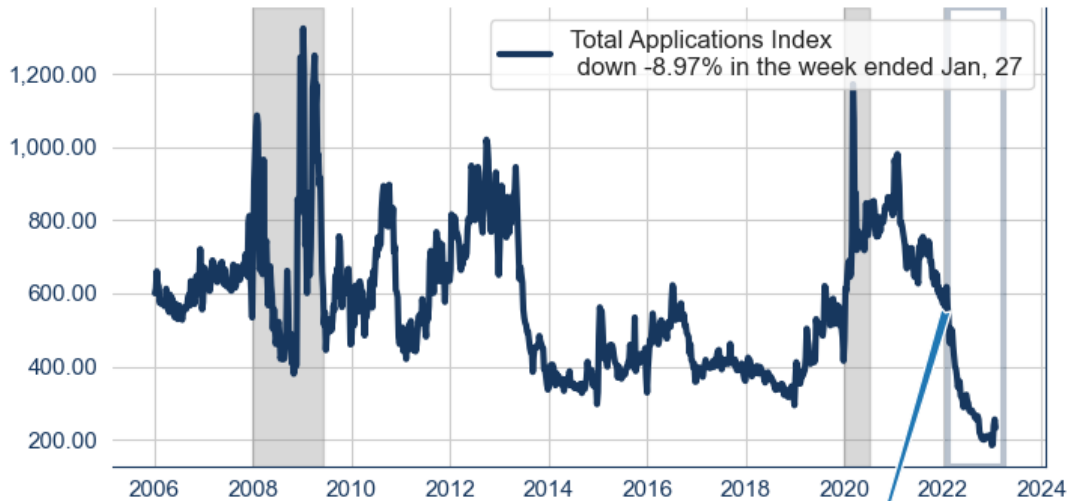


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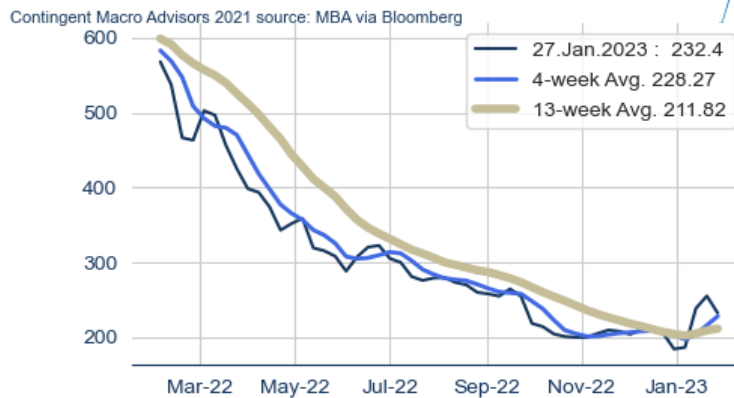
Mortgage Apps: Sharp Decline, Mostly Due to Seasonals

Bottom Line: Despite a further drop in primary mortgage market rates, mortgage applications tumbled in the last full week of January. Much of the decline, though, was due to difficult seasonal adjustments following the MLK holiday. The average 30-year fixed rate mortgage was down to 6 3/8%, well off the highs of over 7% seen early in the 4th Quarter. While the decline in applications, even if primarily due to seasonal adjustments, is concerning and bears watching in the coming weeks, applications still appear to have found a bottom. Secondary market rates continue to enjoy lower volatility and more normal spreads to Treasuries. Housing demand remains robust, so any help on affordability from even slightly lower mortgage rates should help activity find its footing in the year's first half. That said, the Fed's message today could alter the course and upset that lower rate volatility that has been so critical to the mortgage market finding its footing.

Total Applications Index



Recent Trends



The MBA Mortgage Application Index FELL sharply, DOWN -9.0% to 232.0, ABOVE the 13-week average of 212.0 but -62.4% BELOW the year-ago level. Non-seasonally adjusted the index ROSE 5.8%.

