

03.Feb.2021

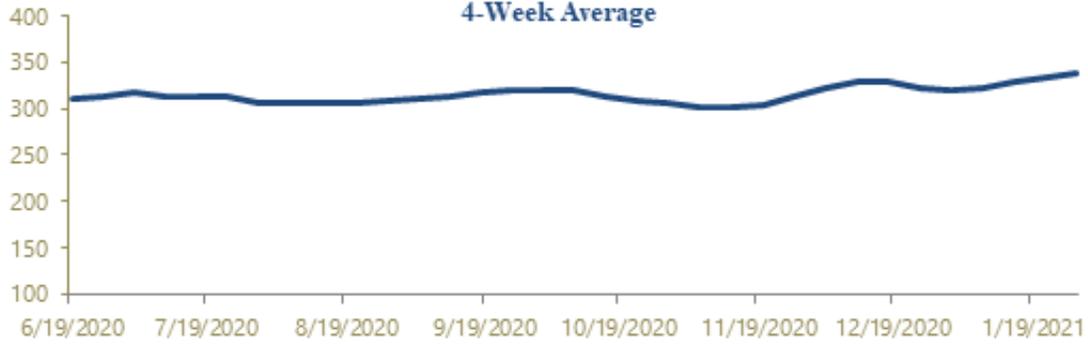
Mortgage Apps: Sharp Rebound in Refis

Bottom Line: Applications rebounded sharply in the final week of January as borrowers responded sought refis after even a modest dip in rates. There's a clear "elbow" developing in the refinancing function around the 2 3/4% level on Freddie Mac's 30-year mortgage commitment rate. That corresponds with around 2.95% on the average reported rate from the mortgage bankers' survey. And it probably indicates that many borrowers with less than perfect credit or full documentation were still seeing rates over 3%. Those borrowers were likely quick to strike when their rate dropped below 3%, as likely happened last week. Overall, the mortgage market is back to its highly efficient ways in terms of refinancing. And purchase activity remains in an uptrend as demand for single-family homes remained strong to start 2021.

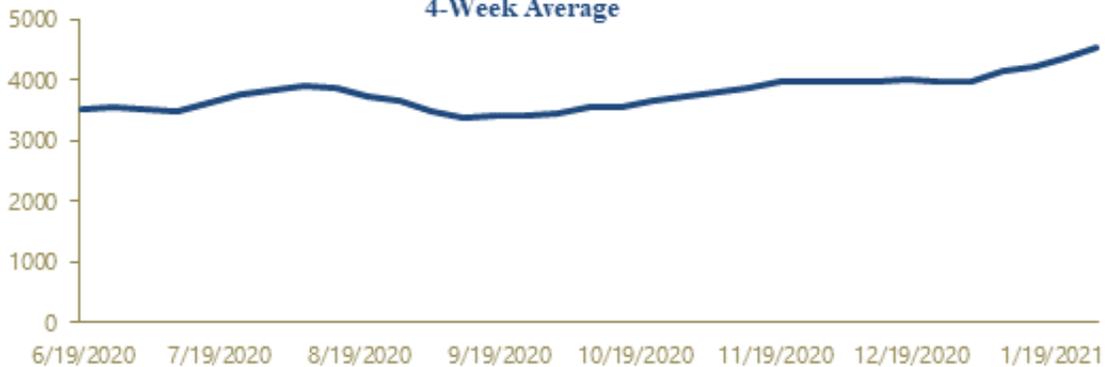
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index ROSE by 8.1% during the week ended January 29 to 981.1, sharply above its 13 week average of 876.8 and 43.9% ABOVE its year-ago level.

The Purchase Index ROSE by 0.1% to 334.6, modestly above its 13 week average of 324.4 and 17.9% ABOVE its year-ago level.

The Refinance Index ROSE by 11.4% to 4,746. Despite this increase, refinancing activity is sharply above its 13 week average of 4,147 and 59.5% ABOVE its year-ago level.

Contract Mortgage Rates were MIXED with the 30-year fixed rate declining by 3 bps to 2.92% and the 15-year fixed rate increasing by 1 bp to 2.44%.

Key findings of MBA's Forbearance and Call Volume Survey - January 18 to January 24, 2021

