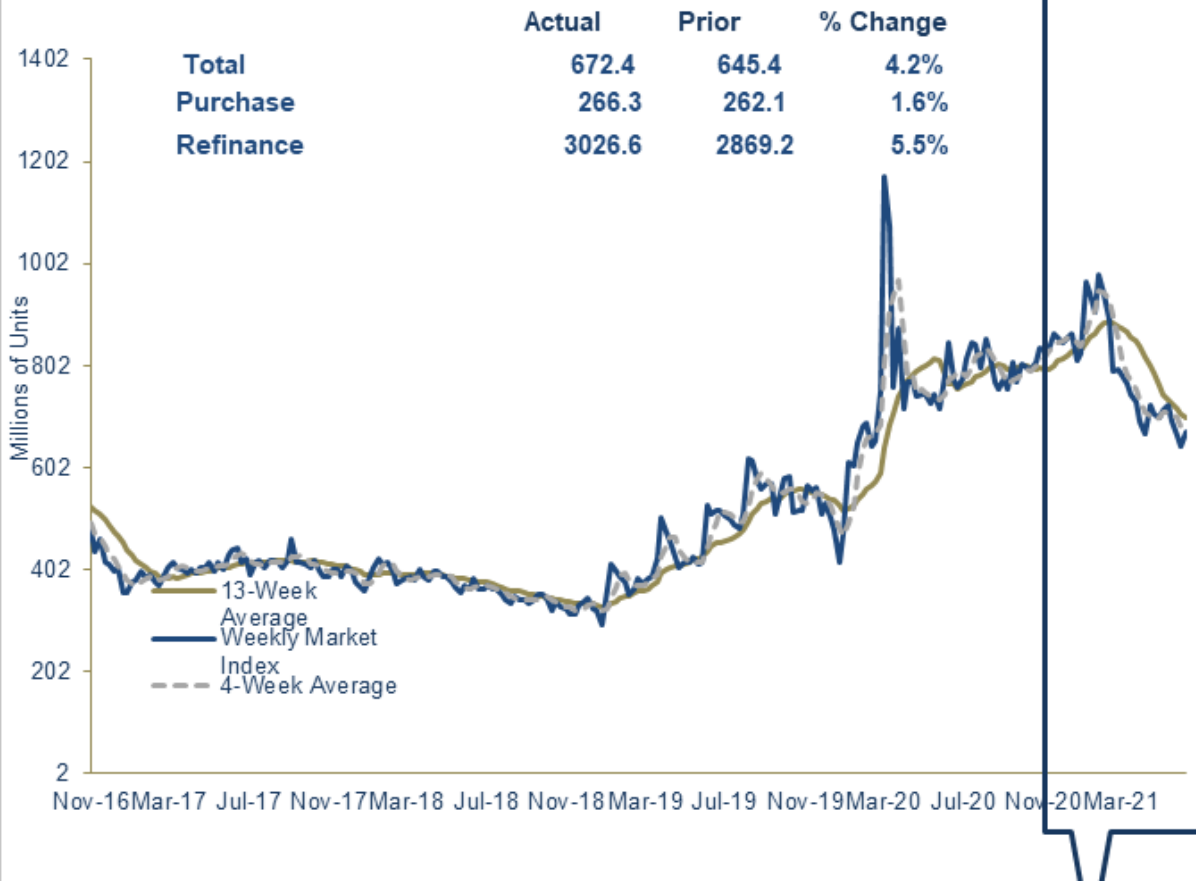


16.Jun.2021

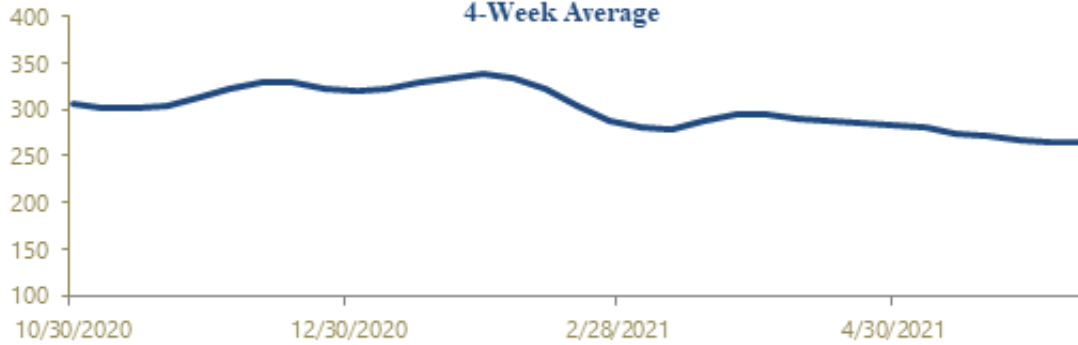
Mortgage Apps: Inflection Point Ahead of Fed

Bottom Line: Refis edged higher in the week ended June 11th, which was skewed slightly higher by the prior week's holiday. Realtors reported average 30-year mortgage rates of 3.11%, down 6bps from the prior week. As some of the highest quality borrowers saw rates below 3%, refis rose to their highest level in three weeks. Ahead of the Fed announcement, where there is some potential for a shift in the composition of their purchases away from mortgage-backed securities, rates have edged slightly higher this week with mortgage spreads to Treasuries mostly wider over the last few weeks. Housing is clearly at a potential inflection point that will depend heavily on the direction of rates from here. While housing starts remain robust, the pace of acceleration has slowed. Moreover, mortgage purchase applications suggest existing home sales have likely peaked without another move lower in rates.