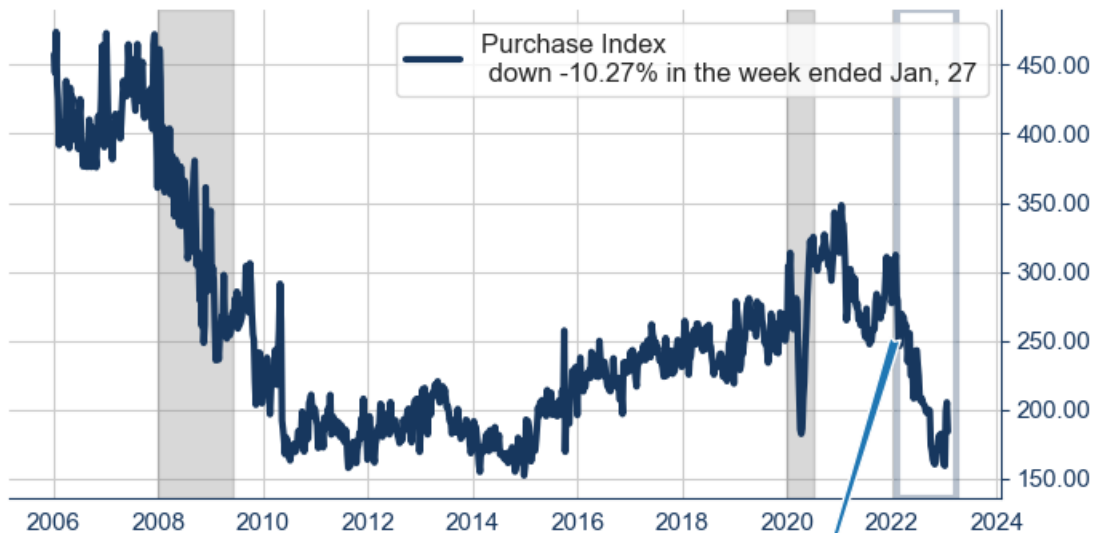
The Purchase Index FELL sharply, DOWN -10.3% to 184.0, ABOVE the 13-week average of 178.0 but -41.0% BELOW the year-ago level.

The Refinancing Index FELL -7.1% to 467.0, ABOVE the 13-week average of 375.0 but -80.2% BELOW the year-ago level.

The effective (adjusted for points paid) 30-year mortgage rate FELL slightly, DOWN -2bps to 6.38%, BELOW the 13-week average of 6.69% but 64bps ABOVE the year-ago level.

Current coupon yields in the secondary market were down -3.0 bps last week , closing at 4.85%, and were little changed this week through Tuesday.

