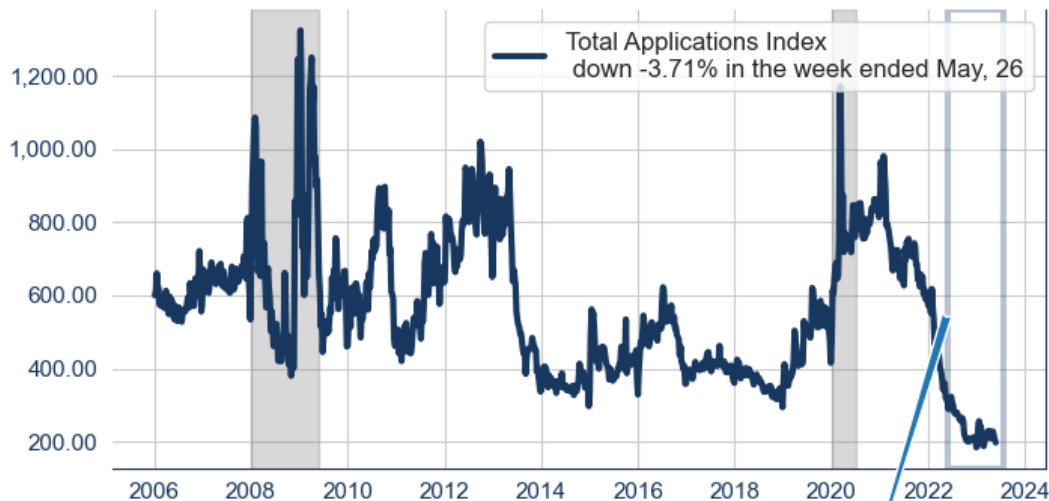


31.May.2023

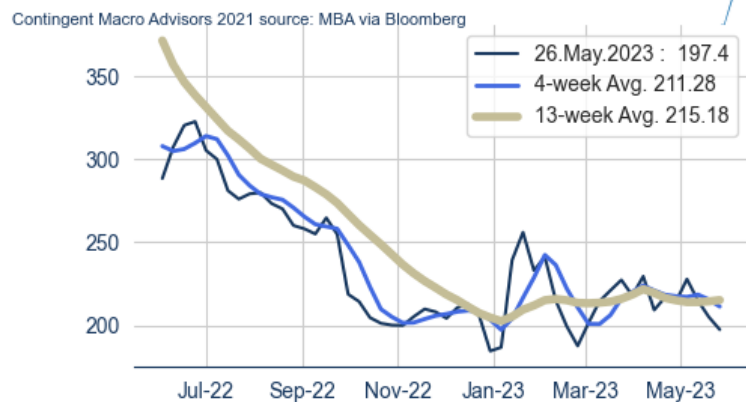
Mortgage Apps: Rates Blow Through 7%

Bottom Line: The average 30-year fixed-rate in the primary mortgage market blew through 7%, hitting 7.15% last week as secondary mortgage market spreads to Treasuries widened sharply. As we said in recent weeks, holding below the psychologically important 7% rate was important for the mortgage market to continue to find a bottom in total applications. At this point, unless rates drop sharply, applications appear likely to head for new cycle lows. That will slow activity in the housing market, preventing it from finding a new equilibrium, as it was trying to do when rates were less volatile around 6.5%. Expect home prices to remain sticky, with most of the impact of higher interest rates coming in the form of less supply rather than sharply lower demand. But overall activity will invariably decline if rates hold these levels for more than a few weeks.

Total Applications Index



Recent Trends



The MBA Mortgage Application Index FELL -3.7% to 197.0, BELOW the 13-week average of 215.0 and -36.0% BELOW the year-ago level. Non-seasonally adjusted the index FELL -4.7%.

