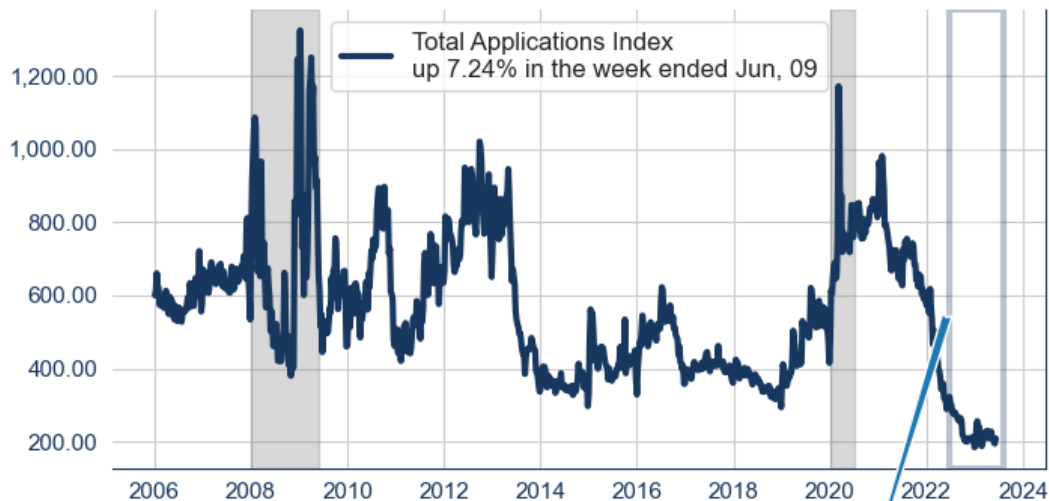


14.Jun.2023

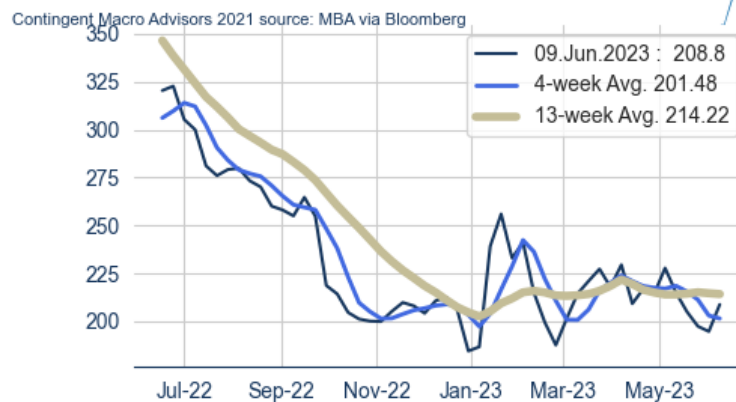
Mortgage Apps: 7% Psychological Barrier

Bottom Line: The 7% level on the average 30-year fixed-rate mortgage has proven to be a remarkable barrier to mortgage activity. Rates fell below it, averaging 6.96% last week, and activity jumped. While we should caveat that seasonal adjustments have caused volatility, and the level of both purchase and refinancing remains historically low, there is hope for housing if mortgage rates can stay at or below 7%. With secondary market spreads to Treasuries tightening modestly and the yield curve stabilizing, we may see a tacit target for the mortgage rate of just below 7% make it into the discussion of Fed policy. Don't count on it today, but it is something to consider, as most housing metrics suggest the sector could turn from a headwind to a tailwind for growth in the 2nd half.

Total Applications Index



Recent Trends



The MBA Mortgage Application Index ROSE 7.2% to 209.0, BELOW the 13-week average of 214.0 and -32.1% BELOW the year-ago level. Non-seasonally adjusted the index ROSE sharply, UP 17.5%.

