

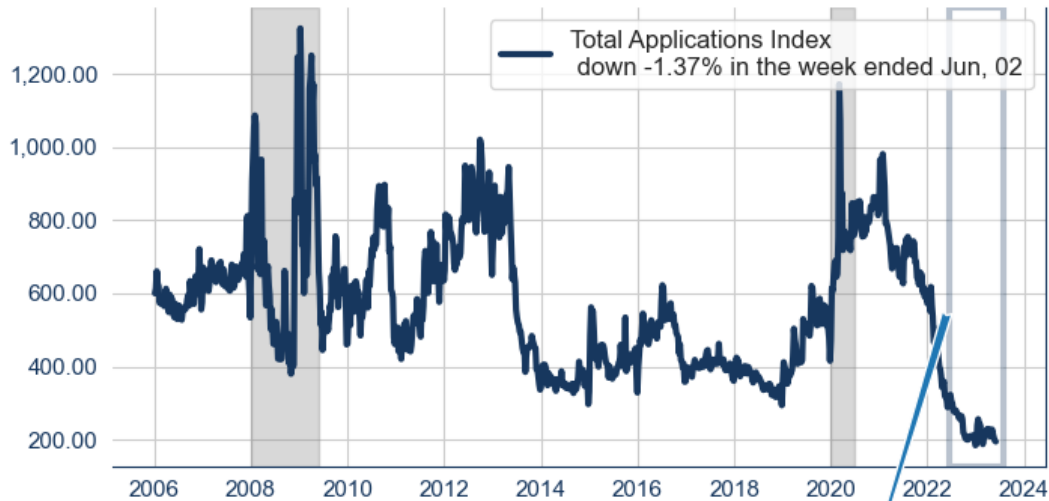
07.Jun.2023

## Mortgage Apps: Holding Off at 7%

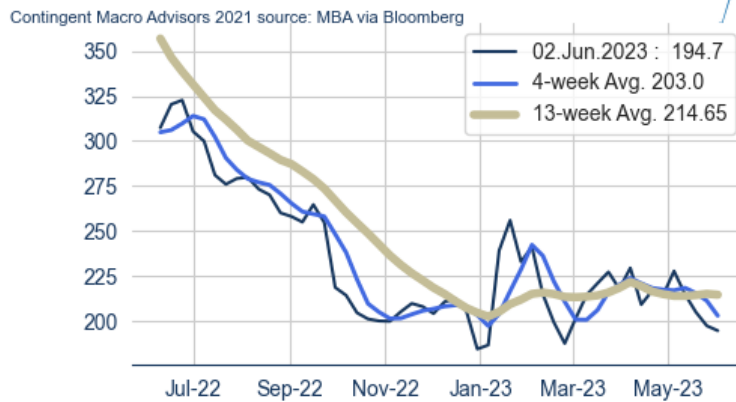
**Bottom Line:** The average 30-year fixed-rate mortgage fell to 7% last week after hitting 7.15%, the highest level of this year. But mortgage applications were still down slightly as the sudden surge in rates in the last few weeks continued to take a toll on activity. Purchase applications are back near the cycle lows.

Mortgage rates were stabilizing around 6.5% for most of this year, and the housing market was finding a new equilibrium after the record increase in rates last year. But that is becoming less obvious again. Higher mortgage rates make it more difficult for current homeowners with low fixed mortgage rates (in many cases less than half of today's market rate) to justify selling their homes and paying off such low-rate mortgages. And, of course, high mortgage rates make hamper affordability for buyers. Moreover, there appears to be a psychological significance of 7%, above which buyers and sellers quickly balk and put-off transactions.

## Total Applications Index



### Recent Trends



**The MBA Mortgage Application Index** FELL slightly, DOWN -1.4% to 195.0, BELOW the 13-week average of 215.0, and -32.5% BELOW the year-ago level. Non-seasonally adjusted the index FELL -12.4%.

**The Purchase Index** FELL slightly, DOWN -1.7% to 152.0, BELOW the 13-week average of 166.0 and -27.1% BELOW the year-ago level.

