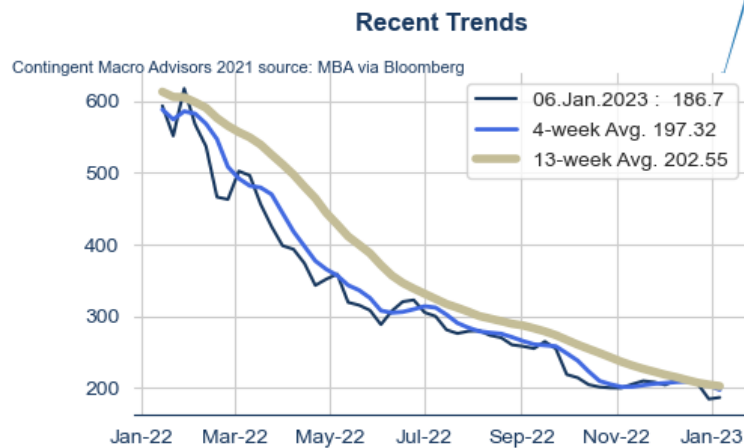
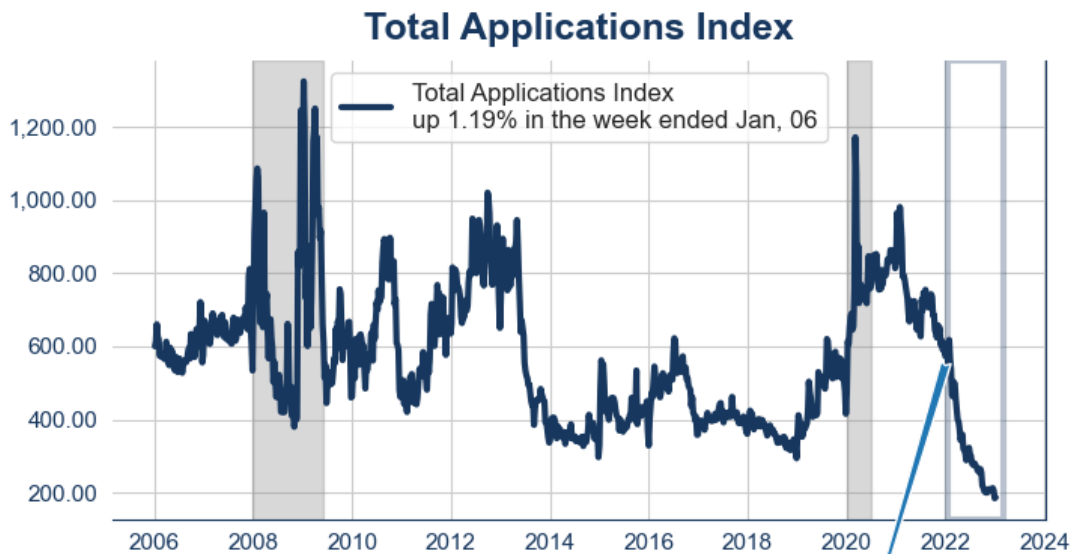


11.Jan.2023

Mortgage Apps: Secondary Spreads Tighten

Bottom Line: Mortgage applications rose just slightly in the first week of 2023 but remained near record lows. Purchase applications edged lower as refis inched higher. Secondary market mortgage spreads tightened sharply in the first week of trading, pushing down secondary yields. That helped lower primary market rates by 16bps as the average borrower saw 6 5/8% on 30-year fixed-rate mortgages (adjusted for points paid). But that was much less than the 40bp decline in secondary yields, leaving scope for further mortgage bankers to offer lower rates in the coming weeks if interest rate volatility continues to decline. We continue to watch signs of a rate impulse, as there have been hints of a reaction in both purchase and refi applications volume when rates drop even from today's lofty levels.



The MBA Mortgage Application Index ROSE slightly , UP 1.2% to 187.0, BELOW the 13-week average of 203.0 and -67.8% BELOW the year-ago level. Non-seasonally adjusted the index ROSE sharply , UP 47.8%.

The Purchase Index FELL slightly, DOWN -0.5% to 159.0, BELOW the 13-week average of 170.0 and -43.8% BELOW the year-ago level.