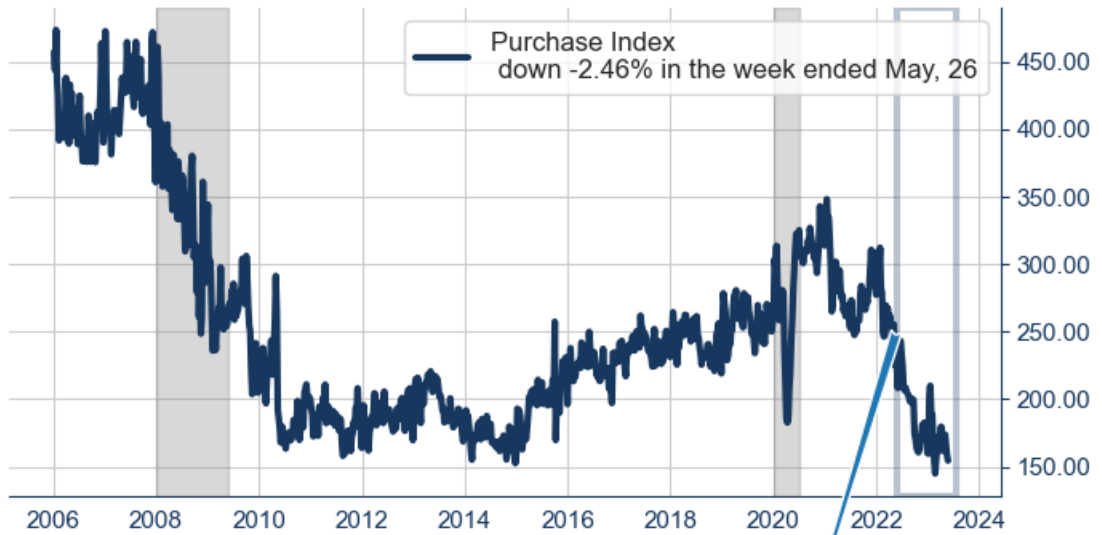
The Purchase Index FELL -2.5% to 154.0, BELOW the 13-week average of 166.0, and -31.1% BELOW the year-ago level.

The Refinancing Index FELL -6.9% to 412.0, BELOW the 13-week average of 464.0 and -45.1% BELOW the year-ago level.

The effective (adjusted for points paid) 30-year mortgage rate ROSE sharply, UP 27bps to 7.15%, ABOVE the 13-week average of 6.75% and 30bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 27.0 bps last week, closing at 5.47%.

