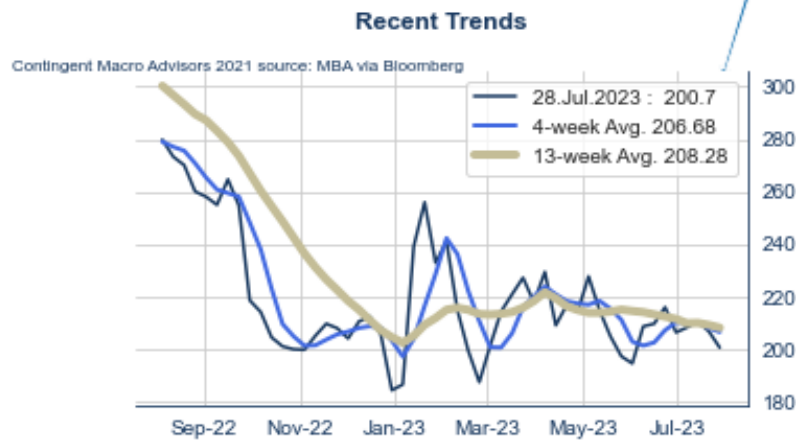
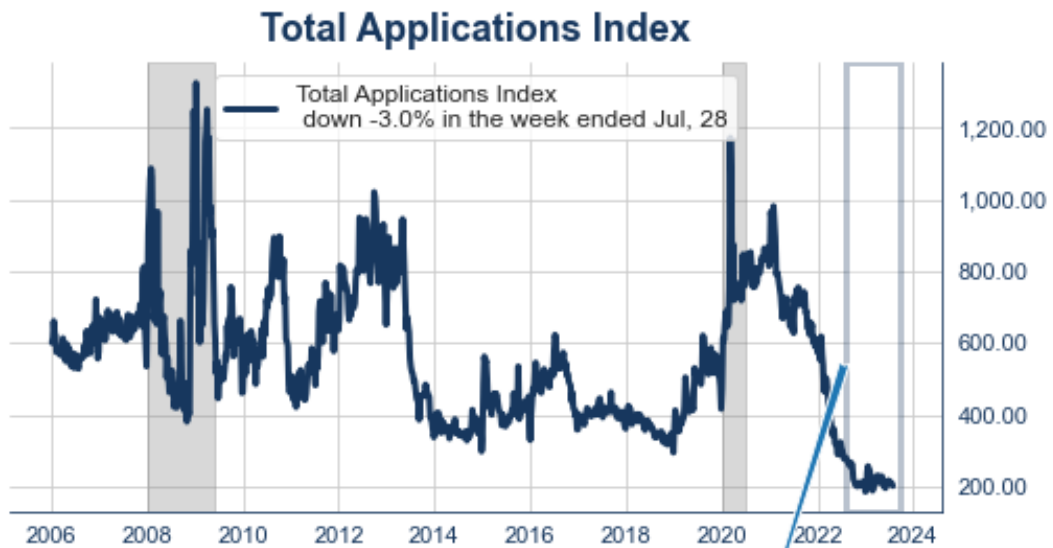


02.Aug.2023

Mortgage Apps: Recovery in Jeopardy

Bottom Line: Mortgage activity fell again last week as mortgage rates pushed higher. Averaging 7 1/8% adjusted for points paid in July, mortgage rates were 3/8ths of a point above their one-year average. Moreover, the 7% rate has proven an impressive psychological barrier to purchase activity, which has slumped sharply when rates move over 7%. Mortgage spreads started to widen again last week, adding to the upward pressure on mortgage rates from Treasury yields. **Overall, application volumes suggest that mortgage rates might be starting to jeopardize the recovery in housing activity.**



The MBA Mortgage Application Index FELL -3.0% to 201.0, BELOW the 13-week average of 208.0 and -28.1% BELOW the year-ago level. Non-seasonally adjusted the index FELL slightly, DOWN -2.9%.

