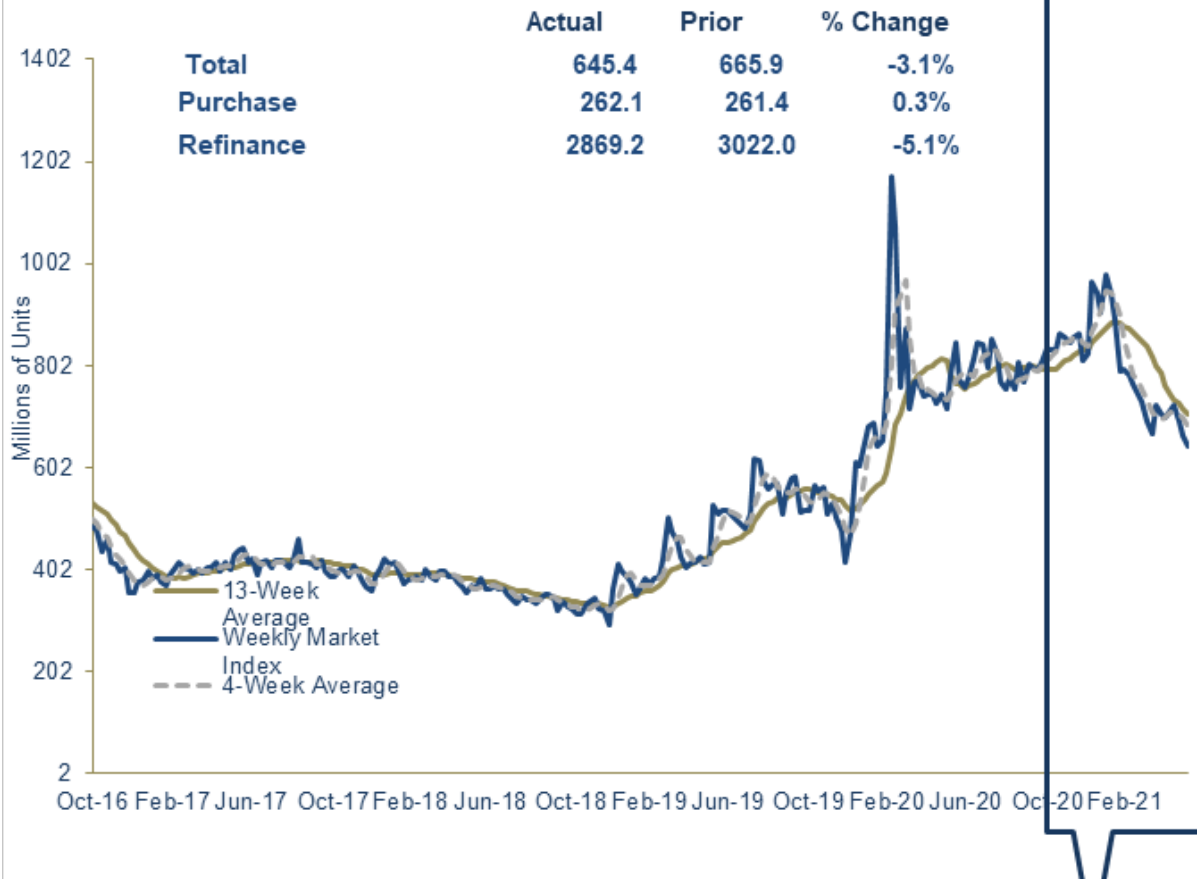


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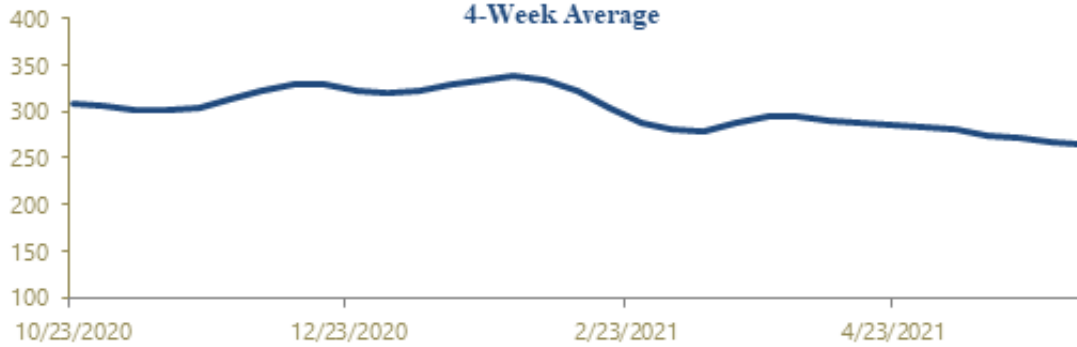
## **Mortgage Apps: Further Slowing But Rates Drop This Week**

**Bottom Line:** In the week that included the Memorial Day holiday, mortgage applications were down over 13% in unadjusted terms, down slightly over 3% adjusted for the holiday. Realtors reported average 30-year mortgage rates of 3.17%, up just a touch last week. That pushed refis down 5% seasonally adjusted. Purchases were nearly unchanged, seasonally adjusted. But both have been trending lower for several months now. That said, rates are falling this week. Fannie Mae's 60-day commitment rate was down 6bps since Friday to 2.41% this morning as mortgage spreads have widened modestly to Treasury yields. If rates can hold around these levels or move lower still, we could see 30-year mortgages push back towards 3%. That will make mortgage activity important to watch as the summer selling peaks in the coming weeks. For now, mortgage applications continue to offer early hints of slower housing activity after robust activity in 2020 and early this year.