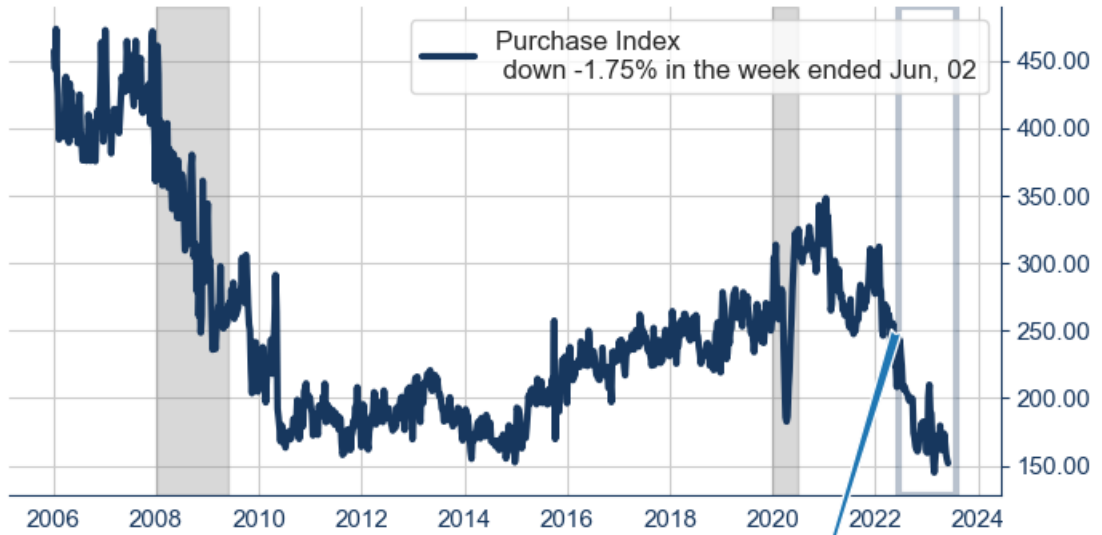
**The Refinancing Index** was nearly unchanged, DOWN -0.7% to 410.0, BELOW the 13-week average of 462.0 and -42.3% BELOW the year-ago level.

**The effective (adjusted for points paid) 30-year mortgage rate** FELL -15bps to 7.0%, ABOVE the 13-week average of 6.75% and 26bps ABOVE the year-ago level.

**Current coupon yields in the secondary market** were down -30.0 bps last week,

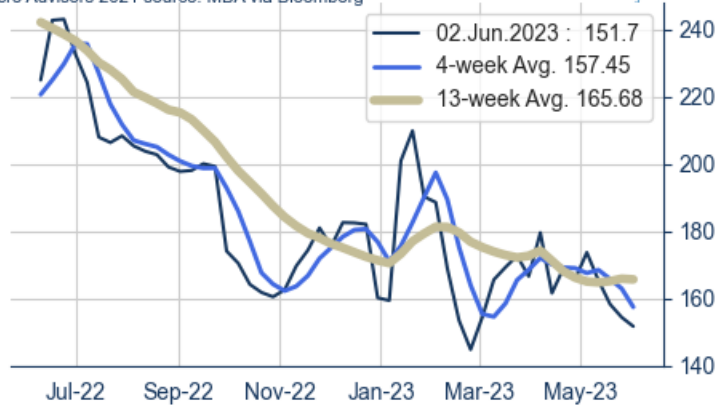
closing at 5.51%, and were down -3.0 bps this week through Tuesday.