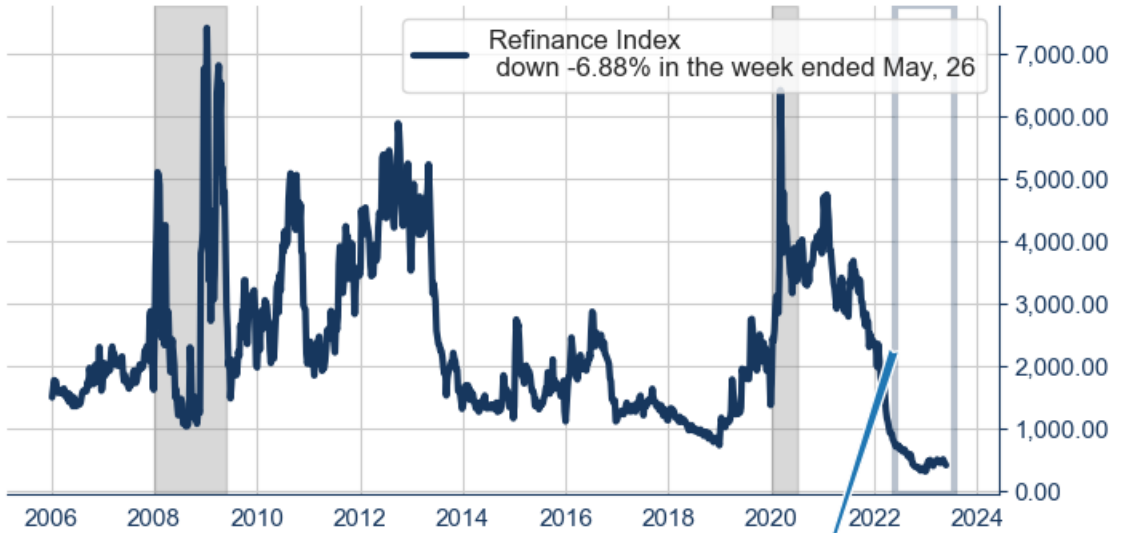
Purchase Index



Recent Trends



Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

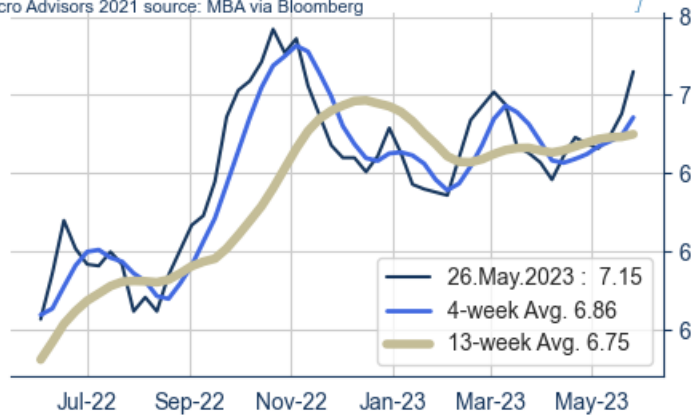


MBA 30-yr Fixed Mortgage Effective Rate

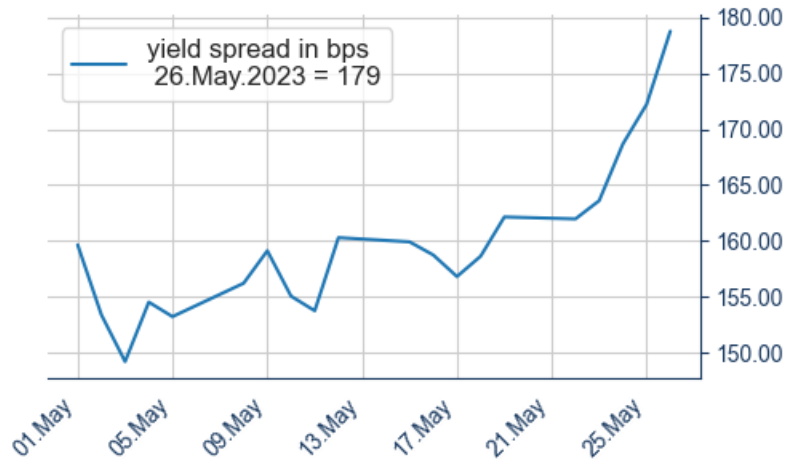


Recent Trends

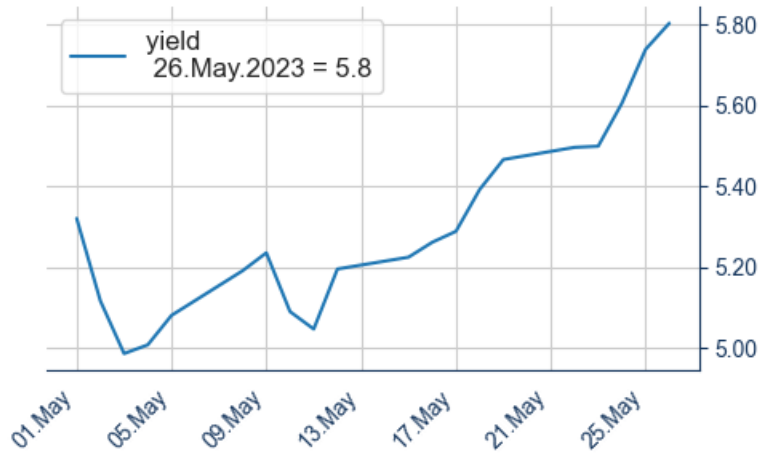
Contingent Macro Advisors 2021 source: MBA via Bloomberg



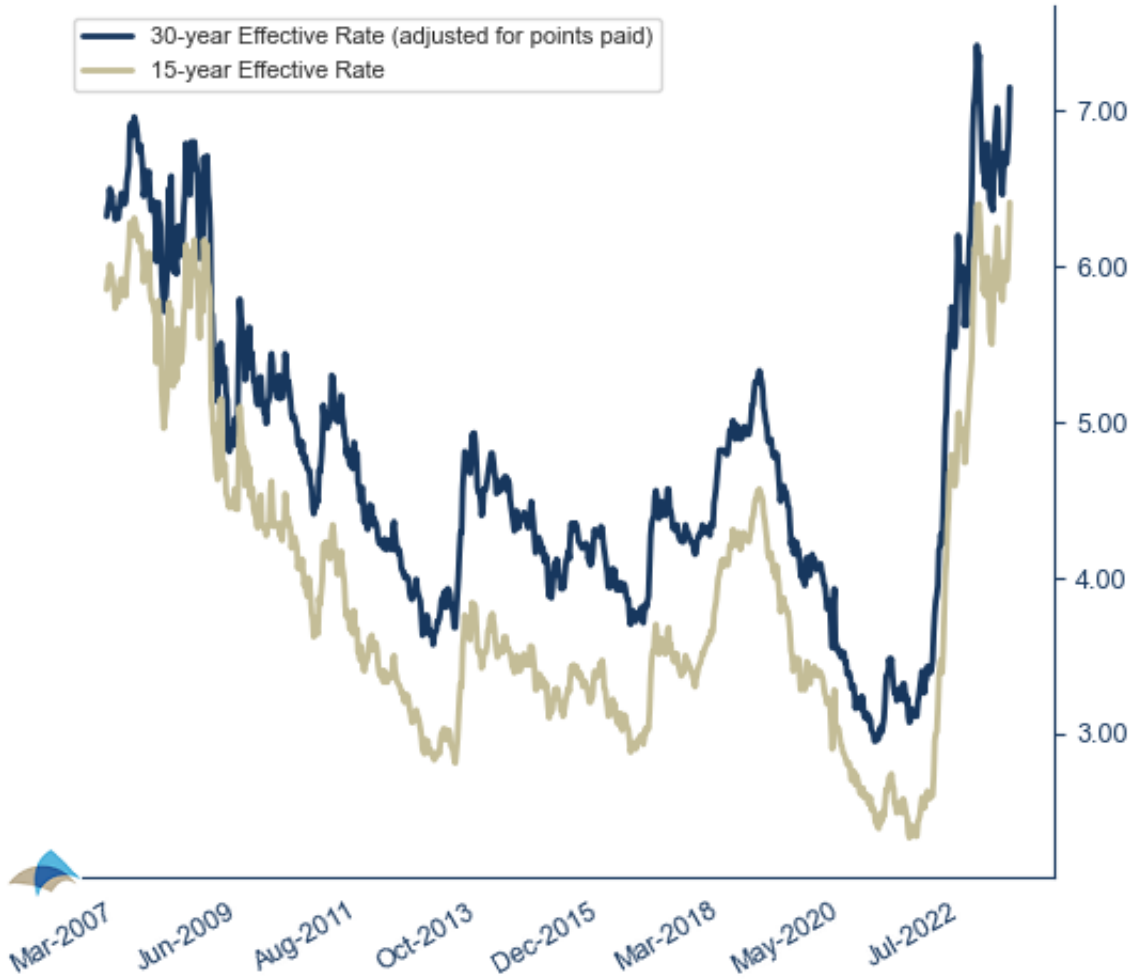
MBS Current Coupon spread to Blend of Treasury Yields