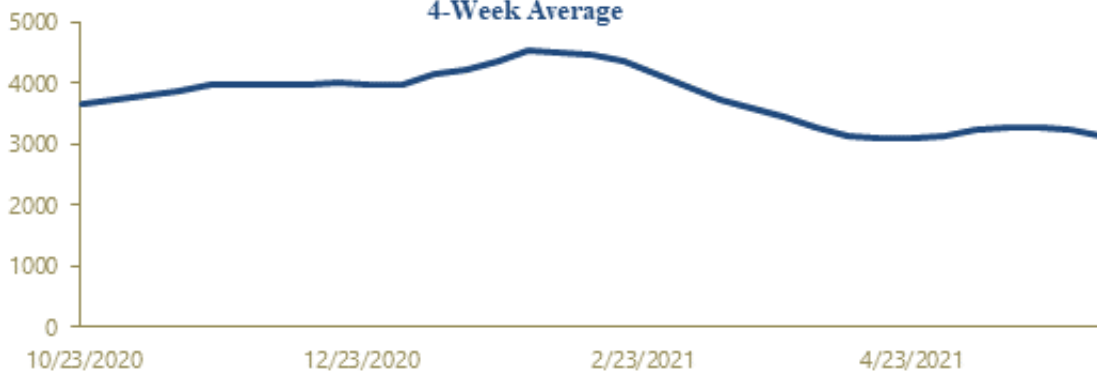
## Mortgage Applications



### Purchase Index 4-Week Average



### Refi Index 4-Week Average



**The MBA Mortgage Applications Index** FELL by 3.1% during the week ended June 4 to 645.4, moderately below its 13 week average of 706.3 and 17.7% BELOW its year-ago level.

**The Purchase Index** ROSE by 0.3% to 262.1, modestly below its 13 week average of 280.3 and 15.9% BELOW its year-ago level.

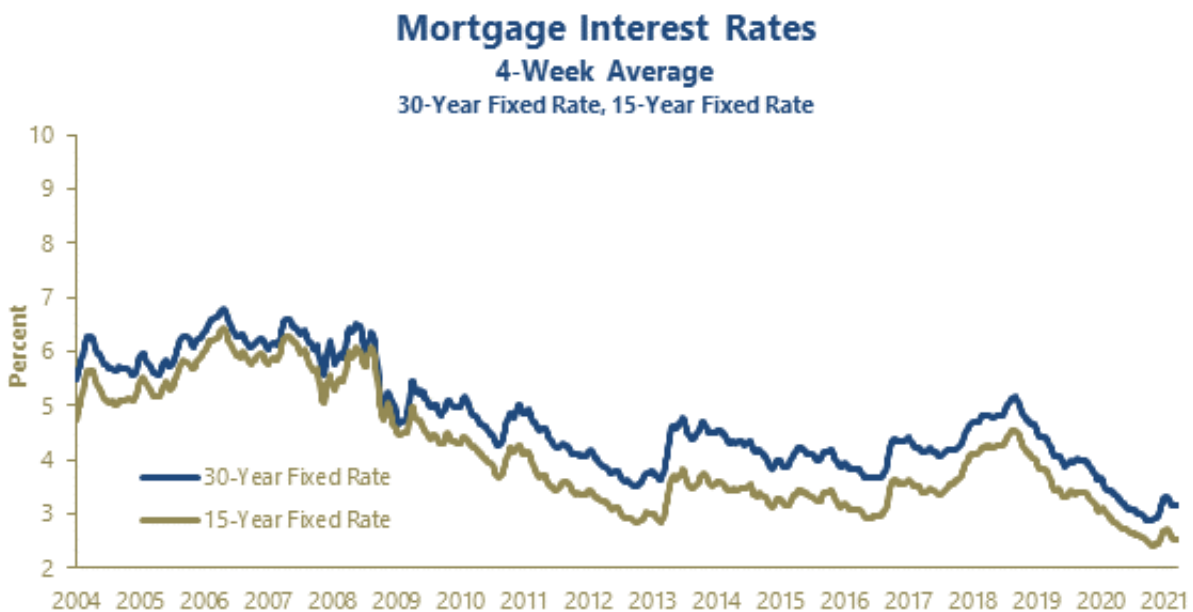
**The Refinance Index** FELL by 5.1% to 2,869. With this decline, refinancing activity is moderately below its 13 week average of 3,185 and 18.7% BELOW its year-ago level.