The Refinancing Index ROSE 5.1% to 327.0, BELOW the 13-week average of 356.0 and -86.1% BELOW the year-ago level.

The effective (adjusted for points paid) 30-year mortgage rate FELL -16bps to 6.63%, BELOW the 13-week average of 6.89% but 82bps ABOVE the year-ago level.

Current coupon yields in the secondary market were down -40.0 bps last week , closing at 4.99%, and were up 2.0 bps this week through Tuesday.

Purchase Index



Recent Trends

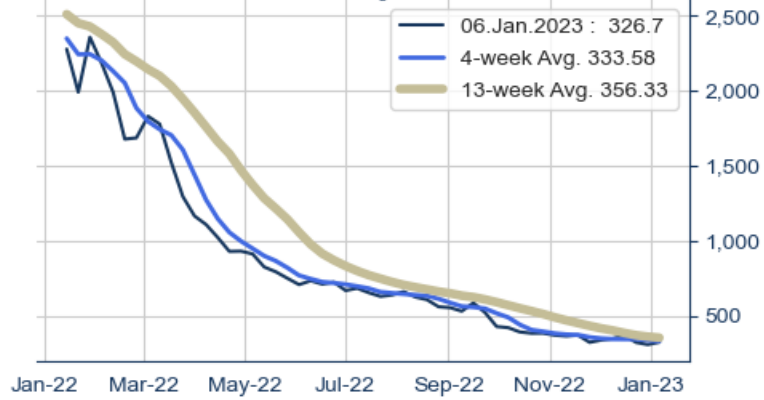


Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

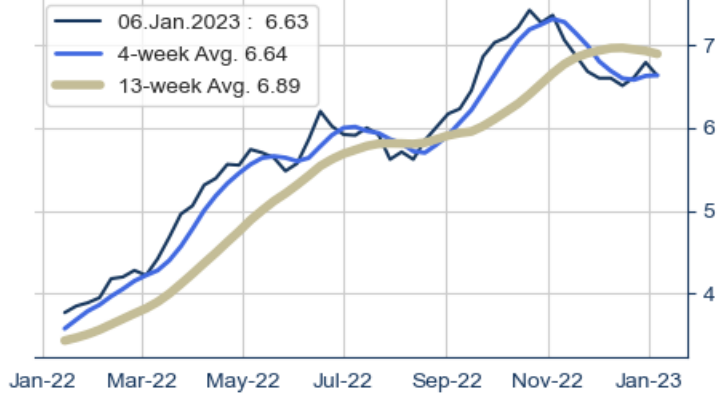


MBA 30-yr Fixed Mortgage Effective Rate



Recent Trends

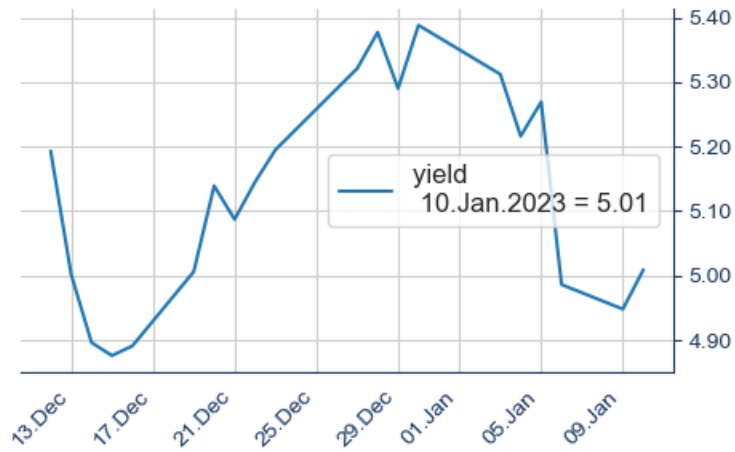
Contingent Macro Advisors 2021 source: MBA via Bloomberg