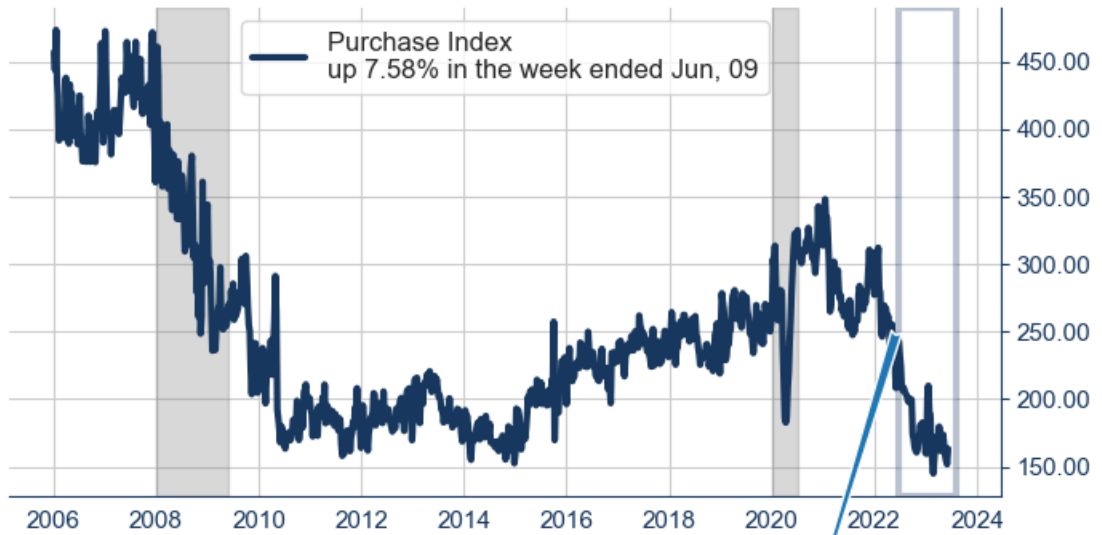
The Purchase Index ROSE 7.6% to 163.0, BELOW the 13-week average of 165.0 and -27.5% BELOW the year-ago level.

The Refinancing Index ROSE 6.0% to 434.0, BELOW the 13-week average of 460.0 and -41.0% BELOW the year-ago level.

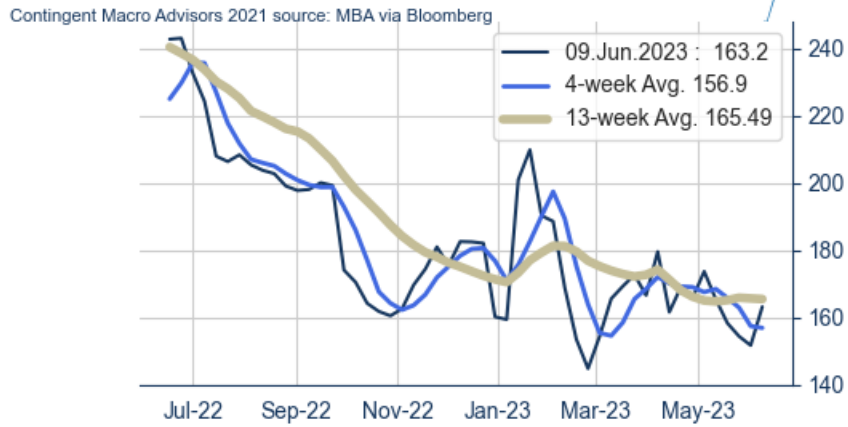
The effective (adjusted for points paid) 30-year mortgage rate FELL slightly, DOWN -4bps to 6.96%, ABOVE the 13-week average of 6.75% and 19bps ABOVE the year-ago level.

Current coupon yields in the secondary market were down -5.0 bps last week, closing at 5.46%, and were up 7.0 bps this week through Tuesday.

