

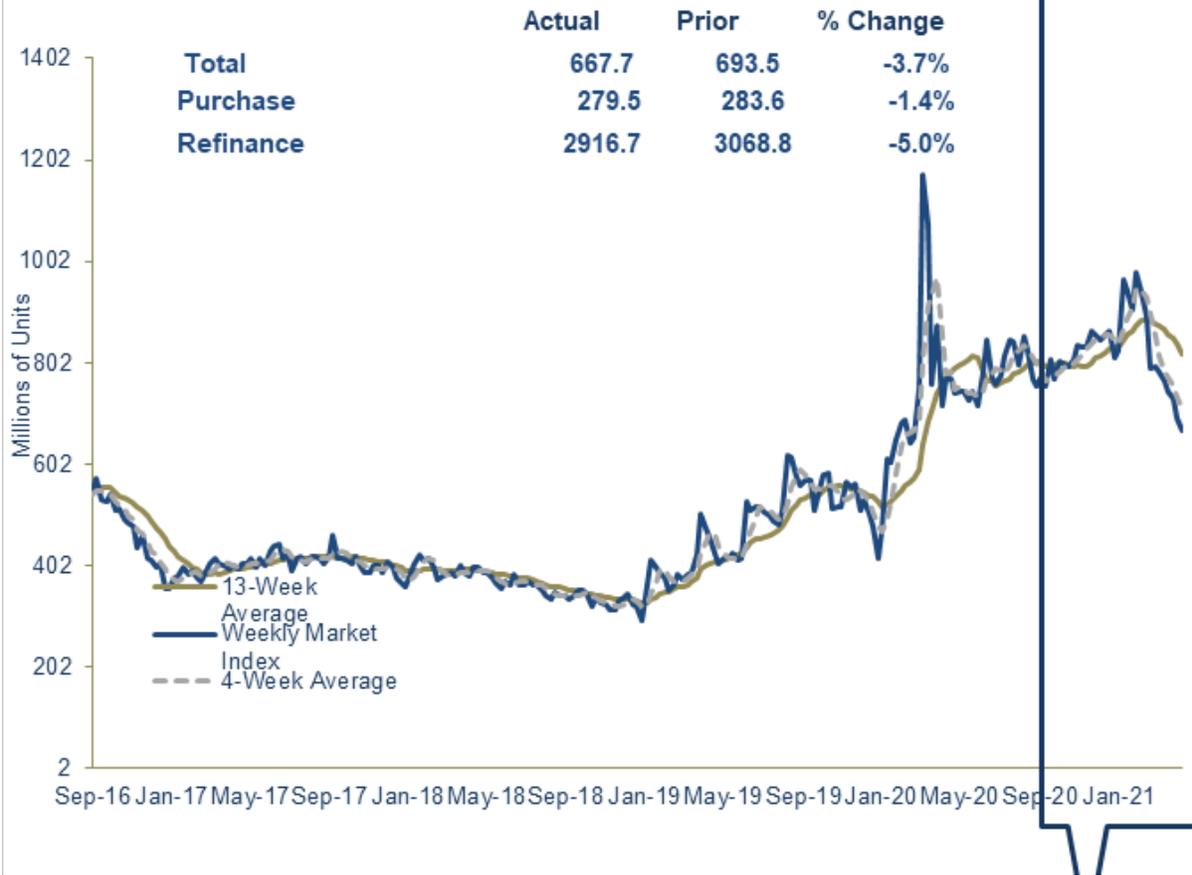
14.Apr.2021

## Mortgage Apps: Lower Again

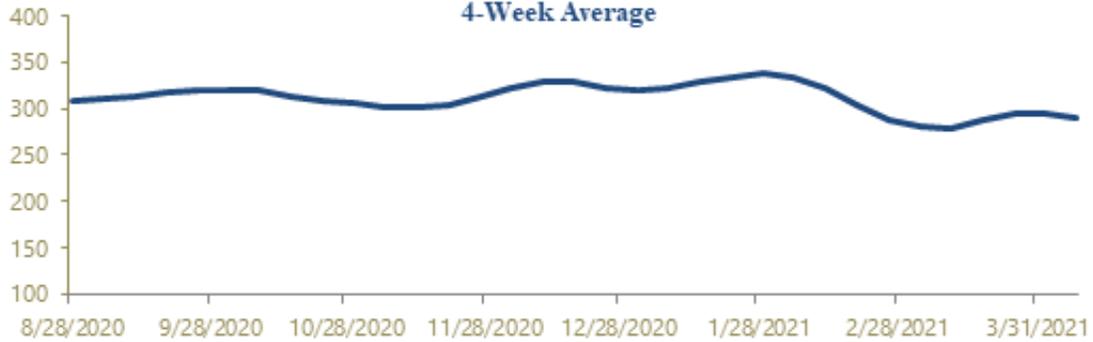
**Bottom Line:** Still impacted by the Easter Holiday, mortgage applications slipped last week, led by refis, despite lower mortgage rates. These indices are not seasonally adjusted around the Easter holiday as there is no US bank holiday. Thus, we would expect lower volumes late in the week before and early in the week after Easter. On a trend basis, purchase applications have held up very well, despite higher mortgage rates, while refinancing applications have slipped sharply.