Purchase Index

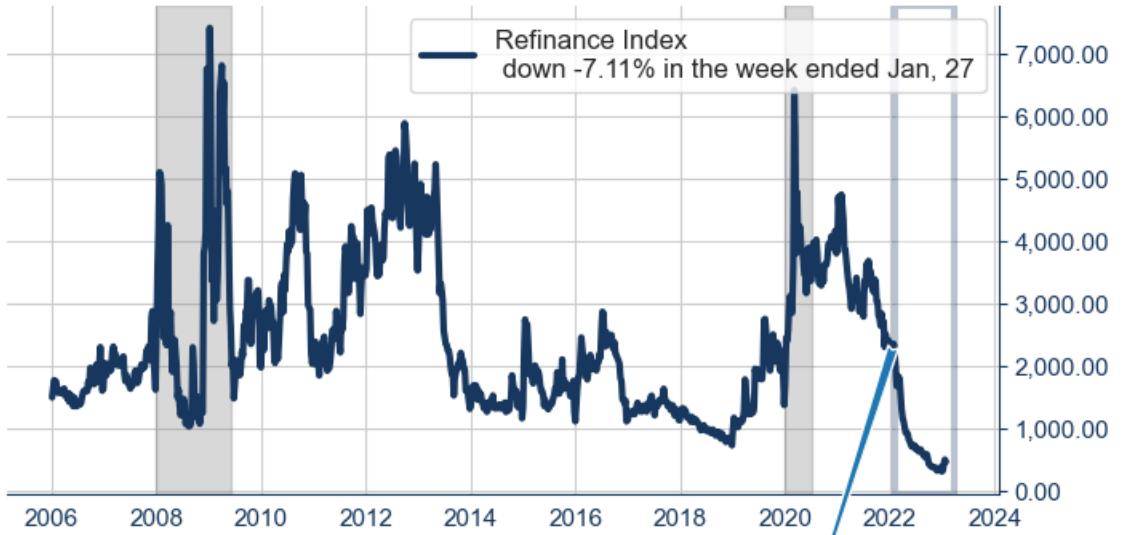


Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

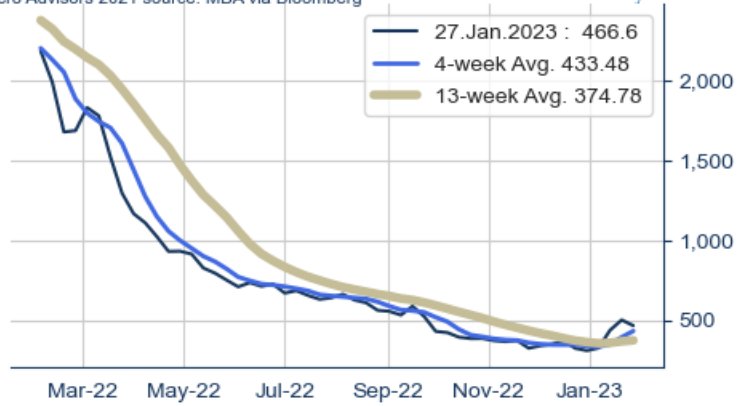


Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

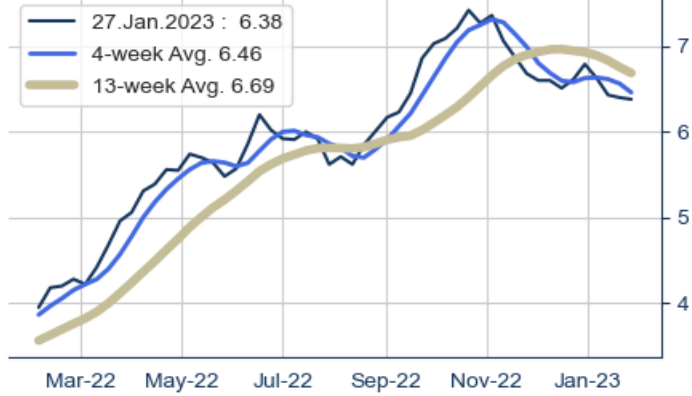


MBA 30-yr Fixed Mortgage Effective Rate