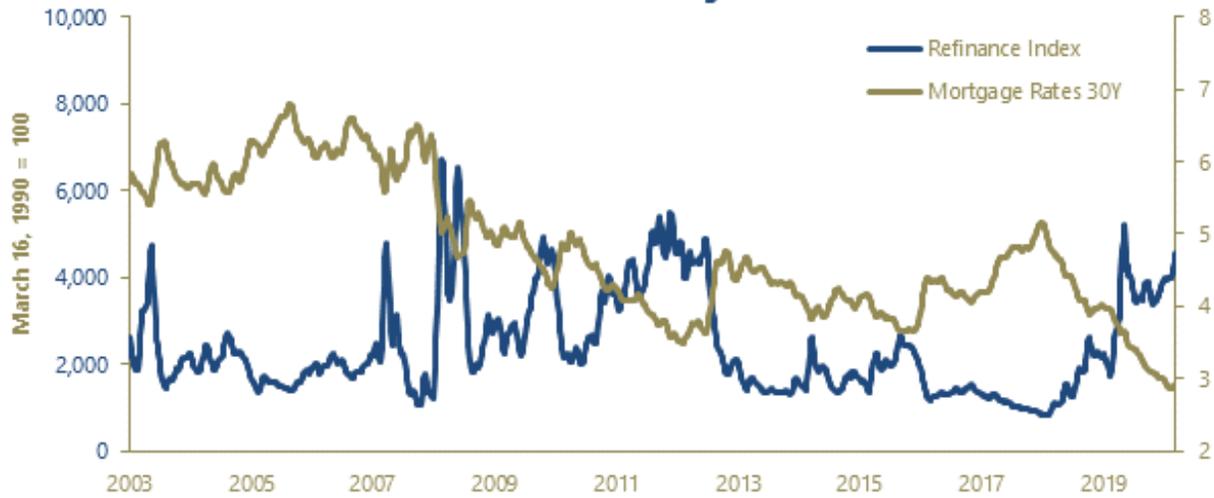
- Total loans in forbearance remained unchanged relative to the prior week at 5.38%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.61% to 7.51%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 3.11% to 3.10%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior week: from 8.94% to 9.16%.
- By stage, 18.07% of total loans in forbearance are in the initial forbearance plan stage, while 79.30% are in a forbearance extension. The remaining 2.64% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) decreased relative to the prior week: from 0.07% to 0.06%.
- Of the cumulative forbearance exits for the period from June 1, 2020 through January 24, 2021:
 - 28.6% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 25.5% resulted in a loan deferral/partial claim.
 - 15.6% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 13.4% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 7.5% resulted in a loan modification or trial loan modification.

- 7.5% resulted in loans paid off through either a refinance or by selling the home.
- The remaining 1.9% resulted in repayment plans, short sales, deed-in-lieu or other reasons.
- Weekly servicer call center volume:
 - As a percent of servicing portfolio volume (#), calls decreased from the previous week from 9.1% to 7.2%.
 - Average speed to answer remained unchanged relative to the prior week at 2.4 minutes.
 - Abandonment rates increased from 6.4% to 6.7%.
 - Average call length remained unchanged relative to the prior week at 8.0 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of January 24, 2021:
 - Total: 5.38% (previous week: 5.38%)
 - IMBs: 5.77% (previous week: 5.79%)
 - Depositories: 5.37% (previous week: 5.36%)

MBA's latest Forbearance and Call Volume Survey covers the period from January 18 through January 24, 2021, and represents 74% of the first-mortgage servicing market (37.1 million loans).



Refinancing Index vs Mortgage Rate 4-Week Average



Purchase Index vs. Existing Home Sales



	29-Jan	22-Jan	15-Jan	8-Jan	1-Jan	25-Dec	18-Dec	11-Dec	4-Dec	13 Wk Avg	Year Ago
Market Index	981.1	907.6	946.8	965.2	827.2	813.7	863.9	857.3	848.3	876.8	682.0
Percent Change	8.1	-4.1	-1.9	16.7	1.7	-5.8	0.8	1.1	-1.2	11.9	43.9
<i>Non-seasonally Adj. % Chg</i>	10.2	-2.8	-1.3	68.6						23.3	44.0
Purchase Index	334.6	334.2	348.2	338.9	313.8	318.8	316.3	331.6	325.7	324.4	283.8
Percent Change	0.1	-4.0	2.7	8.0	-1.6	0.8	-4.6	1.8	-5.0	3.1	17.9
Refinancing Index	4,746	4,262	4,484	4,706	3,918	3,803	4,169	4,015	3,959	4,147	2,976
Percent Change	11.4	-5.0	-4.7	20.1	3.0	-8.8	3.8	1.4	1.8	14.5	59.5
Refinance % of Total	71.4	70.7	72.3	74.8	73.5	72.9	74.8	72.7	72.0	72.0	64.5
Percent Change	1.0	-2.2	-3.3	1.8	0.8	-2.5	2.9	1.0	3.6	-0.8	10.7
% of ARMs	2.2	2.2	2.1	1.6	1.7	2.0	1.9	1.8	1.7	1.9	5.9
30-Year Fixed Rate	2.92	2.95	2.92	2.88	2.86	2.90	2.86	2.85	2.90	2.91	3.71
15-Year Fixed Rate	2.44	2.43	2.48	2.39	2.40	2.42	2.43	2.49	2.51	2.47	3.19
5-Year ARM on 30-Year	2.88	2.60	2.76	2.66	2.63	2.57	2.71	2.58	2.60	2.68	3.23

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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February 3, 2021

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