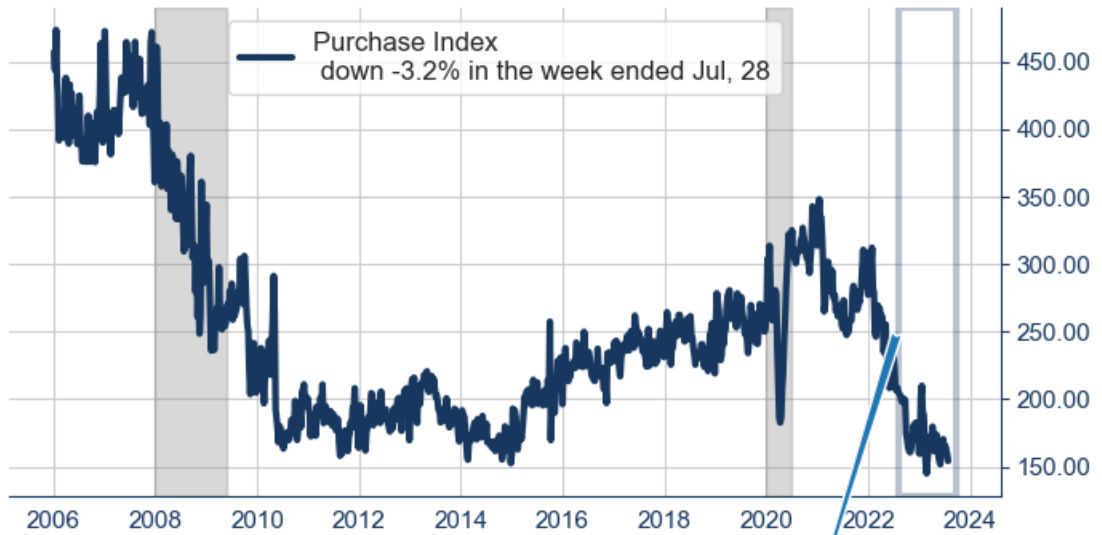
The Purchase Index FELL -3.2% to 154.0, BELOW the 13-week average of 162.0 and -26.1% BELOW the year-ago level.

The Refinancing Index FELL -2.5% to 434.0, BELOW the 13-week average of 439.0 and -32.3% BELOW the year-ago level.

The effective (adjusted for points paid) 30-year mortgage rate ROSE 7bps to 7.13%, ABOVE the 13-week average of 6.99% and 27bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 8.0 bps last week, closing at 5.68%, and were up 14.0 bps this week through Tuesday.

