

13.Oct.2021

Mortgage Apps: Mixed After Initial Decline on Higher Rates

Bottom Line: Mortgage applications were mixed in the first full week of October as mortgage rates continued to move higher. Since mortgage rates started to rise in mid to late September, purchase applications declined slightly, but refinancing applications fell sharply. Realtors reported average 30-year fixed-rate mortgages hit 3.18% last week, the highest level since March. Current coupon yields in the secondary market were up 14.0 bps last week, closing at 2.05%, matching the highest levels since the pandemic, and were little changed this week through Tuesday. As expected, Refi apps have responded swiftly to higher rates, but purchase apps have remained somewhat resilient. Housing plateaued early in the summer but proved resilient amid lower affordability. Now it appears the market will test its resilience to higher mortgage rates.

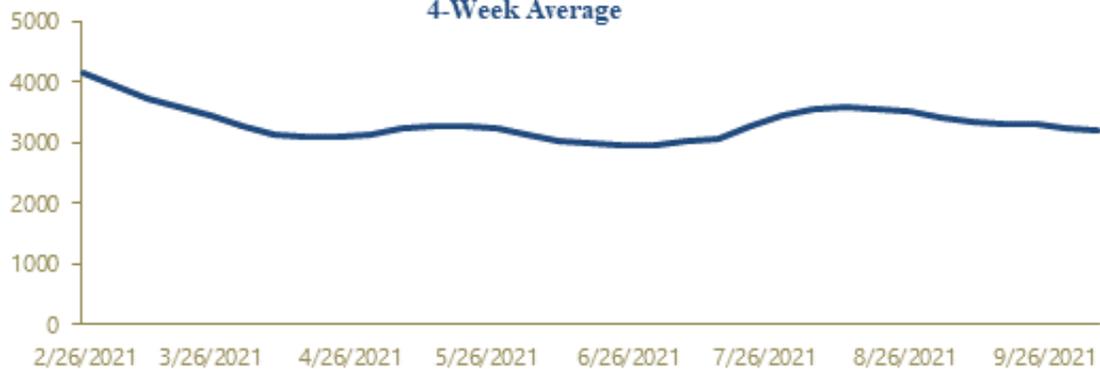
Mortgage Applications



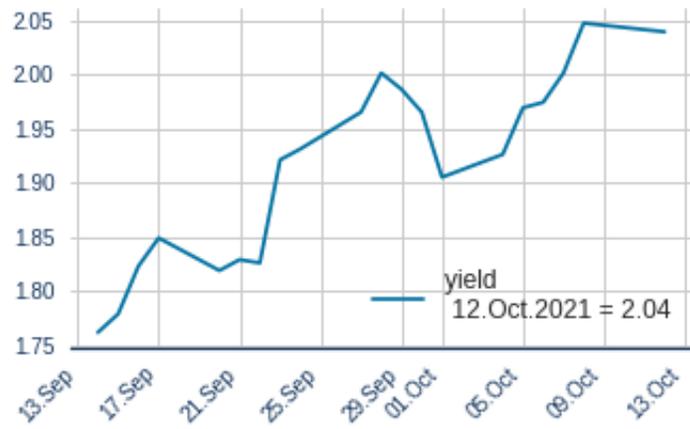
Purchase Index 4-Week Average



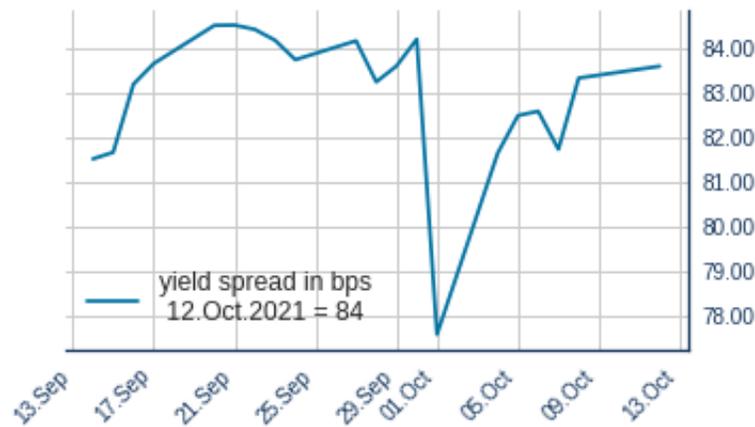
Refi Index 4-Week Average



MBS Current Coupon Yield



MBS Current Coupon spread to Blend of Treasury Yields



The MBA Mortgage Applications Index ROSE by 0.2% during the week ended October 8 to 686.1, modestly below its 13 week average of 721.4 and 14.1% BELOW its year-ago level.

The Purchase Index ROSE by 1.5% to 279.8, modestly above its 13 week average of 263.8 but 10.1% BELOW its year-ago level.

The Refinance Index FELL by 0.5% to 3,023. With this decline, refinancing activity is sharply below its 13 week average of 3,372 and 16.3% BELOW its year-ago level.

Contract Mortgage Rates ROSE with the 30-year fixed rate increasing by 4 bps to 3.18% and the 15-year fixed rate increasing by 3 bps to 2.48%.