## Purchase Index

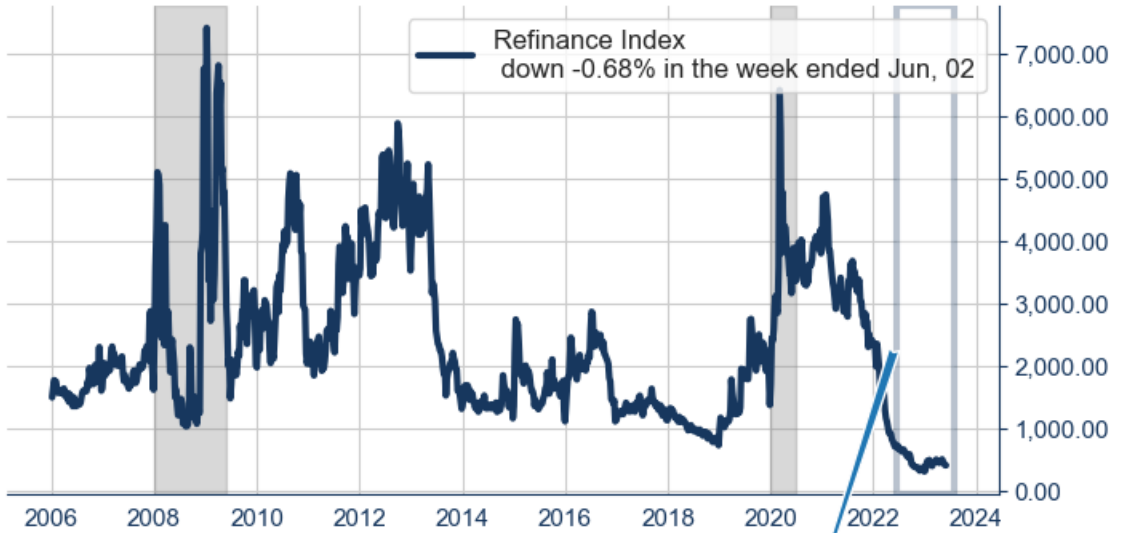


## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



# Refinance Index



## Recent Trends

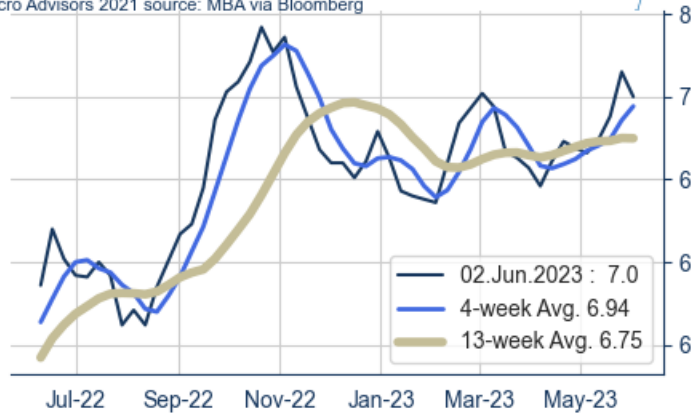


# MBA 30-yr Fixed Mortgage Effective Rate

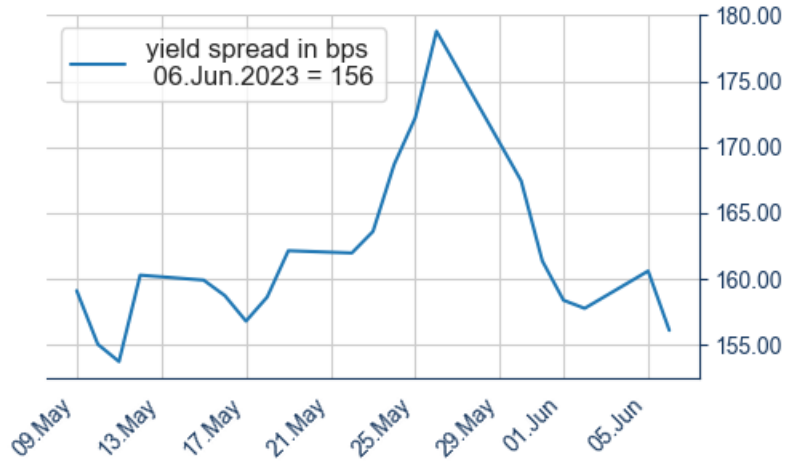


## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



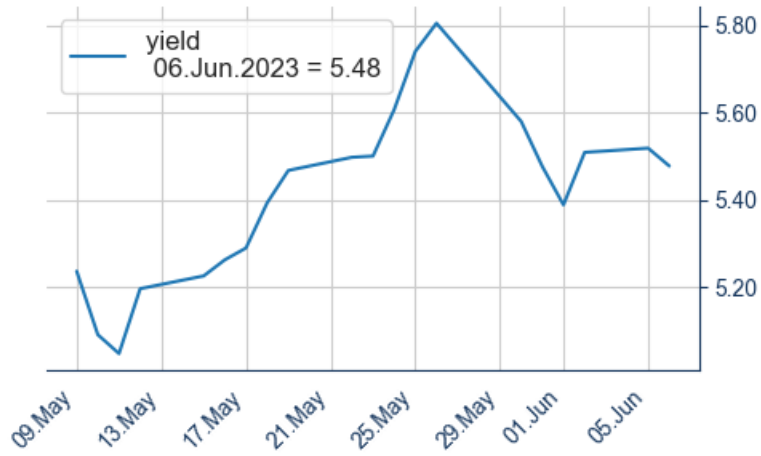
# MBS Current Coupon spread to Blend of Treasury Yields



