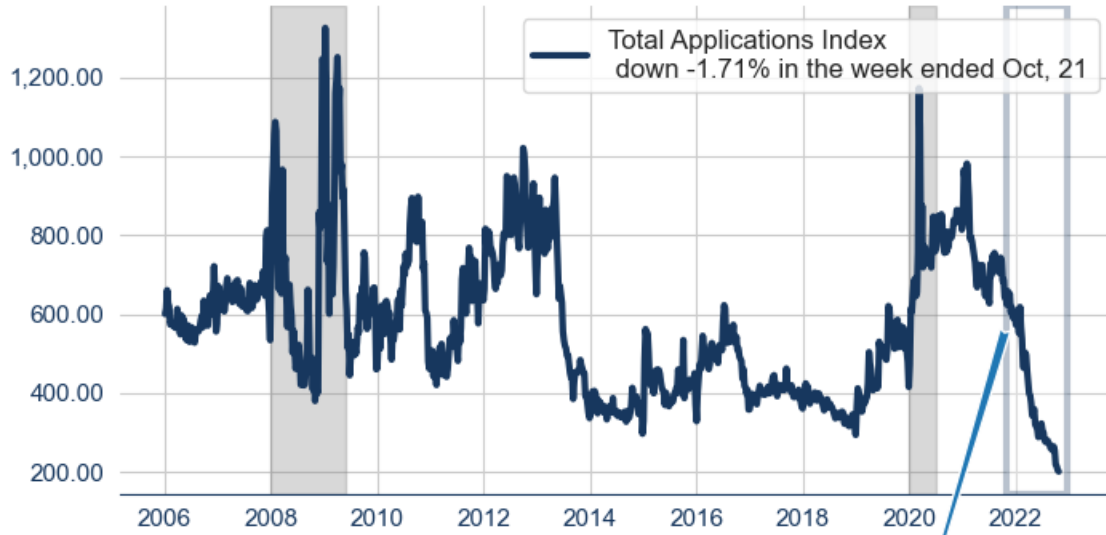
The Purchase Index FELL -2.3% to 160.0, BELOW the 13-week average of 191.0 and -41.8% BELOW the year-ago level.

The Refinancing Index was nearly unchanged, UP 0.0% to 395.0, BELOW the 13-week average of 534.0 and -85.7% BELOW the year-ago level.

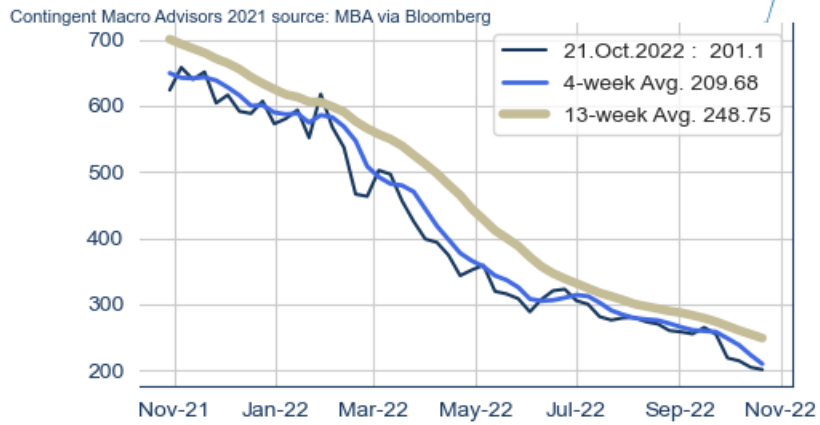
The effective (adjusted for points paid) **30-year mortgage rate** ROSE sharply, UP 21bps to 7.42%, ABOVE the 13-week average of 6.41% and 118bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 10.0 bps last week, closing at 6.01%, but were down -15.0 bps this week through Tuesday.

Total Applications Index



Recent Trends



Purchase Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

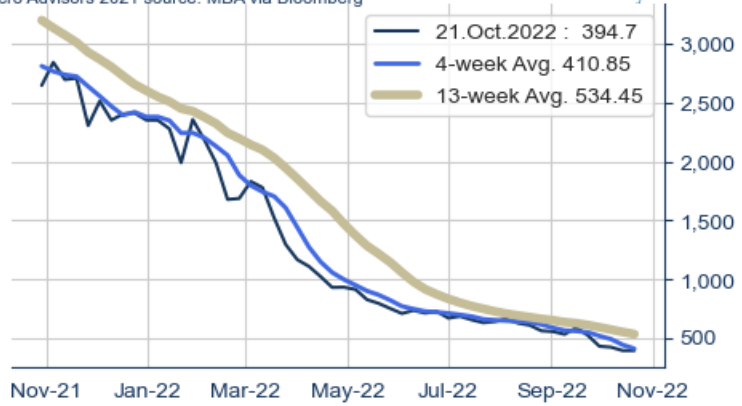


Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

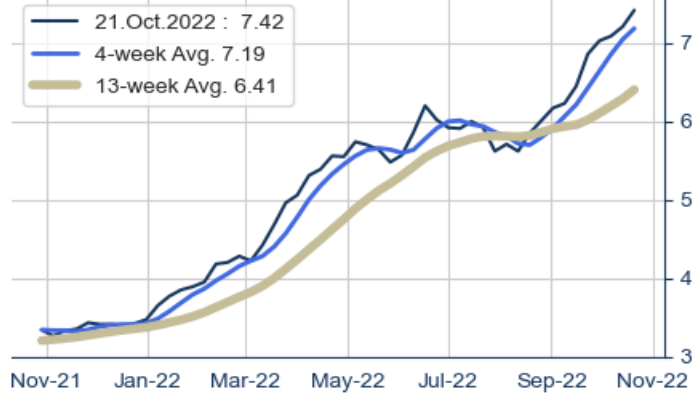


MBA 30-yr Fixed Mortgage Effective Rate

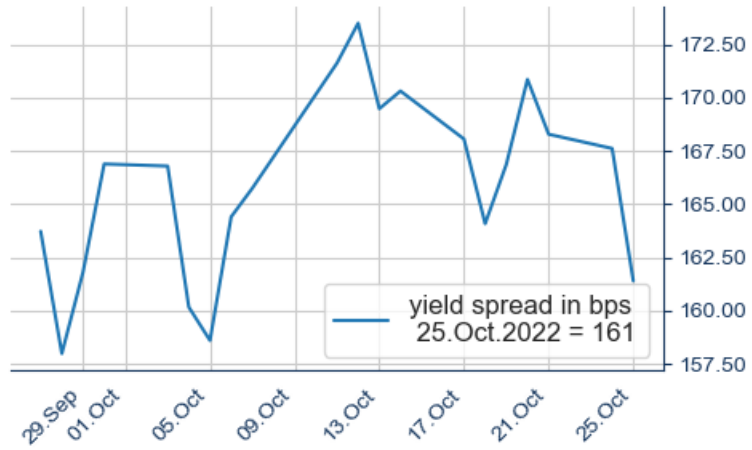


Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



MBS Current Coupon spread to Blend of Treasury Yields



MBS Current Coupon Yield



Mortgage Rates