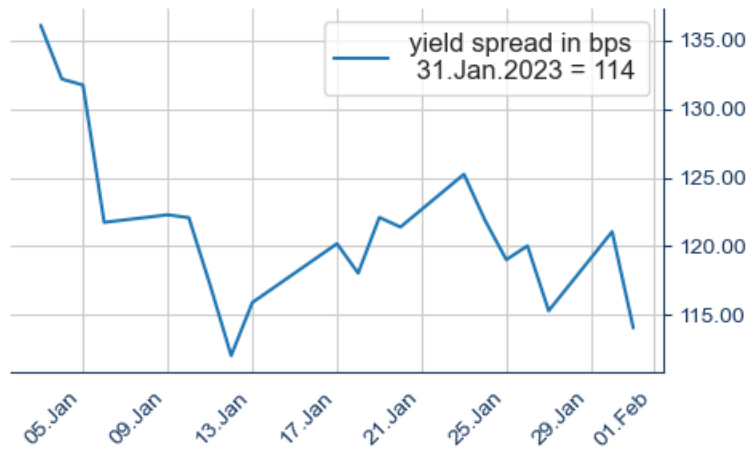


Recent Trends

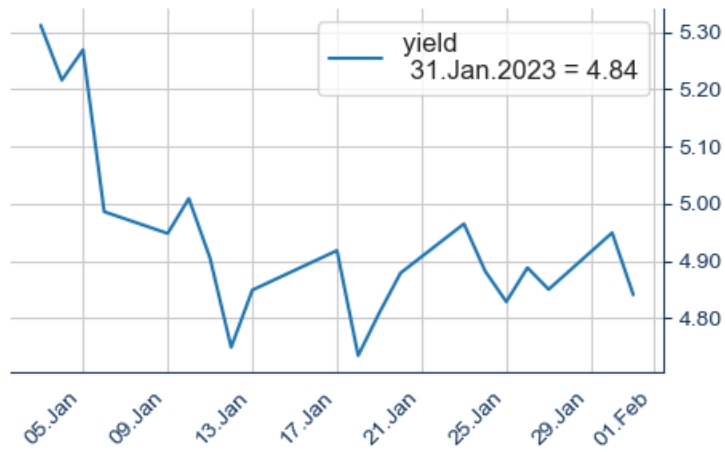
Contingent Macro Advisors 2021 source: MBA via Bloomberg



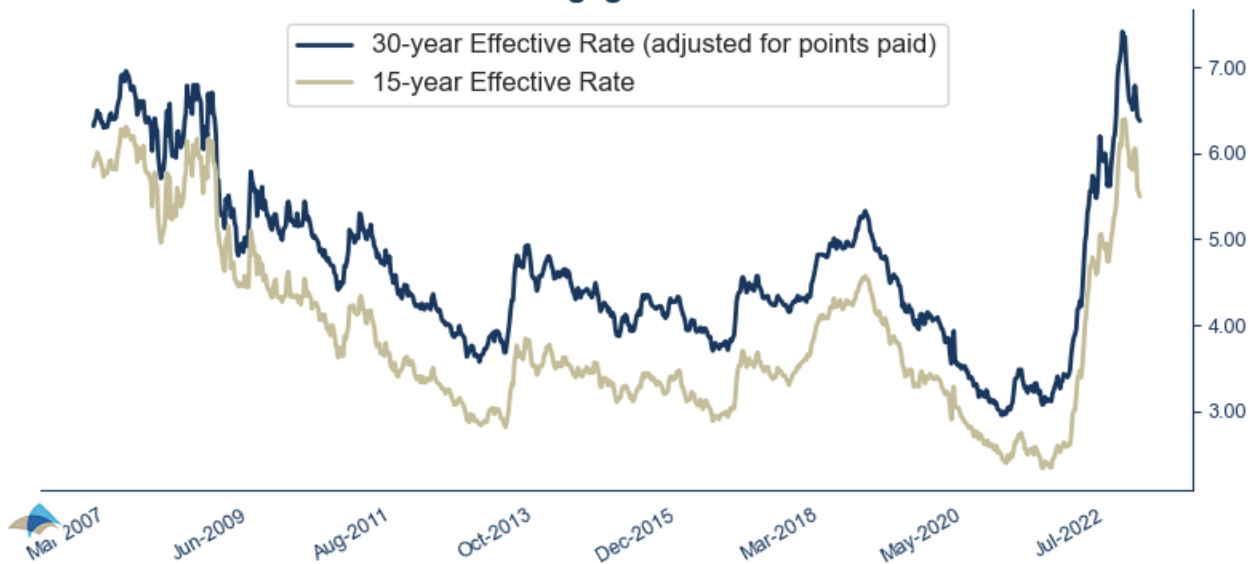
MBS Current Coupon spread to Blend of Treasury Yields



