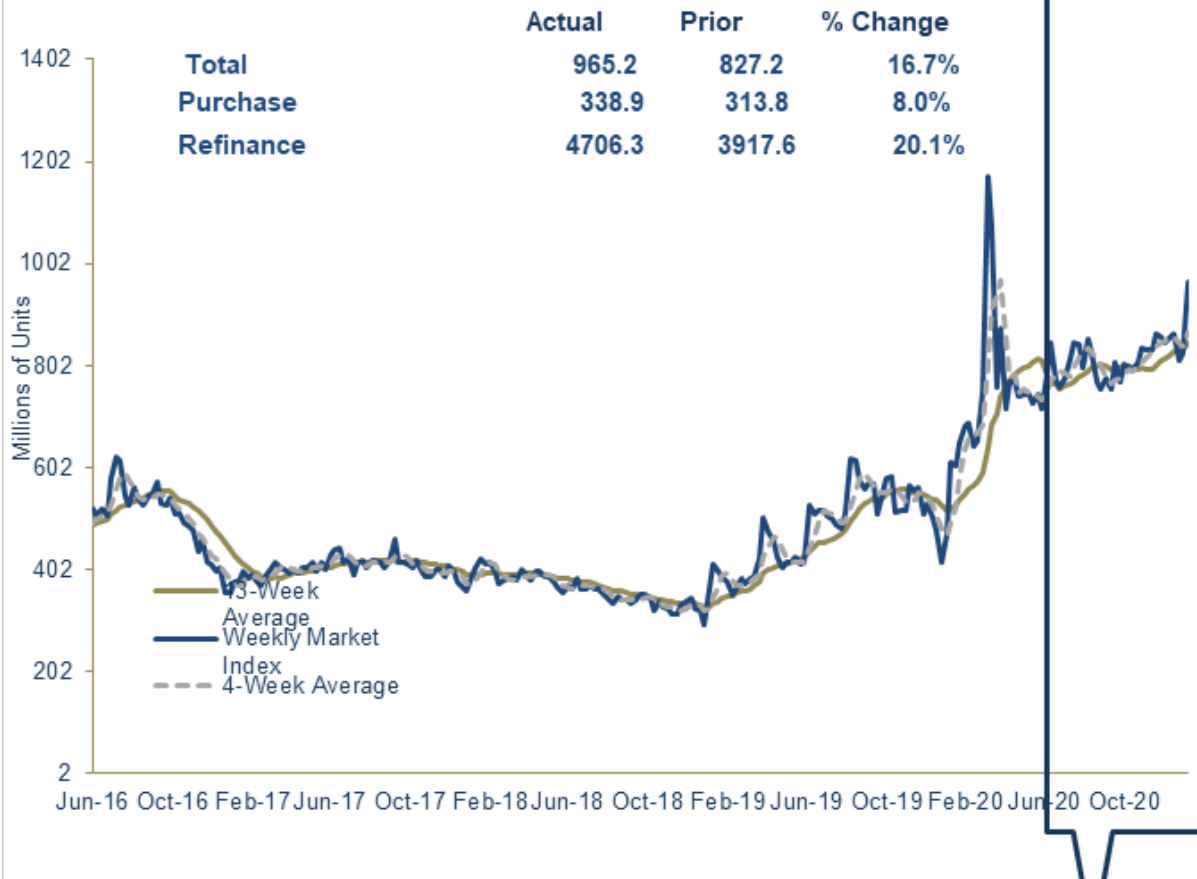


13.Jan.2021

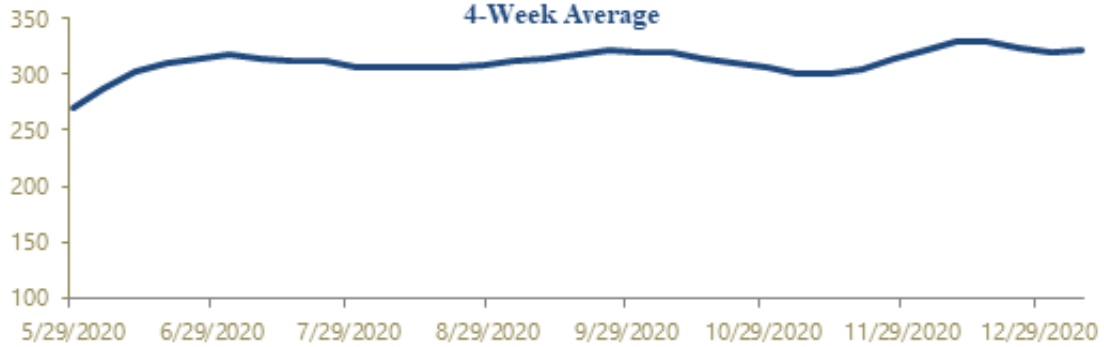
Mortgage Apps: Jump To Start 2021

Bottom Line: Primary market mortgage rates barely rose last week, despite the jump in Treasury and secondary mortgage market yields. Mortgage application volumes jumped after slower activity around the Christmas and New Year's holidays. Realtors reported clients receiving an average 30-year fixed-rate mortgage of 2.88% as Freddie Mac's 30-year fixed commitment rate held steady at 2.65%, despite a 10-20bp jump in Treasury yields and the secondary market "current coupon" moving from around 2.35% at year-end to about 2.55%. This suggests that the primary/secondary market spread (the difference between where mortgage-backed securities are trading versus the mortgage rate borrowers can get) tightened after remaining quite wide since the pandemic. Overall, both purchase and refinancing