**Contract Mortgage Rates** FELL with the 30-year fixed rate declining by 2 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 - May 24 to May 30, 2021**

- Total loans in forbearance decreased by 2 basis points relative to the prior week: from 4.18% to 4.16%.
  - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 5.55% to 5.54%.
  - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 2.19% to 2.18%.
  - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 8.37% to 8.31%.
- By stage, 11.1% of total loans in forbearance are in the initial forbearance plan stage, while 83.2% are in a forbearance extension. The remaining 5.7% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) decreased relative to the prior week: from 0.05% to 0.04%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through May 30, 2021:
  - 27.4% resulted in a loan deferral/partial claim.
  - 24.6% represented borrowers who continued to make their monthly payments during their forbearance period.
  - 15.0% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
  - 14.0% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
  - 10.0% 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 stayed the same relative to the previous week at 6.5%.
  - Average speed to answer decreased from 1.3 minutes to 1.2 minutes.
  - Abandonment rates decreased from 4.1% to 3.8%.
  - Average call length rose from 7.7 minutes to 7.8 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of May 30, 2021:
  - Total: 4.16% (previous week: 4.18%)
  - IMBs: 4.34% (previous week: 4.36%)
  - Depositories: 4.33% (previous week: 4.34%)



## Purchase Index vs. Existing Home Sales



## Refinancing Index vs Mortgage Rate 4-Week Average



	4-Jun	28-May	21-May	14-May	7-May	30-Apr	23-Apr	16-Apr	9-Apr	13 Wk Avg	Year Ago
<b>Market Index</b>	<b>645.4</b>	<b>665.9</b>	<b>693.7</b>	<b>724.2</b>	<b>715.3</b>	<b>700.4</b>	<b>706.6</b>	<b>724.8</b>	<b>667.7</b>	<b>706.3</b>	<b>784.5</b>
Percent Change	-3.1	-4.0	-4.2	1.2	2.1	-0.9	-2.5	8.6	-3.7	-8.6	-17.7
Non-seasonally Adj. % Chg	-13.3	-4.6	-4.2	0.8						-17.5	-25.7
<b>Purchase Index</b>	<b>262.1</b>	<b>261.4</b>	<b>269.8</b>	<b>265.3</b>	<b>276.7</b>	<b>274.5</b>	<b>281.4</b>	<b>295.5</b>	<b>279.5</b>	<b>280.3</b>	<b>311.7</b>
Percent Change	0.3	-3.1	1.7	-4.1	0.8	-2.5	-4.8	5.7	-1.4	-6.5	-15.9
<b>Refinancing Index</b>	<b>2,869</b>	<b>3,022</b>	<b>3,169</b>	<b>3,413</b>	<b>3,281</b>	<b>3,189</b>	<b>3,185</b>	<b>3,220</b>	<b>2,917</b>	<b>3,185</b>	<b>3,529</b>
Percent Change	-5.1	-4.6	-7.2	4.0	2.9	0.1	-1.1	10.4	-5.0	-9.9	-18.7
<b>Refinance % of Total</b>	<b>60.4</b>	<b>61.3</b>	<b>61.4</b>	<b>63.3</b>	<b>61.3</b>	<b>61.0</b>	<b>60.6</b>	<b>60.0</b>	<b>59.2</b>	<b>61.0</b>	<b>61.3</b>
	-1.5	-0.2	-3.0	3.3	0.5	0.7	1.0	1.4	-1.8	-1.0	-1.5
<b>% of ARMs</b>	<b>3.9</b>	<b>3.7</b>	<b>4.0</b>	<b>3.9</b>	<b>3.8</b>	<b>3.9</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.1</b>
<b>30-Year Fixed Rate</b>	<b>3.15</b>	<b>3.17</b>	<b>3.18</b>	<b>3.15</b>	<b>3.11</b>	<b>3.18</b>	<b>3.17</b>	<b>3.20</b>	<b>3.27</b>	<b>3.22</b>	<b>3.38</b>
<b>15-Year Fixed Rate</b>	<b>2.52</b>	<b>2.56</b>	<b>2.53</b>	<b>2.54</b>	<b>2.49</b>	<b>2.54</b>	<b>2.55</b>	<b>2.65</b>	<b>2.67</b>	<b>2.61</b>	<b>2.83</b>
<b>5-Year ARM on 30-Year</b>	<b>2.54</b>	<b>2.54</b>	<b>2.81</b>	<b>2.58</b>	<b>2.57</b>	<b>2.76</b>	<b>2.59</b>	<b>2.67</b>	<b>2.60</b>	<b>2.70</b>	<b>3.02</b>

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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T.J. Connelly, Head of Research

June 9, 2021

Steven A. Wood, Senior Economic Adviser