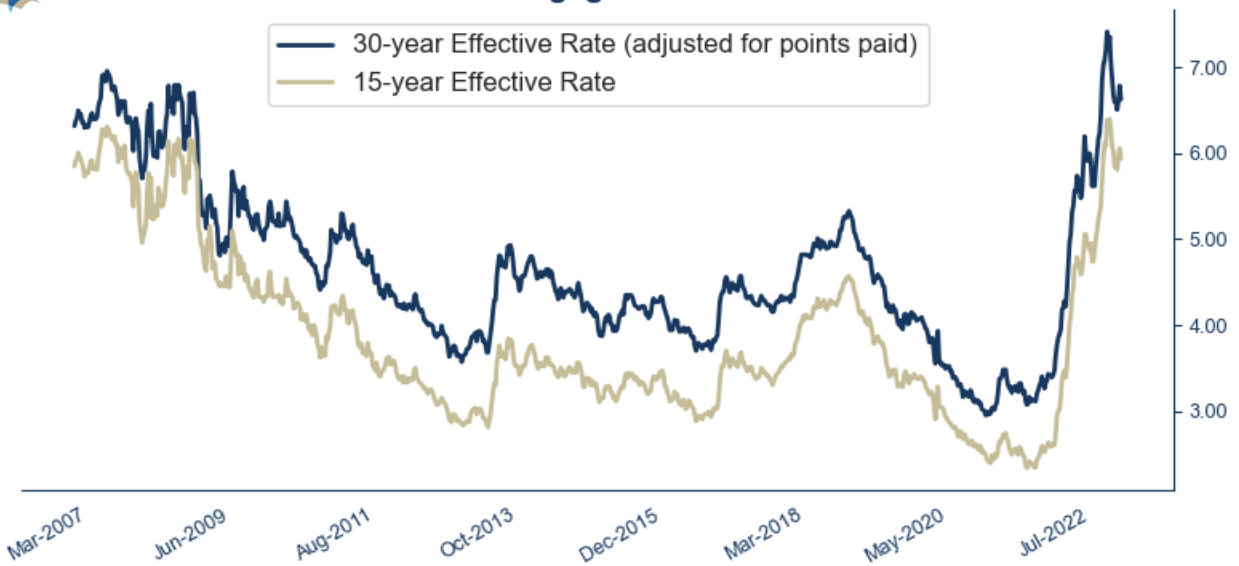
MBS Current Coupon spread to Blend of Treasury Yields