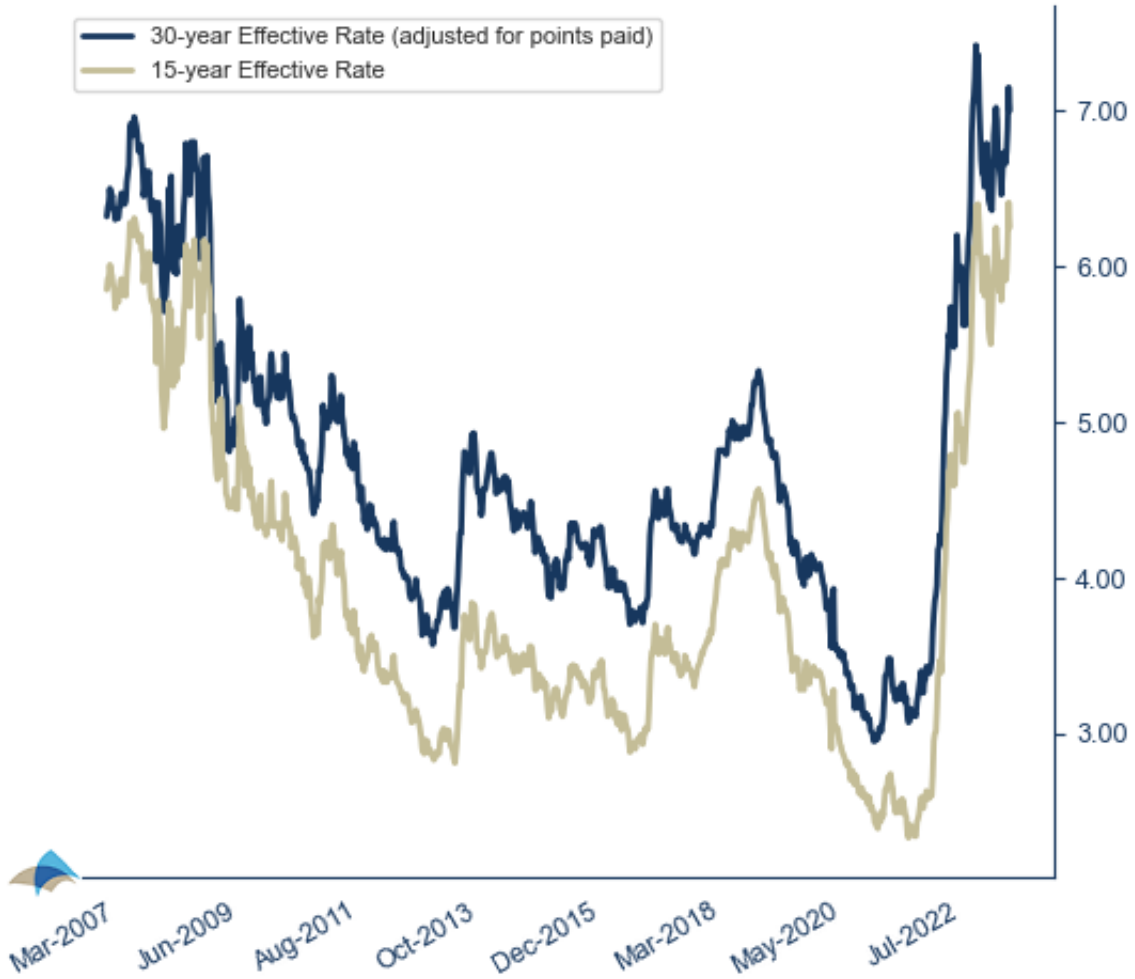
### MBS Current Coupon Yield



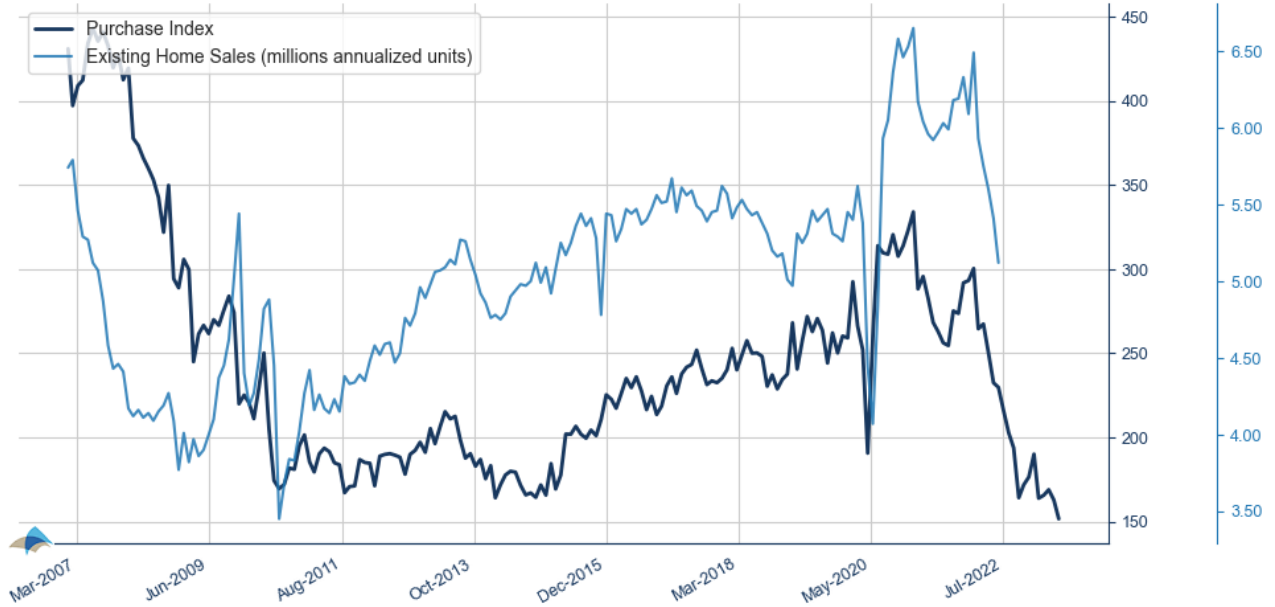
last 20 trading days



# Mortgage Rates



# Purchase Index vs. Existing Home Sales





### Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	02.Jun	26.May	19.May	12.May	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
<b>Total Applications Index</b>	<b>194.70</b>	<b>197.40</b>	<b>205.00</b>	<b>214.90</b>	<b>194.70</b>	<b>211.28</b>	<b>214.65</b>	<b>233.41</b>
<b>Week % Chg</b>	<b>-1.40</b>	<b>-3.70</b>	<b>-4.60</b>	<b>-5.70</b>				
<b>Total Apps NSA % Chg.</b>	<b>-12.45</b>	<b>-4.69</b>	<b>-5.14</b>	<b>-5.62</b>				
Purchase Index	151.70	154.40	158.30	165.40	151.70	162.95	165.68	183.14
Purch. Idx - % Chg.	-1.75	-2.46	-4.29	-4.78				
