

[View In Browser](#)

10.Mar.2021

Mortgage Apps: Refis Drop As Mortgage Rates Hold Over 3.25%

Bottom Line: Mortgage applications fell slightly overall as refis tumbled, but purchase volumes rose. The average 30-year fixed-rate mortgage was 3.26%, up slightly and still well off the lows of late December and early January. Refinancing volumes fell sharply again and were down over 20% from the highs set at the end of January. Purchase volumes rose last week. It is typical to see would-be homebuyers rush to close deals when rates start to rise after a long period of declining, low rate. There appears to be evidence of that in this cycle, and this will bear close watching in the coming weeks. Overall, housing activity remains strong even with less refinancing activity, but purchase activity will be increasingly fragile. Much above 3.25% on the 30-year fixed-rate mortgage risks slowing housing activity, one of the most important economic recovery drivers. So far this week, secondary mortgage market rates have declined modestly with the move in Treasury yields and a tightening in spreads.

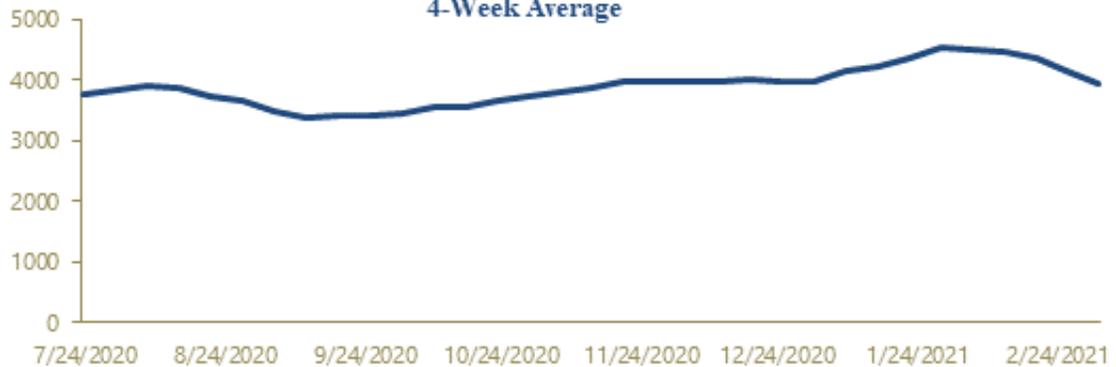
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index FELL by 1.3% during the week ended March 5 to 783.8, sharply below its 13 week average of 874.2 and 33.1% BELOW its year-ago level.

The Purchase Index ROSE by 7.2% to 289.0, moderately below its 13 week average of 313.7 but 3.0% ABOVE its year-ago level.

The Refinance Index FELL by 5.0% to 3,659. With this decline, refinancing activity is sharply below its 13 week average of 4,180 and 43.0% BELOW its year-ago level.

Contract Mortgage Rates were MIXED with the 30-year fixed rate increasing by 3 bps to 3.26% and the 15-year fixed rate declining by 1 bp to 2.63%.

Key findings of MBA's Forbearance and Call Volume Survey - February 22 to February 28, 2021