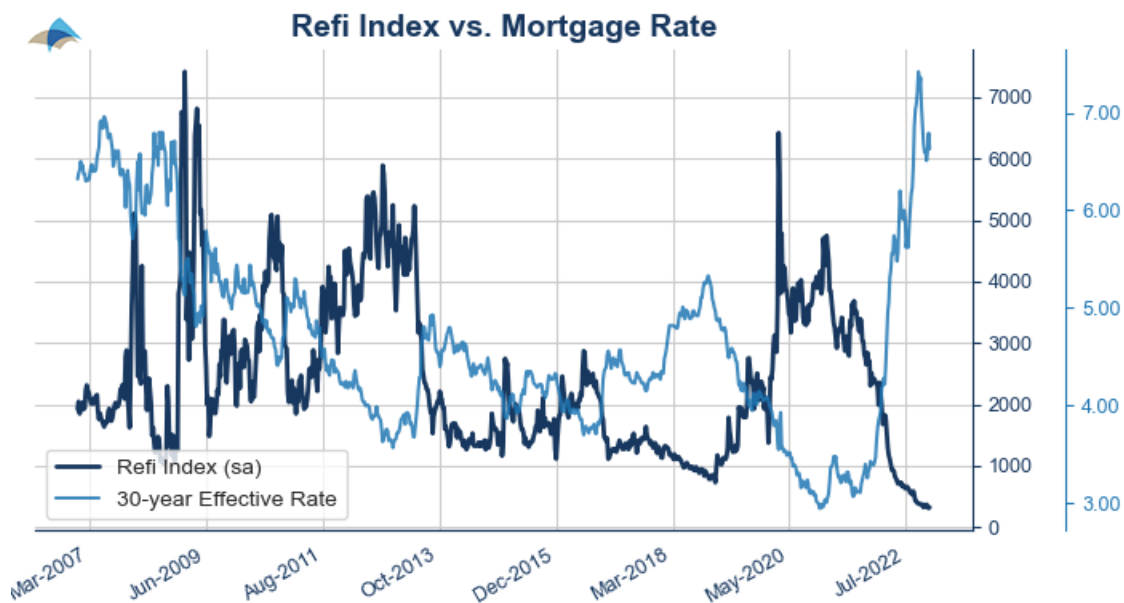
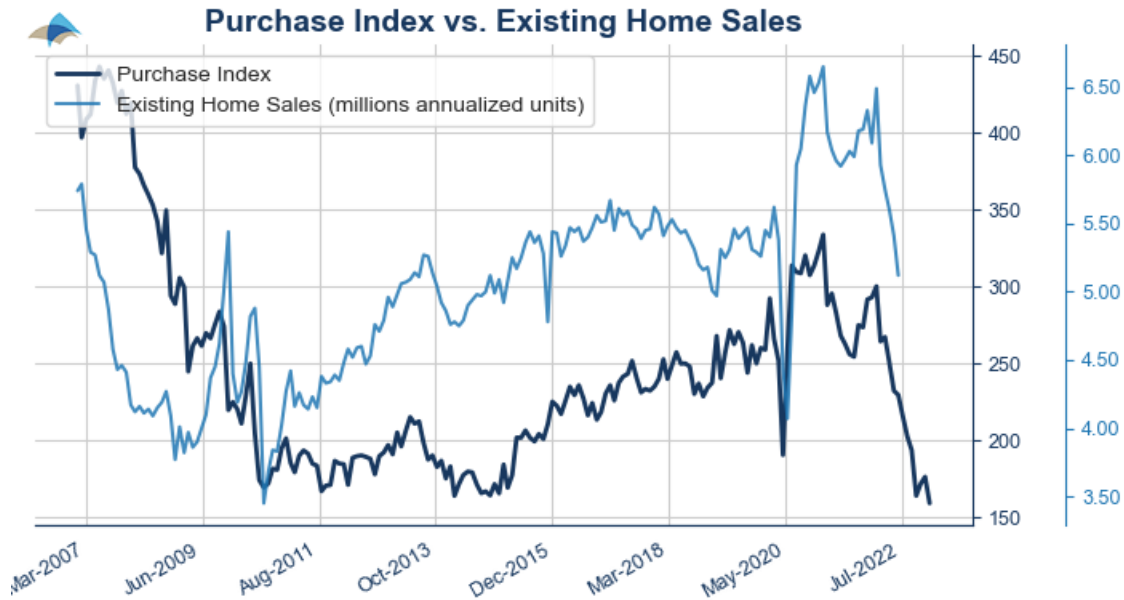


MBS Current Coupon Yield



Mortgage Rates





Weekly MBA Mortgage Application Survey	06.Jan	30.Dec	23.Dec	16.Dec	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	186.70	184.50	205.60	212.50	186.70	203.50	202.55	321.22
Week % Chg	1.20	-10.30	-3.20	0.90				
Total Apps NSA % Chg.	47.82	-20.48	-23.77	-0.47				
Purchase Index	159.40	160.20	182.10	182.50	159.40	176.58	170.50	219.14
Purch. Idx - % Chg.	-0.50	-12.03	-0.22	-0.05				
Refinance Index	326.70	310.90	325.30	371.40	326.70	339.78	356.33	872.08
Refi. Idx - % Chg.	5.08	-4.43	-12.41	5.96				
Ref % Tot	30.70	30.30	28.80	31.30	30.70	29.70	28.81	35.26
MBA 30-yr Fixed	6.63	6.79	6.61	6.51	6.63	6.62	6.89	5.80

Mortgage Effective Rate								
MBA 30-yr Fixed Points	0.73	0.73	0.65	0.59	0.73	0.65	0.71	0.66
MBA 15-yr Fixed Mortgage Contract Rate	5.94	6.06	5.97	5.81	5.94	5.92	6.09	4.90
MBA 15-yr Fixed Mortgage Effective Rate	5.94	6.06	5.97	5.81	5.94	5.92	6.09	4.90
MBA 15-yr Fixed Points	0.62	0.70	0.57	0.53	0.62	0.58	0.81	0.73
MBA 5-yr ARM Effective Rate	5.37	5.61	5.45	5.43	5.37	5.53	5.63	4.60
% of ARMs	7.30	7.30	7.90	7.50	7.30	7.60	9.46	8.33
% of \$ARMs	14.50	14.60	16.00	15.80	14.50	15.86	18.57	16.32

source: Mortgage Banker Association via Bloomberg Professional