MBS Current Coupon Yield



Mortgage Rates



Purchase Index vs. Existing Home Sales



Refi Index vs. Mortgage Rate



| Weekly MBA Mortgage Application Survey | 26.May | 19.May | 12.May | 05.May | MTD Avg | Prior Mo. Avg. | 13wk. Avg. | 52wk. Avg. |
|---|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Total Applications Index | 197.40 | 205.00 | 214.90 | 227.80 | 211.28 | 217.50 | 215.18 | 235.21 |
| Week % Chg | -3.70 | -4.60 | -5.70 | 6.30 | | | | |
| Total Apps NSA % Chg. | -4.69 | -5.14 | -5.62 | 6.61 | | | | |
| Purchase Index | 154.40 | 158.30 | 165.40 | 173.70 | 162.95 | 169.02 | 165.88 | 184.23 |
| Purch. Idx - % Chg. | -2.46 | -4.29 | -4.78 | 4.76 | | | | |
| Refinance Index | 412.50 | 443.00 | 468.20 | 507.10 | 457.70 | 461.53 | 464.35 | 489.48 |
| Refi. Idx - % Chg. | -6.88 | -5.38 | -7.67 | 9.95 | | | | |
| Ref % Tot | 26.70 | 27.40 | 27.40 | 28.00 | 27.38 | 27.15 | 27.81 | 29.36 |
| MBA 30-yr Fixed Mortgage Effective Rate | 7.15 | 6.88 | 6.74 | 6.66 | 6.86 | 6.62 | 6.75 | 6.53 |
| MBA 30-yr Fixed Points | 0.83 | 0.66 | 0.61 | 0.61 | 0.68 | 0.61 | 0.66 | 0.70 |
| MBA 15-yr Fixed Mortgage Contract Rate | 6.41 | 6.15 | 5.96 | 5.91 | 6.11 | 5.93 | 6.03 | 5.68 |
| MBA 15-yr Fixed Mortgage Effective Rate | 6.41 | 6.15 | 5.96 | 5.91 | 6.11 | 5.93 | 6.03 | 5.68 |
| MBA 15-yr Fixed Points | 0.84 | 0.72 | 0.68 | 0.58 | 0.70 | 0.58 | 0.66 | 0.77 |
| MBA 5-yr ARM Effective Rate | 5.39 | 5.73 | 5.71 | 5.35 | 5.54 | 5.50 | 5.57 | 5.30 |
| % of ARMs | 6.80 | 6.70 | 6.50 | 6.80 | 6.70 | 6.58 | 7.21 | 8.44 |
| % of \$ARMs | 14.30 | 14.50 | 13.90 | 14.30 | 14.25 | 13.03 | 14.63 | 16.54 |

source: Mortgage Banker Association via Bloomberg Professional