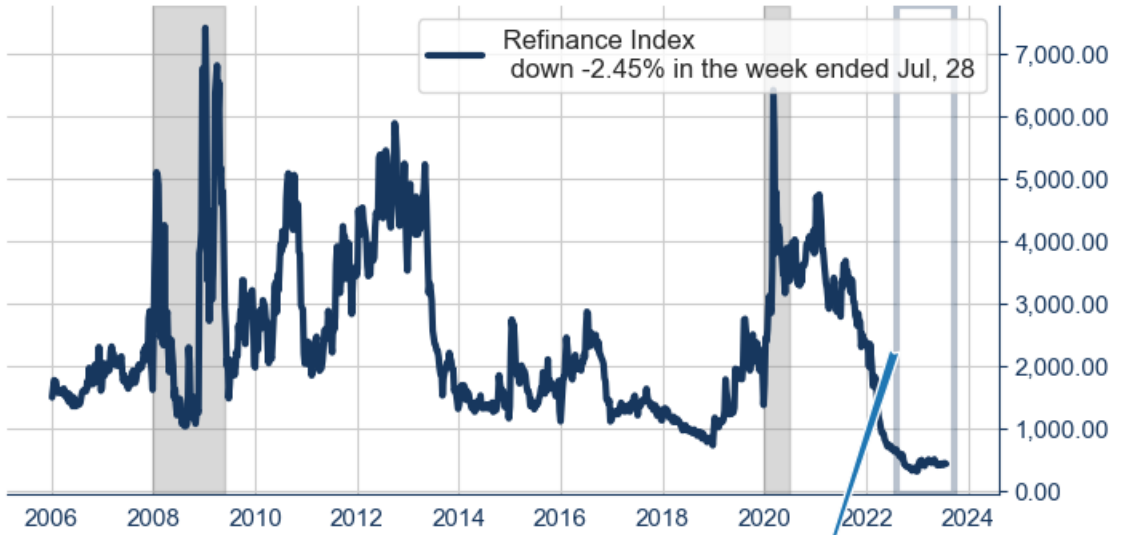
Purchase Index



Recent Trends

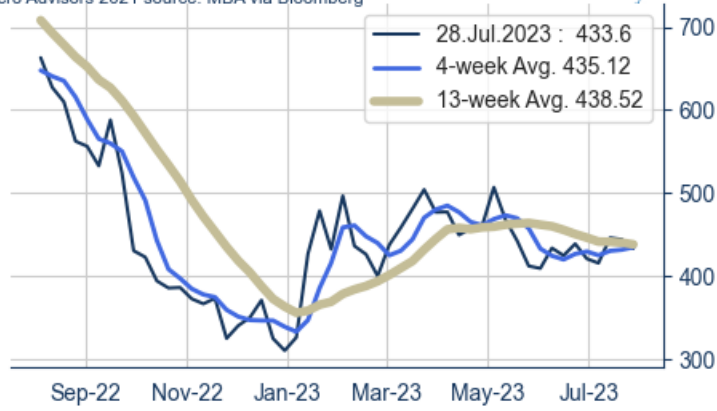


Refinance Index

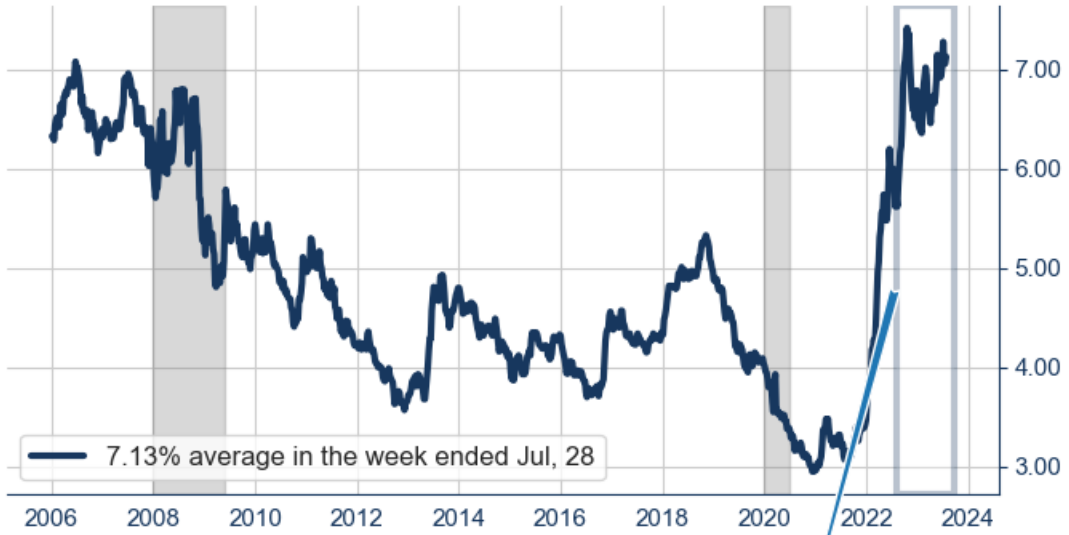


Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

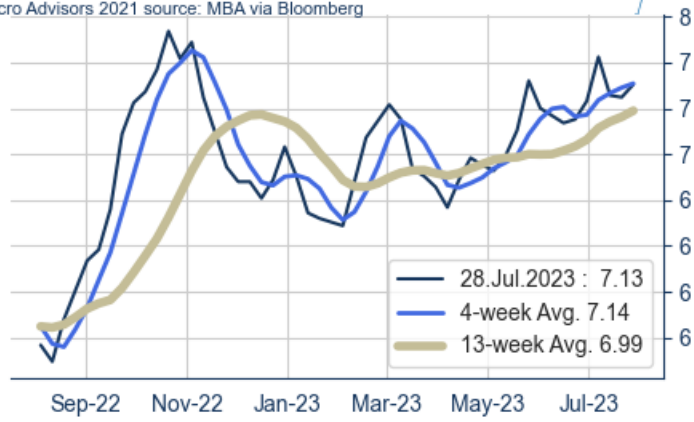


MBA 30-yr Fixed Mortgage Effective Rate

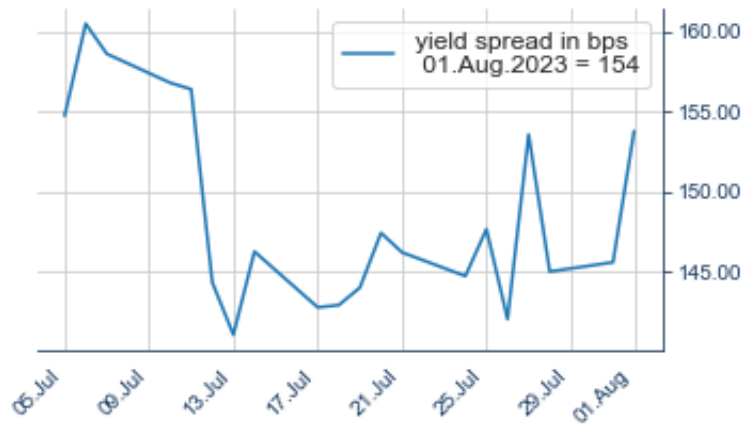


Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



MBS Current Coupon spread to Blend of Treasury Yields



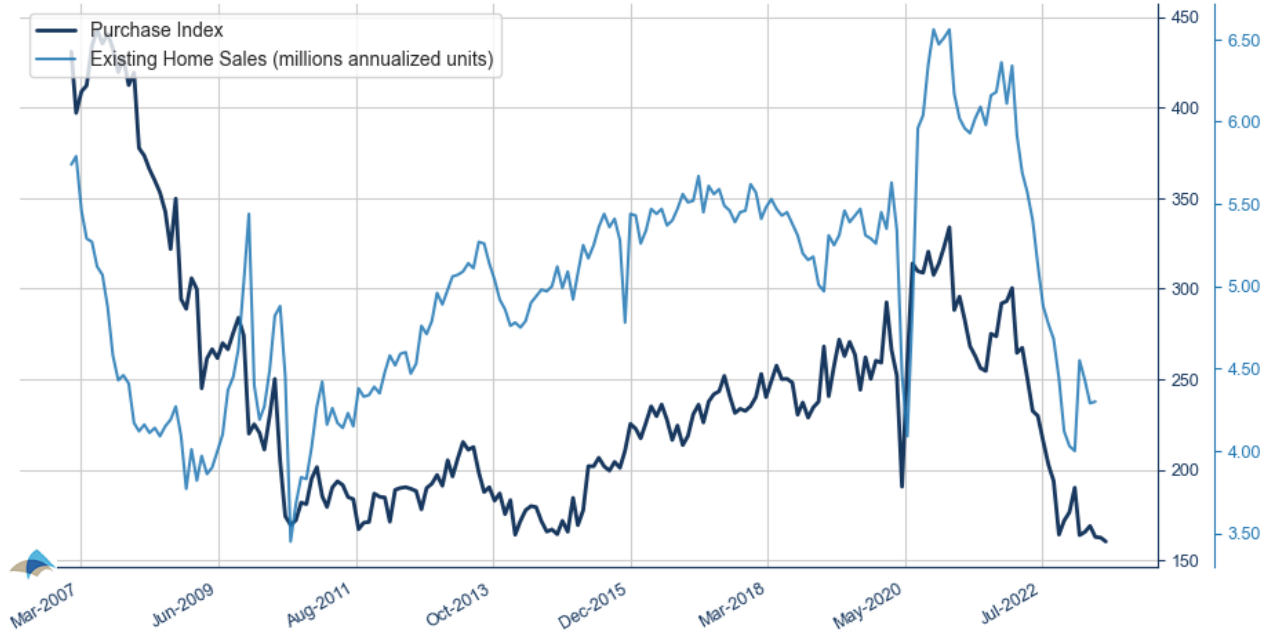
MBS Current Coupon Yield



Mortgage Rates



Purchase Index vs. Existing Home Sales



Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	28.Jul	21.Jul	14.Jul	07.Jul	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	200.70	206.90	210.70	208.40	206.68	207.18	208.28	219.48
Week % Chg	-3.00	-1.80	1.10	0.90				
Total Apps NSA % Chg.	-2.92	-1.51	26.58	-19.17				