applications are still trending higher. That said, any further increase in secondary market yields will likely be felt by consumers, potentially slowing the strongest mortgage market in 10+ years.

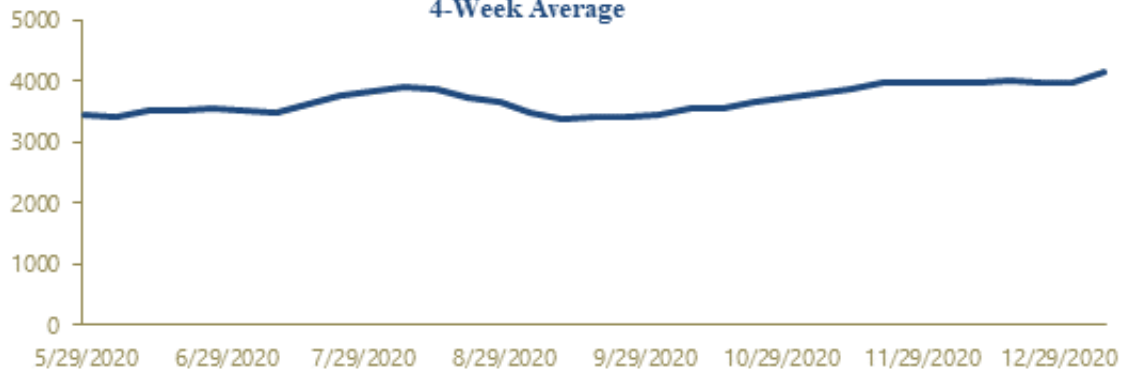
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index ROSE by 16.7% during the week ended January 8 to 965.2, sharply above its 13 week average of 846.4 and 57.3% ABOVE its year-ago level.

The Purchase Index ROSE by 8.0% to 338.9, moderately above its 13 week average of 316.2 and 11.5% ABOVE its year-ago level.

The Refinance Index ROSE by 20.1% to 4,706. Despite this increase, refinancing activity is sharply above its 13 week average of 3,977 and 92.5% ABOVE its year-ago level.

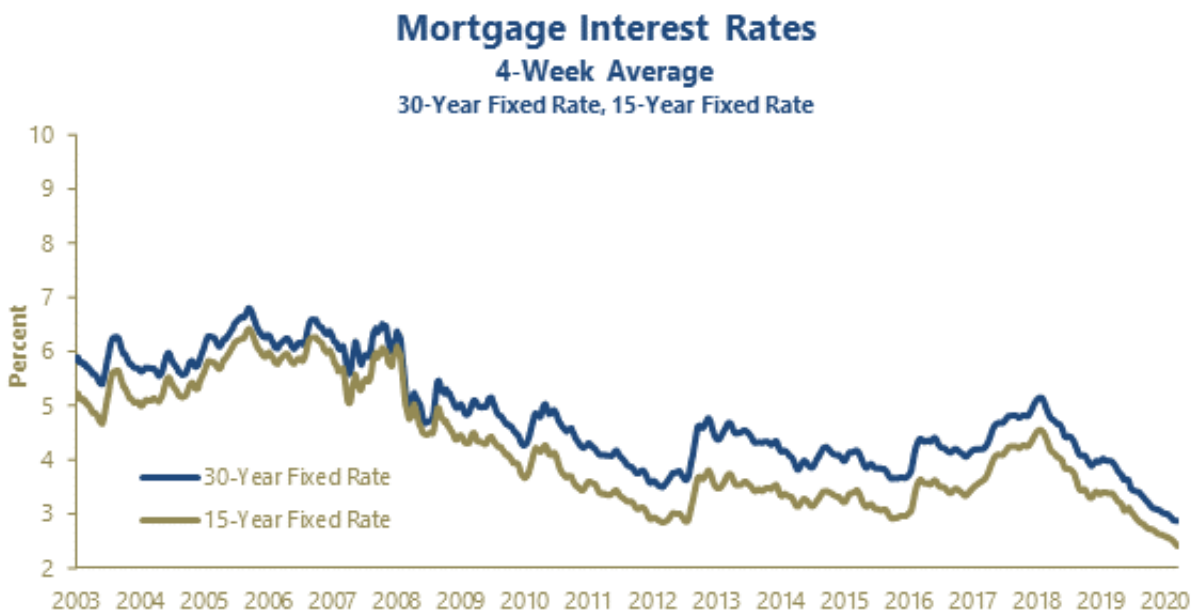
Contract Mortgage Rates were MIXED with the 30-year fixed rate increasing by 2 bps to 2.88% and the 15-year fixed rate declining by 1 bp to 2.39%.