Purchase volumes often hold up in the initial move to higher mortgage rates as would-be homebuyers rush to close deals when rates start to rise after a long period of declining, low rates. We will be watching that closely in the coming weeks. More interesting for now, mortgage rates fell from the highs (down about 10bps), so far, that has not been enough to spark an increase in refis. We'll also be watching for signs of short-term "burnout," where those who could refi already did late last year and early this year, meaning refis may be lower at a given mortgage rate in the near future than they were before.

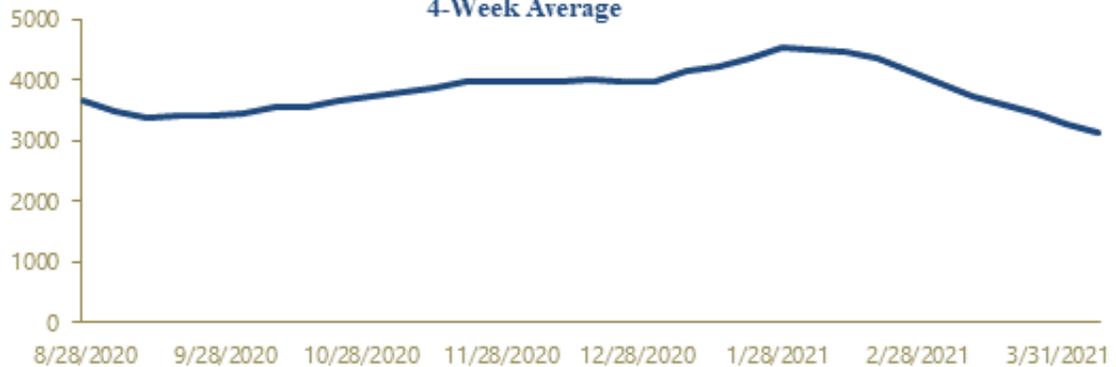
## Mortgage Applications



## Purchase Index 4-Week Average



## Refi Index 4-Week Average



**The MBA Mortgage Applications Index** FELL by 3.7% during the week ended April 9 to 667.7, sharply below its 13 week average of 818.7 and 13.4% BELOW its year-ago level.

**The Purchase Index** FELL by 1.4% to 279.5, moderately below its 13 week average of 301.2 but 53.1% ABOVE its year-ago level.

**The Refinance Index** FELL by 5.0% to 2,917. With this decline, refinancing activity is sharply below its 13 week average of 3,830 and 31.3% BELOW its year-ago level.

**Contract Mortgage Rates** FELL with the 30-year fixed rate declining by 9 bps to 3.27% and the 15-year fixed rate declining by 7 bps to 2.67%.