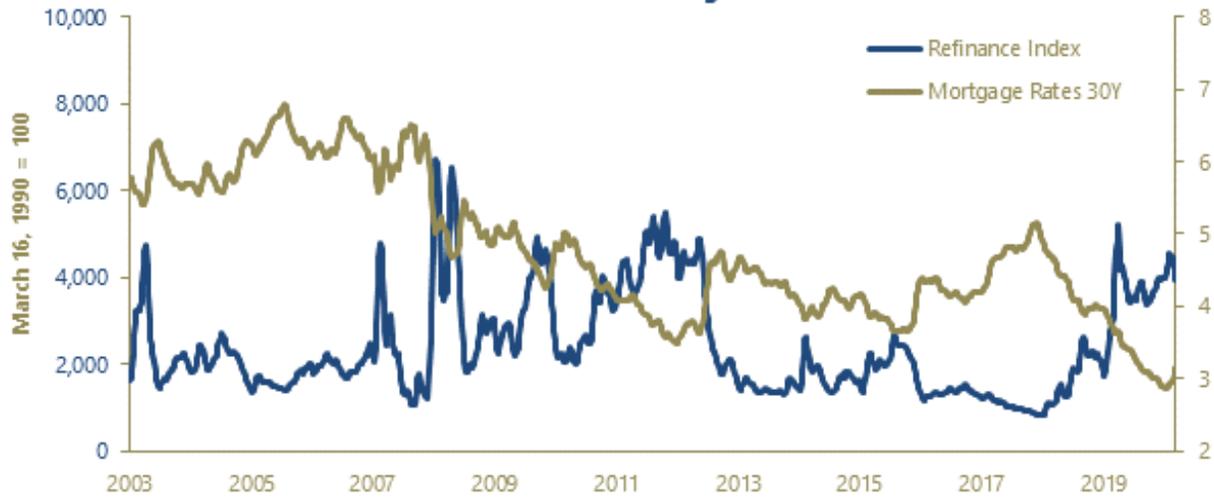
- Total loans in forbearance decreased by 3 basis points relative to the prior week: from 5.23% to 5.20%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.35% to 7.28%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 2.97% to 2.94%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior week: from 9.03% to 9.05%.
- By stage, 14.6% of total loans in forbearance are in the initial forbearance plan stage, while 82.8% are in a forbearance extension. The remaining 2.6% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) remained the same relative to the prior week at 0.07%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through February 28, 2021:
 - 27.7% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 25.8% resulted in a loan deferral/partial claim.
 - 15.2% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 13.8% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 8.0% resulted in a loan modification or trial loan modification.

- 7.6% resulted in loans paid off through either a refinance or by selling the home.
- The remaining 1.8% 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 7.9% to 8.7%.
 - Average speed to answer decreased from 3.0 minutes to 2.6 minutes.
 - Abandonment rates decreased from 7.6% to 6.1%. Average call length decreased from 8.2 minutes to 8.1 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of February 28, 2021:
 - Total: 5.20% (previous week: 5.23%)
 - IMBs: 5.51% (previous week: 5.57%)
 - Depositories: 5.28% (previous week: 5.29%)

Mortgage Interest Rates 4-Week Average 30-Year Fixed Rate, 15-Year Fixed Rate



Refinancing Index vs Mortgage Rate 4-Week Average



Purchase Index vs. Existing Home Sales



	5-Mar	26-Feb	19-Feb	12-Feb	5-Feb	29-Jan	22-Jan	15-Jan	8-Jan	13 Wk Avg	Year Ago
Market Index	783.8	794.5	790.6	892.6	940.4	981.1	907.6	946.8	965.2	874.2	1172.1
Percent Change	-1.3	0.5	-11.4	-5.1	-4.1	8.1	-4.1	-1.9	16.7	-10.3	-33.1
Non-seasonally Adj. % Chg	-0.5	1.5	-10.2	-3.5						0.6	-32.3
Purchase Index	289.0	269.7	264.9	299.5	318.8	334.6	334.2	348.2	338.9	313.7	280.7
Percent Change	7.2	1.8	-11.6	-6.1	-4.7	0.1	-4.0	2.7	8.0	-7.9	3.0
Refinancing Index	3,659	3,850	3,848	4,337	4,549	4,746	4,262	4,484	4,706	4,180	6,419
Percent Change	-5.0	0.1	-11.3	-4.7	-4.2	11.4	-5.0	-4.7	20.1	-12.5	-43.0
Refinance % of Total	64.5	67.5	68.5	69.3	70.2	71.4	70.7	72.3	74.8	71.0	76.5
Percent Change	-4.4	-1.5	-1.2	-1.3	-1.7	1.0	-2.2	-3.3	1.8	-9.2	-15.7
% of ARMs	3.0	2.9	2.7	2.4	2.3	2.2	2.2	2.1	1.6	2.2	5.9
30-Year Fixed Rate	3.26	3.23	3.08	2.98	2.96	2.92	2.95	2.92	2.88	2.97	3.47
15-Year Fixed Rate	2.63	2.64	2.56	2.47	2.50	2.44	2.43	2.48	2.39	2.48	2.90
5-Year ARM on 30-Year	2.69	2.84	2.83	2.83	2.92	2.88	2.60	2.76	2.66	2.73	3.02