Refinance Index	409.70	412.50	443.00	468.20	409.70	457.70	462.18	483.72
Refi. Idx - % Chg.	-0.68	-6.88	-5.38	-7.67				
Ref % Tot	27.30	26.70	27.40	27.40	27.30	27.38	27.68	29.27
MBA 30-yr Fixed Mortgage Effective Rate	7.00	7.15	6.88	6.74	7.00	6.86	6.75	6.55
MBA 30-yr Fixed Points	0.66	0.83	0.66	0.61	0.66	0.68	0.65	0.71
MBA 15-yr Fixed Mortgage Contract Rate	6.25	6.41	6.15	5.96	6.25	6.11	6.03	5.71
MBA 15-yr Fixed Mortgage Effective Rate	6.25	6.41	6.15	5.96	6.25	6.11	6.03	5.71
MBA 15-yr Fixed Points	0.62	0.84	0.72	0.68	0.62	0.70	0.63	0.77
MBA 5-yr ARM Effective Rate	5.93	5.39	5.73	5.71	5.93	5.54	5.59	5.33
% of ARMs	6.80	6.80	6.70	6.50	6.80	6.70	7.07	8.41
% of \$ARMs	13.20	14.30	14.50	13.90	13.20	14.25	14.29	16.48

source: Mortgage Banker Association via Bloomberg Professional