

06.Jul.2023

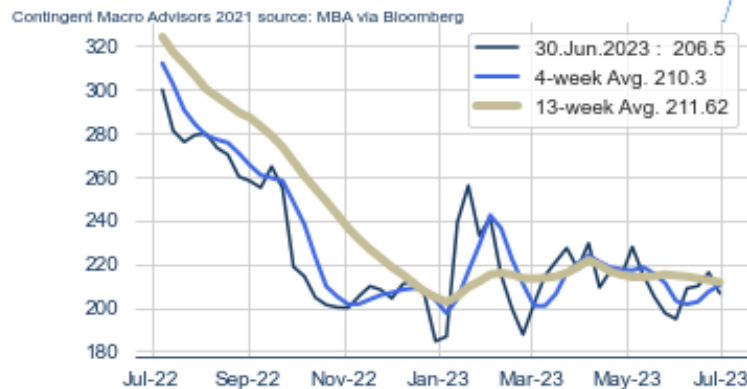
Mortgage Apps: Rates Jumping Over 7%

Bottom Line: Mortgage activity fell in the week leading into the 4th of July holiday, which many people took as an extended long weekend. The MBA makes no adjustments for seasonal events when there is no clear impact on the business day count in a given week. As such, some of the decline in applications was due to slower activity on the Friday before the holiday weekend. That said, the average 30-year fixed rate mortgage pushed back above 7%, a critical threshold for mortgage activity this year. Secondary market spreads to Treasuries were wider last week and trading wider again this week, pushing mortgage rates to nearly 7.25%. The coming weeks will be critical to assess that potential bottoming in mortgage activity we've been evaluating for months now. Another violent move higher in rates, as we are seeing this week, jeopardizes mortgage activity and, in turn, the housing market's ability to find a new equilibrium.

Total Applications Index



Recent Trends



The MBA Mortgage Application Index FELL -4.4% to 206.0, BELOW the 13-week average of 212.0 and -32.4% BELOW the year-ago level. Non-seasonally adjusted the index ROSE 5.8%.

The Purchase Index FELL -4.6% to 162.0, BELOW the 13-week average of 165.0, and -30.2% BELOW the year-ago level.

The Refinancing Index FELL -4.1% to 421.0, BELOW the 13-week average of 447.0 and -37.1% BELOW the year-ago level.

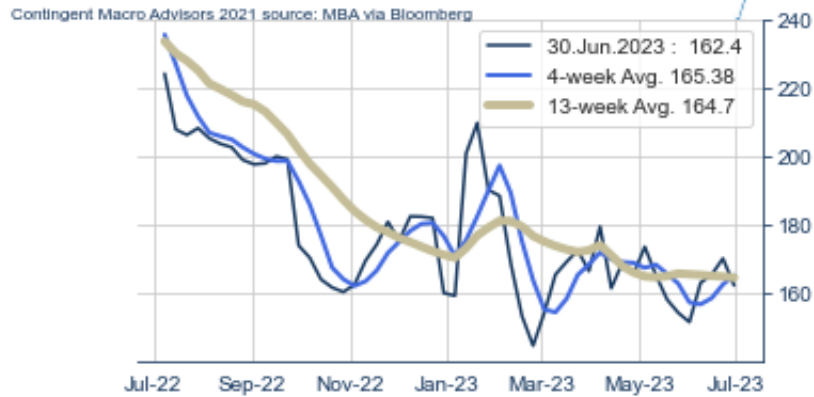
The effective (adjusted for points paid) 30-year mortgage rate ROSE 10bps to 7.04%, ABOVE the 13-week average of 6.83% and 19bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 15.0 bps last week , closing at 5.62%, and were up 18.0 bps this week through Wednesday.

