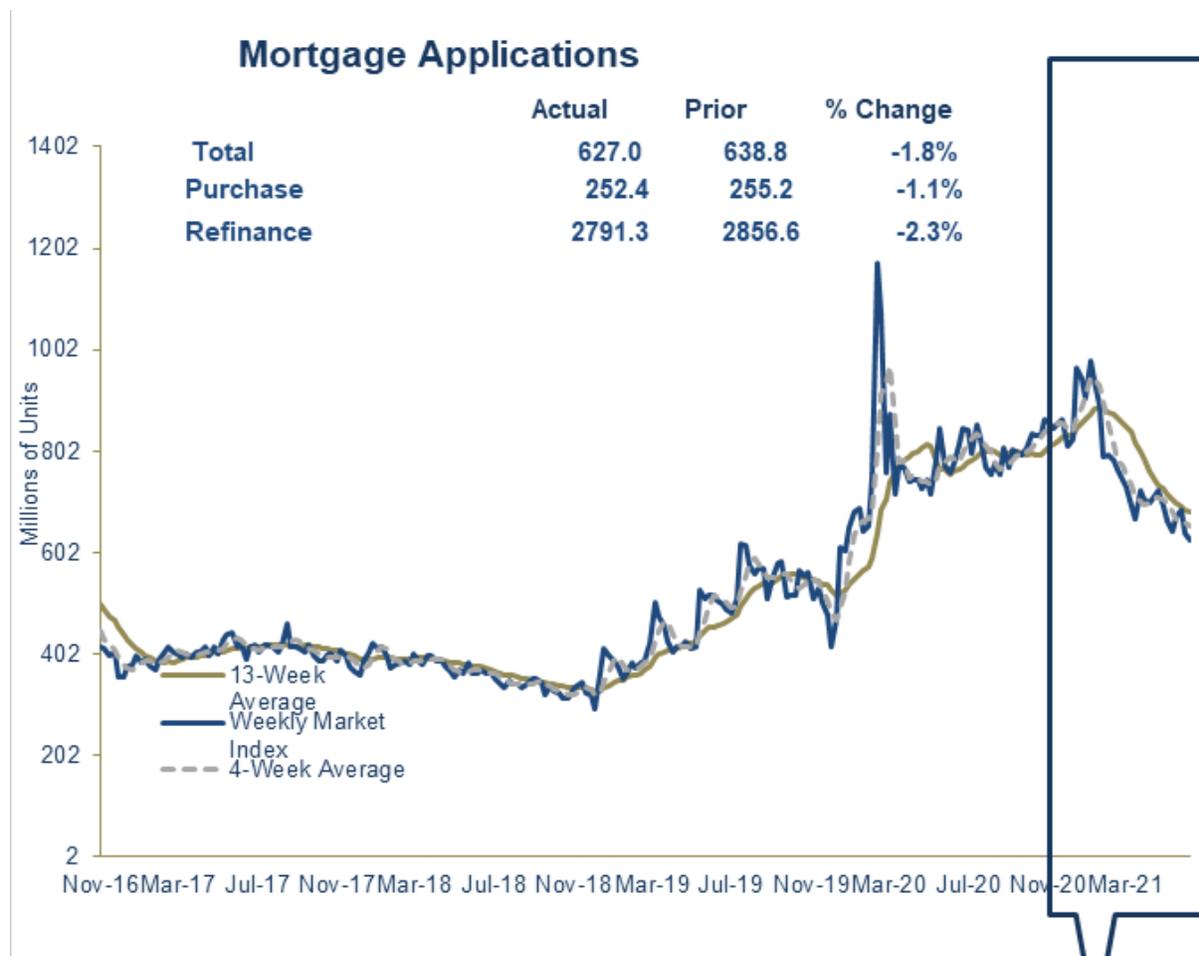
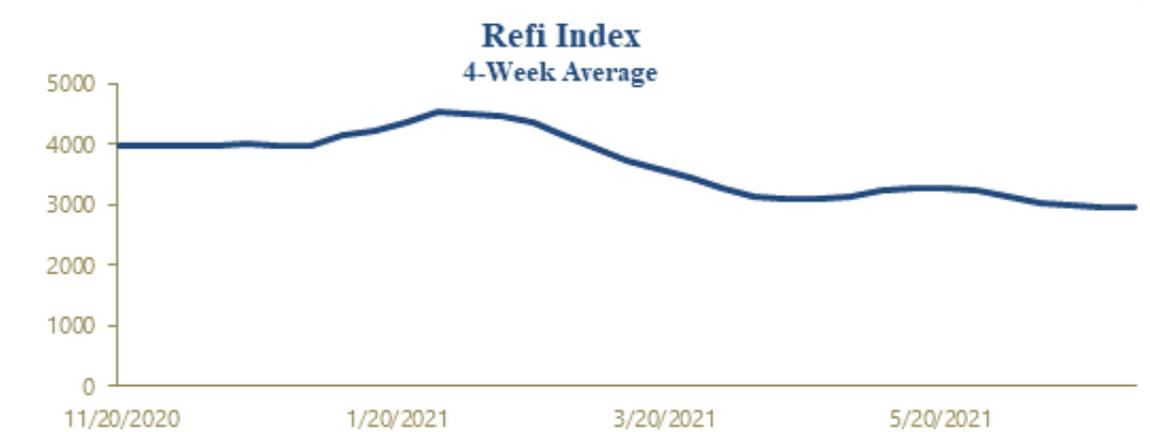