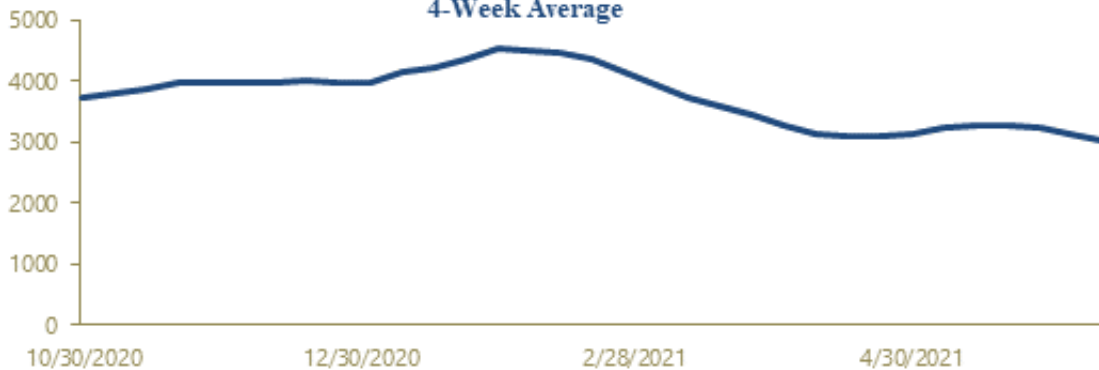
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index ROSE by 4.2% during the week ended June 11 to 672.4, modestly below its 13 week average of 699.1 and 20.6% BELOW its year-ago level.

The Purchase Index ROSE by 1.6% to 266.3, modestly below its 13 week average of 278.1 and 17.4% BELOW its year-ago level.

The Refinance Index ROSE by 5.5% to 3,027. Despite this increase, refinancing activity is modestly below its 13 week average of 3,148 and 22.2% BELOW its year-ago level.

Contract Mortgage Rates FELL with the 30-year fixed rate declining by 4 bps to 3.11% and the 15-year fixed rate declining by 3 bps to 2.49%.

Key findings of MBA's Forbearance and Call Volume Survey - May 31 to June 6, 2021

- Total loans in forbearance decreased by 12 basis points relative to the prior week: from 4.16% to 4.04%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 5.54% to 5.22%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 2.18% to 2.09%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior week: from 8.31% to 8.33%.
- By stage, 10.6% of total loans in forbearance are in the initial forbearance plan stage, while 83.6% are in a forbearance extension. The remaining 5.8% 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 6, 2021:
 - 27.4% resulted in a loan deferral/partial claim.
 - 24.3% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 15.3% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 13.9% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.

- 10.1% 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 increased relative to the prior week: from 6.5% to 6.9%.
 - Average speed to answer increased from 1.2 minutes to 2.0 minutes.
 - Abandonment rates increased from 3.8% to 6.2%.
 - The average call length rose remained the same at 7.8 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of June 6, 2021:
 - Total: 4.04% (previous week: 4.16%)
 - IMBs: 4.21% (previous week: 4.34%)
 - Depositories: 4.19% (previous week: 4.33%)

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



	11-Jun	4-Jun	28-May	21-May	14-May	7-May	30-Apr	23-Apr	16-Apr	13 Wk Avg	Year Ago
Market Index	672.4	645.4	665.9	693.7	724.2	715.3	700.4	706.6	724.8	699.1	846.9
Percent Change	4.2	-3.1	-4.0	-4.2	1.2	2.1	-0.9	-2.5	8.6	-3.8	-20.6
Non-seasonally Adj. % Chg	14.7	-13.3	-4.6	-4.2						-4.4	-20.4
Purchase Index	266.3	262.1	261.4	269.8	265.3	276.7	274.5	281.4	295.5	278.1	322.5
Percent Change	1.6	0.3	-3.1	1.7	-4.1	0.8	-2.5	-4.8	5.7	-4.2	-17.4
Refinancing Index	3,027	2,869	3,022	3,169	3,413	3,281	3,189	3,185	3,220	3,148	3,892
Percent Change	5.5	-5.1	-4.6	-7.2	4.0	2.9	0.1	-1.1	10.4	-3.9	-22.2
Refinance % of Total	61.7	60.4	61.3	61.4	63.3	61.3	61.0	60.6	60.0	60.9	63.2
Percent Change	2.2	-1.5	-0.2	-3.0	3.3	0.5	0.7	1.0	1.4	1.3	-2.4
% of ARMs	3.8	3.9	3.7	4.0	3.9	3.8	3.9	3.5	3.6	3.7	2.8
30-Year Fixed Rate	3.11	3.15	3.17	3.18	3.15	3.11	3.18	3.17	3.20	3.21	3.30
15-Year Fixed Rate	2.49	2.52	2.56	2.53	2.54	2.49	2.54	2.55	2.65	2.59	2.80
5-Year ARM on 30-Year	2.69	2.54	2.54	2.81	2.58	2.57	2.76	2.59	2.67	2.69	3.07

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

June 16, 2021

Steven A. Wood, Senior Economic Adviser