Purchase Index



Recent Trends



Refinance Index



Recent Trends

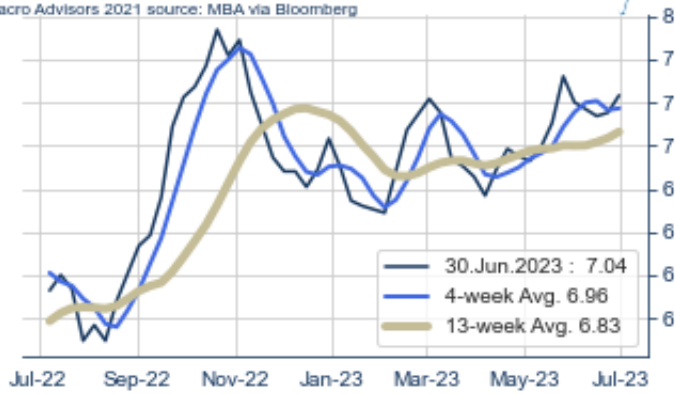


MBA 30-yr Fixed Mortgage Effective Rate

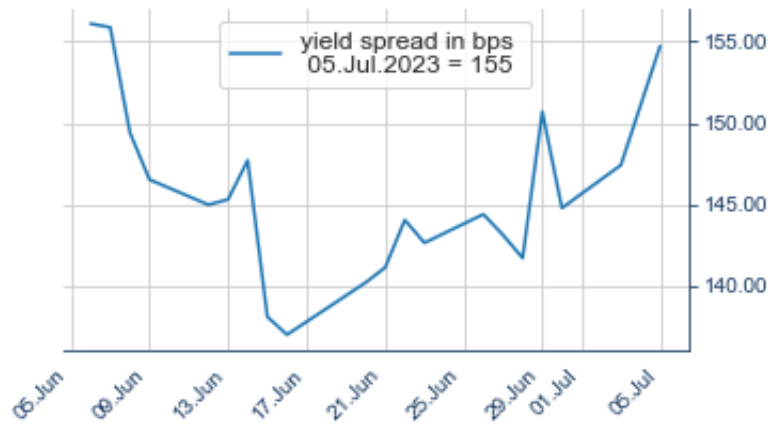


Recent Trends

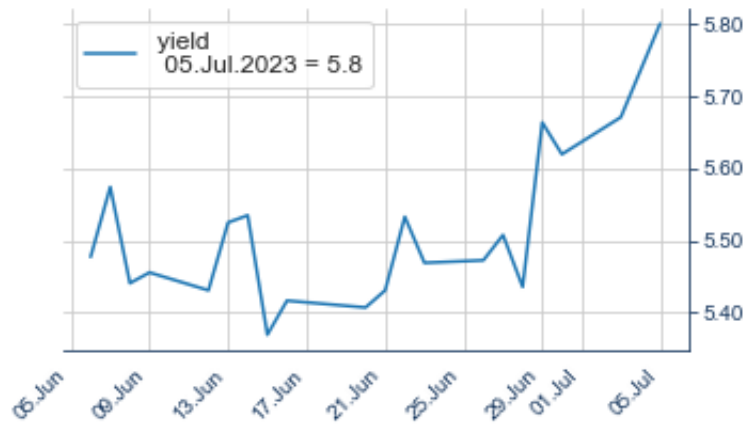
Contingent Macro Advisors 2021 source: MBA via Bloomberg



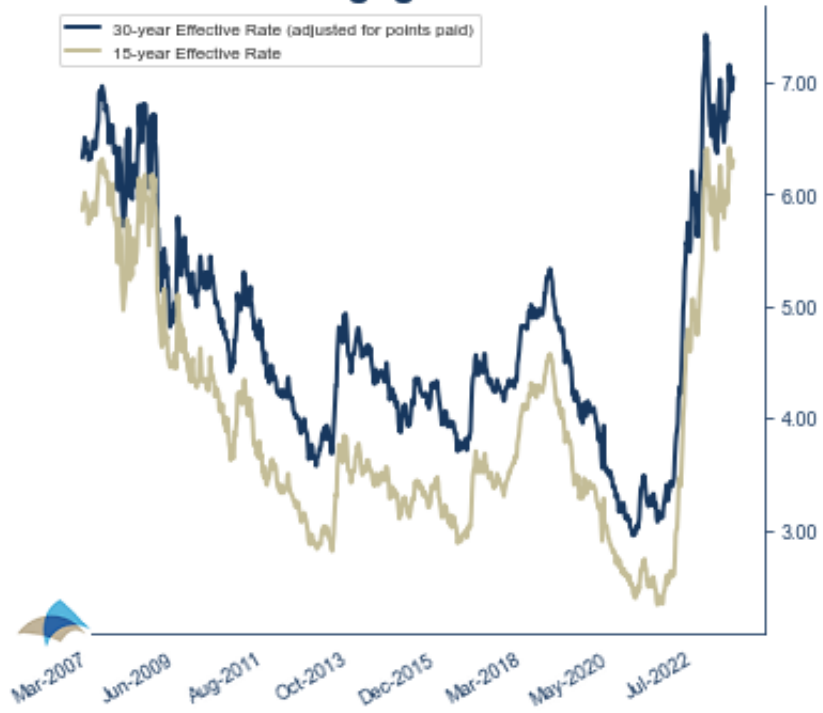
MBS Current Coupon spread to Blend of Treasury Yields