07.Jul.2021

Mortgage Apps: Continued Slide Into Quarter-End

Bottom Line: Applications for purchases and refinancing fell in the final week of the 2nd Quarter, accelerating a modest downtrend in place throughout much of the quarter. After hitting 3.20%, the highest level since mid-April, the average 30-year mortgage rate fell slightly last week. But it appears it will take a move back below 3% to really get mortgage activity moving again. The pace of gains in housing markets has decelerated over the course of the 2nd Quarter as rates, for the most part, held the increases seen in the 1st Quarter. Housing remained an important driver of growth in the early estimates of 2nd Quarter growth, but it will likely offer much less contribution in the 3rd Quarter. That said, the market for single-family homes remains tight in nearly all regions, which should provide a floor for activity.





The MBA Mortgage Applications Index FELL by 1.8% during the week ended July 2 to 627.0, moderately below its 13 week average of 682.2 and 19.2% BELOW its year-ago level.

The Purchase Index FELL by 1.1% to 252.4, modestly below its 13 week average of 269.9 and 22.4% BELOW its year-ago level.

The Refinance Index FELL by 2.3% to 2,791. With this decline, refinancing activity is moderately below its 13 week average of 3,081 and 17.3% BELOW its year-ago level.

Contract Mortgage Rates FELL with the 30-year fixed rate declining by 5 bps to 3.15% and the 15-year fixed rate declining by 4 bps to 2.52%.

Key findings of MBA's Forbearance and Call Volume Survey - June 21 to June 27, 2021

- Total loans in forbearance decreased by 4 basis points relative to the prior week: from 3.91% to 3.87%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 5.13% to 5.10%.

- The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 2.02% to 1.99%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 7.97% to 7.92%.
- By stage, 10.8% of total loans in forbearance are in the initial forbearance plan stage, while 82.9% are in a forbearance extension.
- The remaining 6.3% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) remained the same relative to the prior week at 0.04%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through June 27, 2021:
 - 27.9% resulted in a loan deferral/partial claim.
 - 23.8% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 15.2% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 13.7% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 10.4% 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 1.5% 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 relative to the prior week: from 7.2% to 5.9%.
 - Average speed to answer decreased from 1.5 minutes to 1.0 minutes.
 - Abandonment rates decreased from 4.9% to 3.3%.
 - Average call length increased from 7.6 minutes to 7.8 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of June 27, 2021:
 - Total: 3.87% (previous week: 3.91%)
 - IMBs: 4.00% (previous week: 4.03%)
 - Depositories: 4.11% (previous week: 4.14%)

MBA's latest Forbearance and Call Volume Survey covers the period from June 21 through June 27, 2021, and represents 74% of the first-mortgage servicing market (37.0 million loans).