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

March 10, 2021

Steven A. Wood, Senior Economic Adviser

- 03/10/2021 - [CPI: Core Misses to Downside, Base Effects Drive YoY Figures](#)
- 03/05/2021 - [US Economics: So What Does Concern The Fed?](#)
- 03/05/2021 - [Employment Situation: Modest Rebound, Structural Weakness](#)
- 03/04/2021 - [Factory Orders: Manufacturing Driving Economic Recovery](#)
- 03/04/2021 - [Jobless Claims: Modest Increase](#)
- 03/03/2021 - [Top Charts: XLK, tech support lower still](#)
- 03/03/2021 - [ISM Non-Manufacturing Survey: Slower Growth Amid Higher Prices](#)
- 03/03/2021 - [Mortgage Apps: Surprisingly Steady Despite Rate Move](#)
- 03/03/2021 - [ADP Employment: Slower Gains](#)
- 03/01/2021 - [Construction Spending: Resi Gains Continued in January](#)
- 03/01/2021 - [ISM Manufacturing: Further Acceleration As Prices Rise](#)
- 02/27/2021 - [Contingent Macro Monthly: Even Adults Have Tantrums](#)
- 02/26/2021 - [US Economics: The Mortgage Elbow](#)
- 02/26/2021 - [Consumer Confidence: Only Slight Bounce To Close February](#)
- 02/26/2021 - [Personal Income: Stimulus Drives Jump in January](#)
- 02/25/2021 - [GDP: Slight Upward Revisions in Late 2020](#)
- 02/25/2021 - [Durable Goods: Sharply Higher With Positive Revisions](#)
- 02/25/2021 - [Jobless Claims: Sharp Decline](#)
- 02/24/2021 - [Top Charts: EEM supports see buying, Watch Canada/Aus Yields](#)
- 02/24/2021 - [Mortgage Apps: Inflection Point Flashing Yellow](#)
- 02/24/2021 - [New Home Sales: Strong Start to 2021](#)
- 02/23/2021 - [Consumer Confidence: Sharp Rebound, Historically Still Mixed](#)
- 02/23/2021 - [Case-Shiller Home Prices: Continued Gains Into Year-End](#)
- 02/22/2021 - [Dallas Fed Manufacturing: Strong Gains Before Weather Hit](#)
- 02/21/2021 - [Macro Weekly: Inflationistas](#)
- 02/19/2021 - [US Economics: Seasonal Blur](#)
- 02/19/2021 - [Existing Home Sales: Sales Remained Strong Amid Low Inventory](#)
- 02/18/2021 - [Philly Fed: Robust Manufacturing Gains Continued](#)
- 02/17/2021 - [Industrial Production: Flying Again](#)
- 02/17/2021 - [Producer Prices: Sharply Higher Amid Continued Supply-Chain Disruptions](#)
- 02/17/2021 - [Retail Sales: Strong Rebound in January](#)
- 02/16/2021 - [NY Empire Manufacturing: New Orders Accelerate](#)
- 02/14/2021 - [Macro Weekly: TGA! You're It!](#)
- 02/12/2021 - [US Economics: Consumer In Focus As We Asses Inflation Risk](#)
- 02/12/2021 - [Consumer Confidence: Sharply Lower As Inflation Expectations Increase](#)