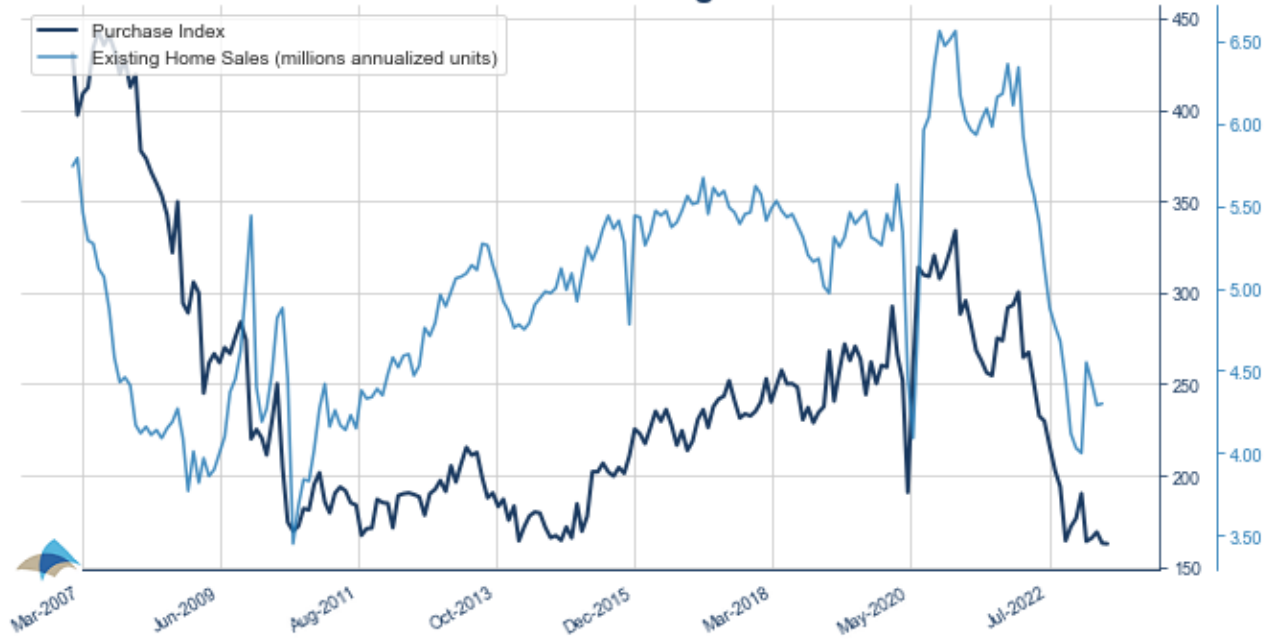
MBS Current Coupon Yield



Mortgage Rates



Purchase Index vs. Existing Home Sales



Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	30.Jun	23.Jun	16.Jun	09.Jun	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	206.50	216.10	209.80	208.80	207.18	211.28	211.62	225.44
Week % Chg	-4.40	3.00	0.50	7.20				
Total Apps NSA % Chg.	5.80	-8.03	-0.57	17.47				
Purchase Index	162.40	170.30	165.60	163.20	162.64	162.95	164.70	177.72
Purch. Idx - % Chg.	-4.64	2.84	1.47	7.58				
Refinance Index	421.30	439.20	425.10	434.10	425.88	457.70	446.64	462.09
Refi. Idx - % Chg.	-4.08	3.32	-2.07	5.96				
Ref % Tot	27.40	27.20	26.90	27.30	27.22	27.38	27.25	29.03
MBA 30-yr Fixed Mortgage Effective Rate	7.04	6.94	6.92	6.96	6.97	6.86	6.83	6.63
MBA 30-yr Fixed Points	0.65	0.64	0.64	0.65	0.65	0.68	0.65	0.70
MBA 15-yr Fixed Mortgage Contract Rate	6.30	6.23	6.26	6.25	6.26	6.11	6.11	5.81
MBA 15-yr Fixed Mortgage Effective Rate	6.30	6.23	6.26	6.25	6.26	6.11	6.11	5.81
MBA 15-yr Fixed Points	0.91	0.69	0.71	1.05	0.80	0.70	0.70	0.78
MBA 5-yr ARM Effective Rate	6.00	6.28	6.09	5.90	6.04	5.54	5.72	5.43
% of ARMs	6.20	6.10	6.30	6.50	6.38	6.70	6.54	8.16
% of \$ARMs	12.20	12.20	12.70	12.80	12.62	14.25	13.25	16.09

source: Mortgage Banker Association via Bloomberg Professional