Mortgage Interest Rates

4-Week Average

30-Year Fixed Rate, 15-Year Fixed Rate

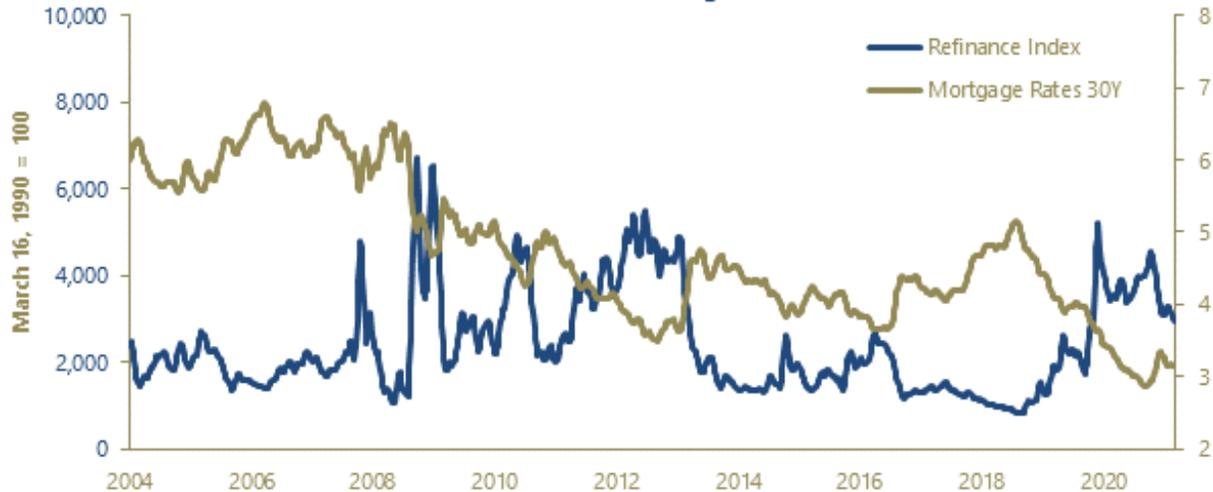


Purchase Index vs. Existing Home Sales



Refinancing Index vs Mortgage Rate

4-Week Average



	2-Jul	25-Jun	18-Jun	11-Jun	4-Jun	28-May	21-May	14-May	7-May	13 Wk Avg	Year Ago
Market Index	627.0	638.8	686.4	672.4	645.4	665.9	693.7	724.2	715.3	682.2	775.9
Percent Change	-1.8	-6.9	2.1	4.2	-3.1	-4.0	-4.2	1.2	2.1	-8.1	-19.2
<i>Non-seasonally Adj. % Chg</i>	<i>-1.9</i>	<i>-7.2</i>	<i>1.4</i>	<i>14.7</i>						<i>-9.3</i>	<i>-10.4</i>
Purchase Index	252.4	255.2	268.0	266.3	262.1	261.4	269.8	265.3	276.7	269.9	325.2
Percent Change	-1.1	-4.8	0.6	1.6	0.3	-3.1	1.7	-4.1	0.8	-6.5	-22.4
Refinancing Index	2,791	2,857	3,110	3,027	2,869	3,022	3,169	3,413	3,281	3,081	3,374
Percent Change	-2.3	-8.2	2.8	5.5	-5.1	-4.6	-7.2	4.0	2.9	-9.4	-17.3
Refinance % of Total	61.6	61.9	62.5	61.7	60.4	61.3	61.4	63.3	61.3	61.2	60.1
	-0.5	-1.0	1.3	2.2	-1.5	-0.2	-3.0	3.3	0.5	0.6	2.5
% of ARMs	3.3	3.6	3.9	3.8	3.9	3.7	4.0	3.9	3.8	3.7	3.4
30-Year Fixed Rate	3.15	3.20	3.18	3.11	3.15	3.17	3.18	3.15	3.11	3.17	3.26
15-Year Fixed Rate	2.52	2.56	2.58	2.49	2.52	2.56	2.53	2.54	2.49	2.55	2.77
5-Year ARM on 30-Year	2.94	2.98	2.69	2.69	2.54	2.54	2.81	2.58	2.57	2.69	2.98

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

July 7, 2021

Steven A. Wood, Senior Economic Adviser