- 02/11/2021 - [Jobless Claims: Volatility Hinders Progress](#)
- 02/10/2021 - [Top Charts: EM Heading Straight to Target?](#)
- 02/10/2021 - [Mortgage Apps: Rates Edge Higher, Apps Fall](#)
- 2/10/2021 - [CPI: Core Nearly Flat Again](#)
- 02/09/2021 - [JOLTs: Openings Rose Into Year-End](#)
- 02/05/2021 - [US Economics: Structural Headwinds for Labor Markets](#)
- 02/05/2021 - [Employment Situation: Slight Gains, Prior Losses Even Deeper](#)
- 02/04/2021 - [Factory Orders: Strong Coming Into Year-End](#)
- 02/04/2021 - [Jobless Claims: Another Swift Decline](#)
- 02/03/2021 - [Top Charts: S&P needs to hold 3,694](#)
- 02/03/2021 - [Mortgage Apps: Heightened Rate Sensitivity](#)
- 02/03/2021 - [ISM Non-Manufacturing Survey: 2-yr High To Start 2021](#)
- 02/03/2021 - [ADP Employment: Modest Rebound](#)
- 02/01/2021 - [Construction Spending: Solid Residential Gains Closed out 2020](#)
- 02/01/2021 - [ISM Manufacturing: Further Gains To Start 2021](#)
- 01/31/2021 - [Contingent Macro Monthly: Wordplay](#)
- 01/29/2021 - [US Economics: What is Trend Growth?](#)
- 01/29/2021 - [Consumer Confidence: Steady Throughout January](#)
- 01/29/2021 - [Personal Income: Slight Rebound As Spending Slowed Further](#)
- 01/28/2021 - [New Home Sales: Slower To Finish 2020](#)
- 01/28/2021 - [Jobless Claims: Sharp Decline](#)
- 01/28/2021 - [GDP: Slower Than Expected As Consumption Falls Back To Trend](#)
- 01/27/2021 - [FOMC: "Far Harder To Deal With Too-Low Inflation"](#)
- 01/27/2021 - [Top Charts: EM Pause at Channel Resistance?](#)
- 01/27/2021 - [Mortgage Apps: Modest Decline, Trend Still Higher](#)
- 01/27/2021 - [Durable Goods: Lower Than Expected, But Details Still Solid](#)
- 01/26/2021 - [Consumer Confidence: Expectations Diverge from Present Situation](#)
- 01/26/2021 - [Case-Shiller Home Prices: Steady, Solid Gains](#)
- 01/25/2021 - [Dallas Fed Manufacturing: Continued But Slower Gains](#)
- 01/24/2021 - [Macro Weekly: When Will The Game Stop?](#)
- 01/22/2021 - [US Economics: FOMC In Focus - Hawks Have Some Fodder](#)
- 01/22/2021 - [Existing Home Sales: 2022 Was Strongest Since GFC](#)
- 01/21/2021 - [Philly Fed: Strong Rebound as New Orders Accelerated To Start '21](#)
- 01/21/2021 - [Housing Starts: Accelerated Into Year-End](#)
- 01/21/2021 - [Jobless Claims: Modest Decline](#)
- 01/20/2021 - [Top Charts: Expected Pause In S&P 500 bull channel not showing](#)
- 01/20/2021 - [Mortgage Apps: Modest Decline in Refis](#)

- 01/16/2021 - [Macro Weekly: Rate Matters](#)
- 01/15/2021 - [US Economics: Weaker Consumer, Onus Now On Rates](#)
- 01/15/2021 - [Consumer Confidence: Declines To Start 2021](#)
- 01/15/2021 - [Industrial Production: Sharply Higher Even As Autos Fell](#)
- 01/15/2021 - [Producer Prices: Energy prices drive gains](#)
- 01/15/2021 - [NY Empire Manufacturing: Mostly Steady](#)
- 01/15/2021 - [Retail Sales: Sharp Slowdown in December](#)
- 01/14/2021 - [Jobless Claims: Sharp Jump As Nowcasting Predicted](#)



Copyright © Contingent Macro Advisors, All rights reserved.

The information contained in this message, including any attachments, is confidential and should only be read by those persons to whom it is addressed. If you have received this email in error, please delete it and remove it from your device.

Additionally, this email and its attachment is not a solicitation or an offer to buy a security or investment instrument or to participate in a trading strategy. Any form of reproduction, dissemination, copying, disclosure, modification, distribution and/or publication of this email or its attachments is strictly prohibited. Outgoing and incoming electronic communications of Contingent Macro Advisors LLC and its affiliates, including telephone communications, may be electronically archived and subject to review and/or disclosure to someone other than the recipient.

Our mailing address is:

3641 Mount Diablo Boulevard, Ste. 673, Lafayette, CA 94549 USA

[update subscription preferences](#) Please simply reply to this email rather than click [unsubscribe](#), which can impact your entire firm.