Key findings of MBA's Forbearance and Call Volume Survey - September 27 to October 3, 2021

- Total loans in forbearance decreased by 27 basis points relative to the prior week: from 2.89% to 2.62%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 3.35% to 2.94%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 1.38% to 1.21%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 6.77% to 6.42%.
- By stage, 13.3% of total loans in forbearance are in the initial forbearance plan stage, while 77.5% are in a forbearance extension. The remaining 9.2% 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 October 3, 2021, at the time of forbearance exit:
 - 28.8% resulted in a loan deferral/partial claim.
 - 21.3% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 16.5% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 12.6% resulted in a loan modification or trial loan modification.
 - 12.3% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 7.2% resulted in loans paid off through either a refinance or by selling the home.
 - The remaining 1.4% 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 relative to the prior week: from 5.9% to 7.8%.
 - Average speed to answer increased from 1.5 minutes to 2.5 minutes.
 - Abandonment rates increased from 4.2% to 6.2%.
 - Average call length increased from 8.2 minutes to 8.4 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of October 3, 2021:
 - Total: 2.62% (previous week: 2.89%)
 - IMBs: 2.82% (previous week: 3.19%)
 - Depositories: 2.69% (previous week: 2.93%)

MBA's latest Forbearance and Call Volume Survey covers the period from September 27 through October 3, 2021, and represents 73% of the first-mortgage servicing market (36.5 million loans).

source: Mortgage Banker's Association

Mortgage Interest Rates

4-Week Average

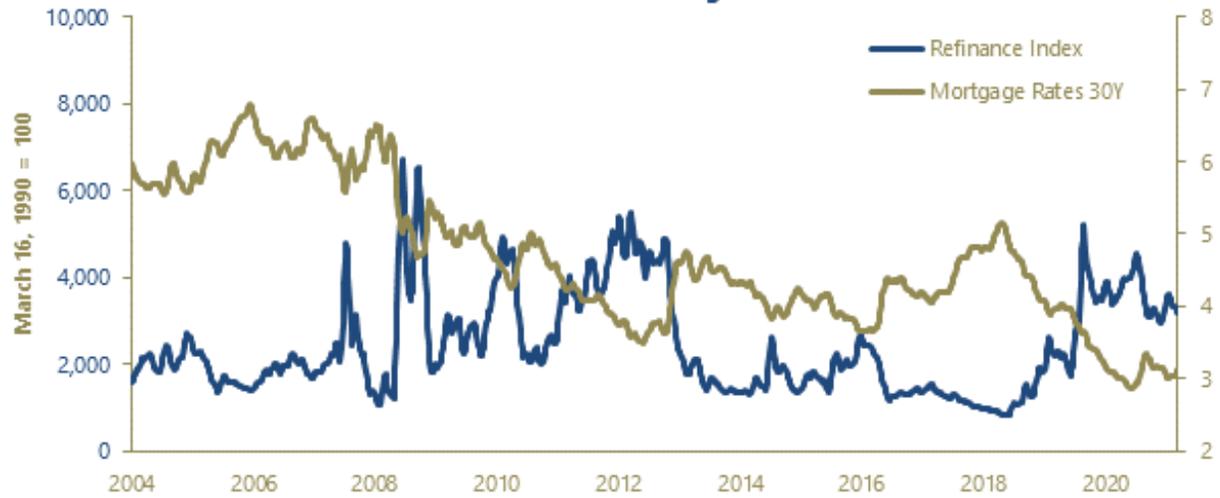
30-Year Fixed Rate, 15-Year Fixed Rate



Purchase Index vs. Existing Home Sales



Refinancing Index vs Mortgage Rate 4-Week Average



	8-Oct	1-Oct	24-Sep	17-Sep	10-Sep	3-Sep	27-Aug	20-Aug	13-Aug	13 Wk Avg	Year Ago
Market Index	686.1	684.5	734.9	742.7	707.9	705.6	719.4	737.1	725.4	721.4	798.9
Percent Change	0.2	-6.9	-1.1	4.9	0.3	-1.9	-2.4	1.6	-3.9	-4.9	-14.1
Non-seasonally Adj. % Chg	0.4	-6.9	-1.3	16.0						-6.3	-14.1
Purchase Index	279.8	275.7	280.4	283.9	277.9	258.4	259.0	257.5	249.9	263.8	311.1
Percent Change	1.5	-1.7	-1.2	2.2	7.5	-0.2	0.6	3.0	-0.8	6.1	-10.1
Refinancing Index	3,023	3,038	3,360	3,391	3,186	3,292	3,386	3,521	3,490	3,372	3,612
Percent Change	-0.5	-9.6	-0.9	6.5	-3.2	-2.8	-3.8	0.9	-5.3	-10.4	-16.3
Refinance % of Total	63.9	64.5	66.4	66.2	64.9	66.8	66.8	67.3	67.3	66.3	65.6
	-0.9	-2.9	0.3	2.0	-2.8	0.0	-0.7	0.0	-1.0	-3.6	-2.6
% of ARMs	3.4	3.4	3.4	2.9	3.3	2.5	3.2	3.1	3.2	3.2	2.0
30-Year Fixed Rate	3.18	3.14	3.10	3.03	3.03	3.03	3.03	3.03	3.06	3.05	3.00
15-Year Fixed Rate	2.48	2.45	2.43	2.34	2.34	2.37	2.39	2.38	2.41	2.39	2.59
5-Year ARM on 30-Year	3.08	2.54	2.77	2.51	2.68	2.56	2.80	2.68	2.90	2.73	2.63

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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