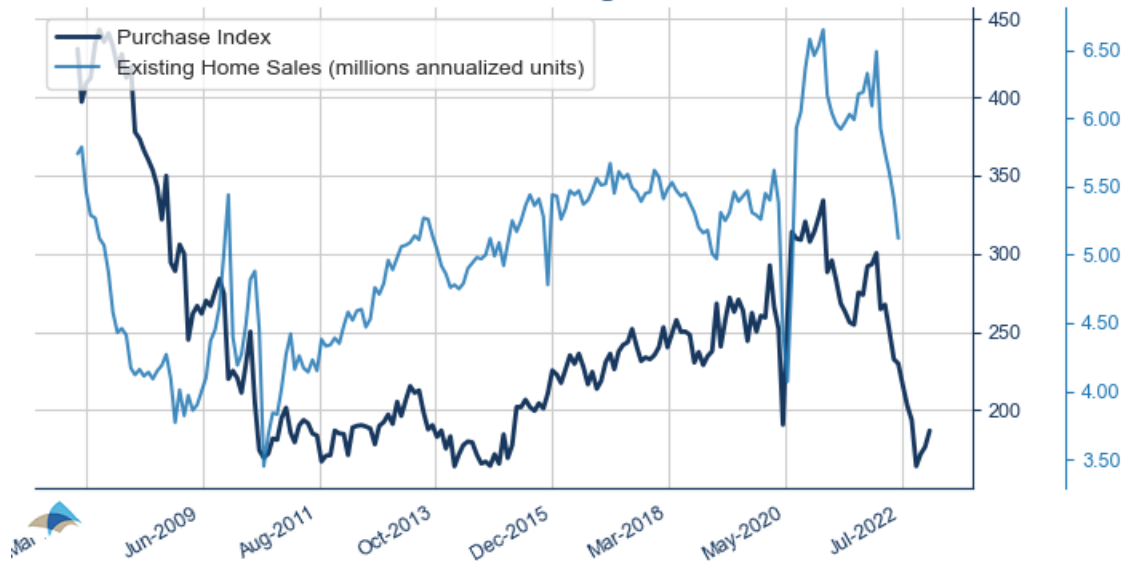
MBS Current Coupon Yield



Mortgage Rates



Purchase Index vs. Existing Home Sales



Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	27.Jan	20.Jan	13.Jan	06.Jan	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	232.40	255.30	238.70	186.70	228.28	203.50	211.82	301.28
Week % Chg	-9.00	7.00	27.90	1.20				
Total Apps NSA % Chg.	5.81	0.59	32.29	47.82				
Purchase Index	184.30	205.40	198.70	159.40	186.95	176.58	178.34	212.80
Purch. Idx - % Chg.	-10.27	3.37	24.65	-0.50				
Refinance Index	466.60	502.30	438.30	326.70	433.48	339.78	374.78	771.82
Refi. Idx - % Chg.	-7.11	14.60	34.16	5.08				
Ref % Tot	31.20	31.90	31.20	30.70	31.25	29.70	29.52	33.73
MBA 30-yr Fixed	6.38	6.40	6.43	6.63	6.46	6.62	6.69	5.95

Mortgage Effective Rate								
MBA 30-yr Fixed Points	0.65	0.69	0.67	0.73	0.68	0.65	0.67	0.67
MBA 15-yr Fixed Mortgage Contract Rate	5.50	5.54	5.58	5.94	5.64	5.92	5.92	5.05
MBA 15-yr Fixed Mortgage Effective Rate	5.50	5.54	5.58	5.94	5.64	5.92	5.92	5.05
MBA 15-yr Fixed Points	0.73	0.51	0.54	0.62	0.60	0.58	0.66	0.74
MBA 5-yr ARM Effective Rate	5.38	5.44	5.31	5.37	5.38	5.53	5.54	4.73
% of ARMs	6.70	6.50	6.60	7.30	6.77	7.60	8.12	8.46
% of \$ARMs	13.80	13.50	13.80	14.50	13.90	15.86	16.53	16.51

source: Mortgage Banker Association via Bloomberg Professional