Purchase Index	154.10	159.20	163.20	165.30	160.45	162.64	162.06	173.77
Purch. Idx - % Chg.	-3.20	-2.45	-1.27	1.79				
Refinance Index	433.60	444.50	446.40	416.00	435.12	425.88	438.52	445.31
Refi. Idx - % Chg.	-2.45	-0.43	7.31	-1.26				
Ref % Tot	28.90	28.70	28.40	26.80	28.20	27.22	27.57	28.82
MBA 30-yr Fixed Mortgage Effective Rate	7.13	7.06	7.07	7.28	7.13	6.97	6.99	6.73
MBA 30-yr Fixed Points	0.68	0.65	0.66	0.74	0.68	0.65	0.67	0.71
MBA 15-yr Fixed Mortgage Contract Rate	6.39	6.37	6.36	6.42	6.39	6.26	6.25	5.92
MBA 15-yr Fixed Mortgage Effective Rate	6.39	6.37	6.36	6.42	6.39	6.26	6.25	5.92
MBA 15-yr Fixed Points	0.78	0.75	0.72	1.22	0.87	0.80	0.79	0.79
MBA 5-yr ARM Effective Rate	6.18	6.01	6.27	6.24	6.17	6.04	5.93	5.55
% of ARMs	6.50	5.90	6.30	6.60	6.32	6.38	6.46	7.94
% of \$ARMs	14.30	13.30	13.60	13.10	13.57	12.62	13.42	15.84

source: Mortgage Banker Association via Bloomberg Professional