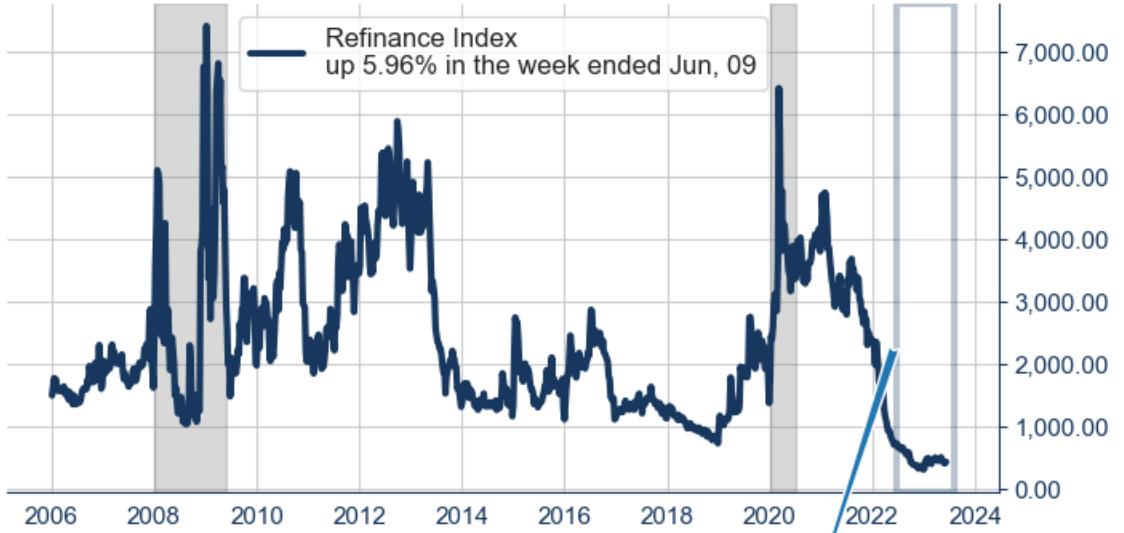
Purchase Index



Recent Trends



Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

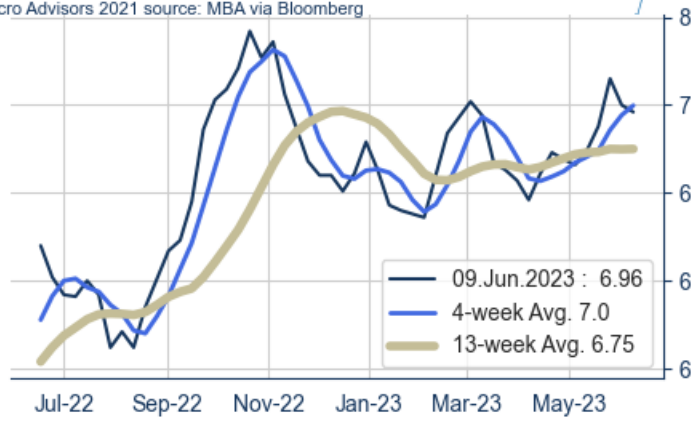


MBA 30-yr Fixed Mortgage Effective Rate

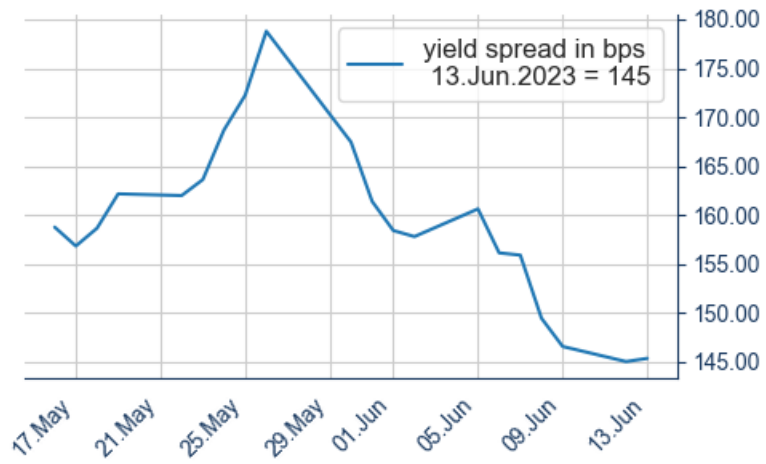


Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



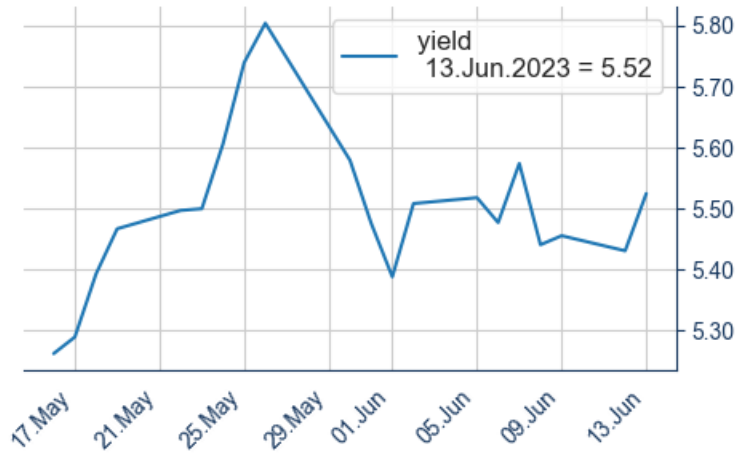
MBS Current Coupon spread to Blend of Treasury Yields