### **Key findings of MBA's Forbearance and Call Volume Survey - March 29 to April 4, 2021**

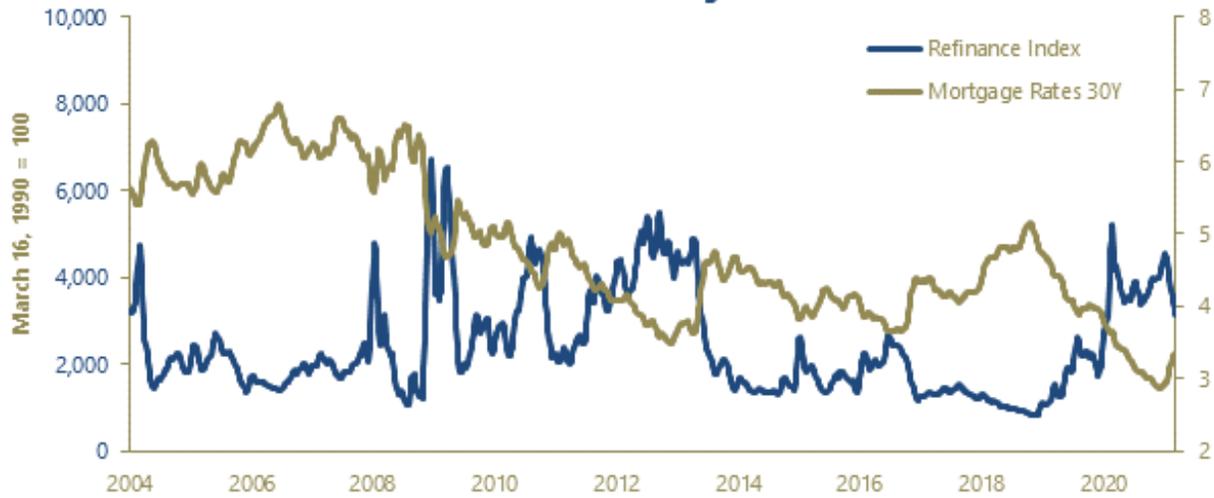
- Total loans in forbearance decreased by 24 basis points relative to the prior week: from 4.90% to 4.66%.
  - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 6.78% to 6.33%.
  - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 2.72% to 2.52%.
  - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 8.80% to 8.65%.
- By stage, 13.2% of total loans in forbearance are in the initial forbearance plan stage, while 82.0% are in a forbearance extension. The remaining 4.8% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) increased relative to the prior week: from 0.04% to 0.05%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through April 4, 2021:
  - 26.4% resulted in a loan deferral/partial claim.
  - 26.0% represented borrowers who continued to make their monthly payments during their forbearance period.
  - 14.5% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
  - 14.4% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
  - 9.5% 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 1.7% 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 increased from the previous week from 8.1% to 8.5%.
  - Average speed to answer increased from 1.7 minutes to 1.8 minutes.
  - Abandonment rates increased from 4.1% to 4.9%.
  - Average call length increased from 7.9 minutes to 8.0 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of April 4, 2021:
  - Total: 4.66% (previous week: 4.90%)
  - IMBs: 4.89% (previous week: 5.18%)
  - Depositories: 4.80% (previous week: 5.03%)

MBA's latest Forbearance and Call Volume Survey covers the period from March 29 through April 4, 2021, and represents 74% of the first-mortgage servicing market (36.9 million loans).



## Refinancing Index vs Mortgage Rate 4-Week Average



## Purchase Index vs. Existing Home Sales



	9-Apr	2-Apr	26-Mar	19-Mar	12-Mar	5-Mar	26-Feb	19-Feb	12-Feb	13 Wk Avg	Year Ago
<b>Market Index</b>	667.7	693.5	730.8	747.0	766.2	783.8	794.5	790.6	892.6	818.7	770.7
Percent Change	-3.7	-5.1	-2.2	-2.5	-2.2	-1.3	0.5	-11.4	-5.1	-18.4	-13.4
Non-seasonally Adj. % Chg	-3.2	-4.8	-2.0	-2.1						-14.6	-11.5
<b>Purchase Index</b>	279.5	283.6	297.3	301.9	294.3	289.0	269.7	264.9	299.5	301.2	182.6
Percent Change	-1.4	-4.6	-1.5	2.6	1.8	7.2	1.8	-11.6	-6.1	-7.2	53.1
<b>Refinancing Index</b>	2,917	3,069	3,242	3,325	3,505	3,659	3,850	3,848	4,337	3,830	4,243
Percent Change	-5.0	-5.3	-2.5	-5.1	-4.2	-5.0	0.1	-11.3	-4.7	-23.9	-31.3
<b>Refinance % of Total</b>	59.2	60.3	60.6	60.9	62.9	64.5	67.5	68.5	69.3	66.0	76.2
Percent Change	-1.8	-0.5	-0.5	-3.2	-2.5	-4.4	-1.5	-1.2	-1.3	-10.3	-22.3
<b>% of ARMs</b>	3.6	3.7	3.4	3.2	2.7	3.0	2.9	2.7	2.4	2.8	2.7
<b>30-Year Fixed Rate</b>	3.27	3.36	3.33	3.36	3.28	3.26	3.23	3.08	2.98	3.15	3.45
<b>15-Year Fixed Rate</b>	2.67	2.74	2.71	2.72	2.67	2.63	2.64	2.56	2.47	2.59	3.04
<b>5-Year ARM on 30-Year</b>	2.60	2.92	2.85	2.79	2.82	2.69	2.84	2.83	2.83	2.79	3.34

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

Copyright © 2018 Contingent Macro Advisors, LLC. All rights reserved. Reproduction and/or redistribution are expressly prohibited. "Economic Advisory Service" is a registered trademark of Contingent Macro Advisors, LLC. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed.

T.J. Connelly, Head of Research

April 14, 2021

Steven A. Wood, Senior Economic Adviser