Key findings of MBA's Forbearance and Call Volume Survey - December 28, 2020, to January 3, 2021

- Total loans in forbearance decreased by 7 basis points relative to the prior week: from 5.53% to 5.46%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.92% to 7.85%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 3.24% to 3.19%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 8.87% to 8.77%.
- By stage, 18.49% of total loans in forbearance are in the initial forbearance plan stage, while 79.85% are in a forbearance extension. The remaining 1.66% are forbearance re-entries
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) increased relative to the prior week from 0.06% to 0.07%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through January 3, 2021:
 - 29.1% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 25.1% resulted in a loan deferral/partial claim.
 - 15.9% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 13.3% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 7.4% resulted in loans paid off through either a refinance or by selling

the home.

- 7.4% resulted in a loan modification or trial loan modification.
- 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 4.7% to 7.2%.
 - Average speed to answer increased from 1.1 minutes to 2.7 minutes.
 - Abandonment rates increased from 3.7% to 7.0%.
 - Average call length increased from 7.7 minutes to 7.8 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of January 3, 2021:
 - Total: 5.46% (previous week: 5.53%)
 - IMBs: 5.92% (previous week: 6.01%)
 - Depositories: 5.39% (previous week: 5.44%)



Refinancing Index vs Mortgage Rate 4-Week Average



Purchase Index vs. Existing Home Sales



| | 8-Jan | 1-Jan | 25-Dec | 18-Dec | 11-Dec | 4-Dec | 27-Nov | 20-Nov | 13-Nov | 13 Wk Avg | Year Ago |
|----------------------------------|-------|-------|--------|--------|--------|-------|--------|--------|--------|-----------|----------|
| Market Index | 965.2 | 827.2 | 813.7 | 863.9 | 857.3 | 848.3 | 858.2 | 863.6 | 831.5 | 846.4 | 613.6 |
| Percent Change | 16.7 | 1.7 | -5.8 | 0.8 | 1.1 | -1.2 | -0.6 | 3.9 | -0.3 | 14.0 | 57.3 |
| <i>Non-seasonally Adj. % Chg</i> | 68.6 | 2.2 | -34.5 | 0.9 | | | | | | 20.3 | 61.8 |
| Purchase Index | 338.9 | 313.8 | 318.8 | 316.3 | 331.6 | 325.7 | 342.9 | 314.6 | 303.9 | 316.2 | 303.9 |
| Percent Change | 8.0 | -1.6 | 0.8 | -4.6 | 1.8 | -5.0 | 9.0 | 3.5 | 3.5 | 7.2 | 11.5 |
| Refinancing Index | 4,706 | 3,918 | 3,803 | 4,169 | 4,015 | 3,959 | 3,891 | 4,078 | 3,902 | 3,977 | 2,445 |
| Percent Change | 20.1 | 3.0 | -8.8 | 3.8 | 1.4 | 1.8 | -4.6 | 4.5 | -1.8 | 18.4 | 92.5 |
| Refinance % of Total | 74.8 | 73.5 | 72.9 | 74.8 | 72.7 | 72.0 | 69.5 | 71.1 | 69.8 | 71.0 | 62.9 |
| | 1.8 | 0.8 | -2.5 | 2.9 | 1.0 | 3.6 | -2.3 | 1.9 | -0.3 | 5.4 | 18.9 |
| % of ARMs | 1.6 | 1.7 | 2.0 | 1.9 | 1.8 | 1.7 | 1.8 | 1.9 | 1.9 | 1.9 | 4.5 |
| 30-Year Fixed Rate | 2.88 | 2.86 | 2.90 | 2.86 | 2.85 | 2.90 | 2.92 | 2.92 | 2.99 | 2.93 | 3.87 |
| 15-Year Fixed Rate | 2.39 | 2.40 | 2.42 | 2.43 | 2.49 | 2.51 | 2.53 | 2.51 | 2.59 | 2.51 | 3.30 |
| 5-Year ARM on 30-Year | 2.66 | 2.63 | 2.57 | 2.71 | 2.58 | 2.60 | 2.63 | 2.63 | 2.84 | 2.71 | 3.35 |

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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January 13, 2021

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