MBS Current Coupon Yield



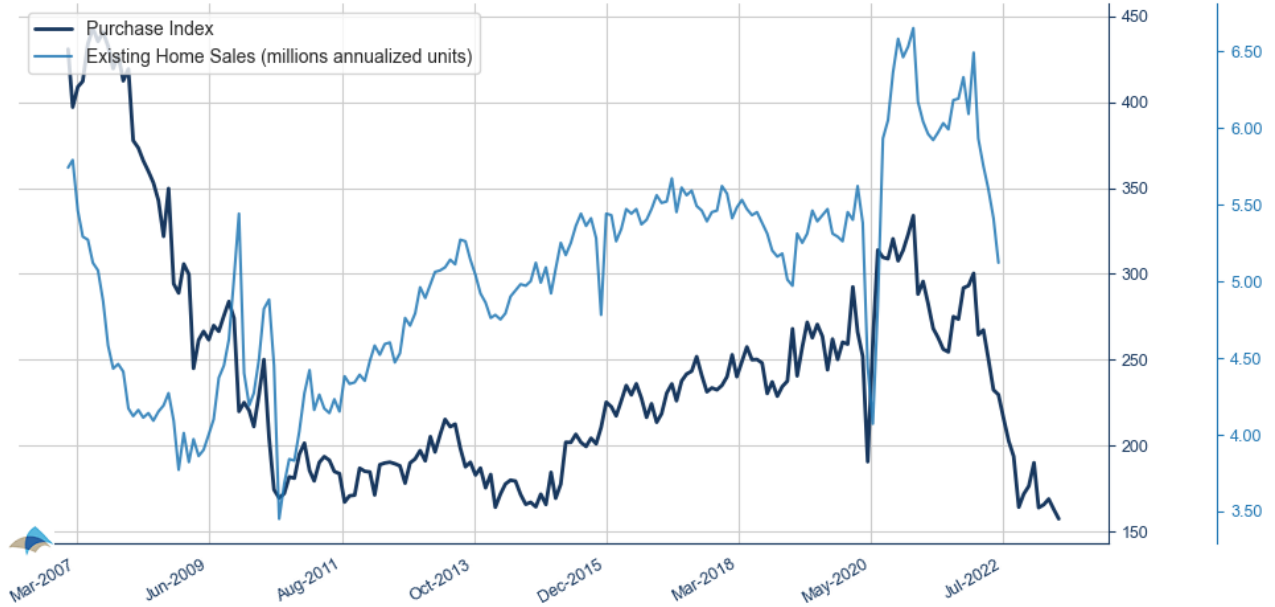
last 20 trading days



Mortgage Rates



Purchase Index vs. Existing Home Sales



Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	09.Jun	02.Jun	26.May	19.May	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	208.80	194.70	197.40	205.00	201.75	211.28	214.22	231.52
Week % Chg	7.20	-1.40	-3.70	-4.60				
Total Apps NSA % Chg.	17.47	-12.45	-4.69	-5.14				
Purchase Index	163.20	151.70	154.40	158.30	157.45	162.95	165.49	181.95
Purch. Idx - % Chg.	7.58	-1.75	-2.46	-4.29				
Refinance Index	434.10	409.70	412.50	443.00	421.90	457.70	460.28	477.92
Refi. Idx - % Chg.	5.96	-0.68	-6.88	-5.38				
Ref % Tot	27.30	27.30	26.70	27.40	27.30	27.38	27.62	29.18
MBA 30-yr Fixed Mortgage Effective Rate	6.96	7.00	7.15	6.88	6.98	6.86	6.75	6.57
MBA 30-yr Fixed Points	0.65	0.66	0.83	0.66	0.66	0.68	0.64	0.70
MBA 15-yr Fixed Mortgage Contract Rate	6.25	6.25	6.41	6.15	6.25	6.11	6.04	5.74
MBA 15-yr Fixed Mortgage Effective Rate	6.25	6.25	6.41	6.15	6.25	6.11	6.04	5.74
MBA 15-yr Fixed Points	1.05	0.62	0.84	0.72	0.83	0.70	0.66	0.78
MBA 5-yr ARM Effective Rate	5.90	5.93	5.39	5.73	5.92	5.54	5.60	5.35
% of ARMs	6.50	6.80	6.80	6.70	6.65	6.70	6.92	8.38
% of \$ARMs	12.80	13.20	14.30	14.50	13.00	14.25	13.99	16.42

source: Mortgage Banker Association via Bloomberg Professional