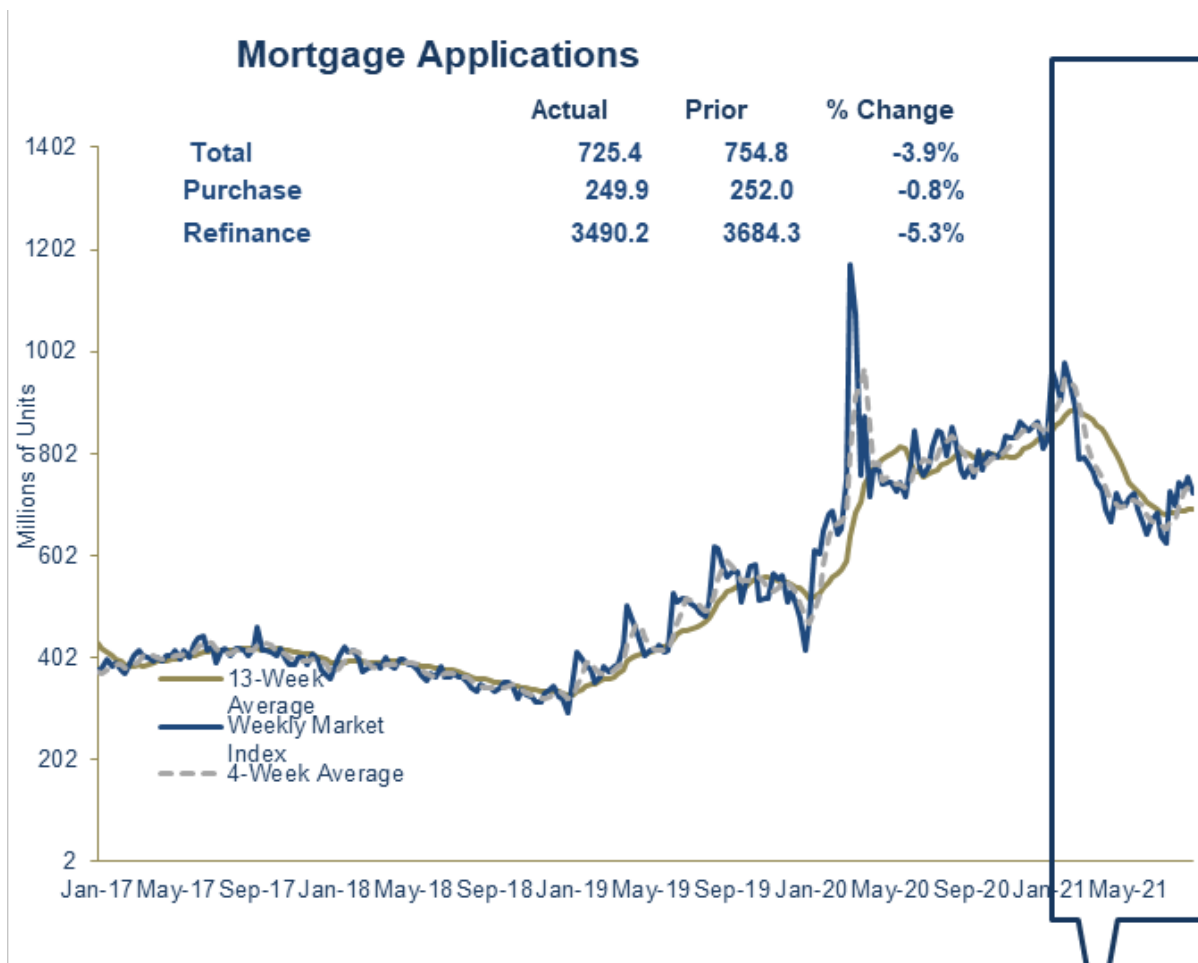
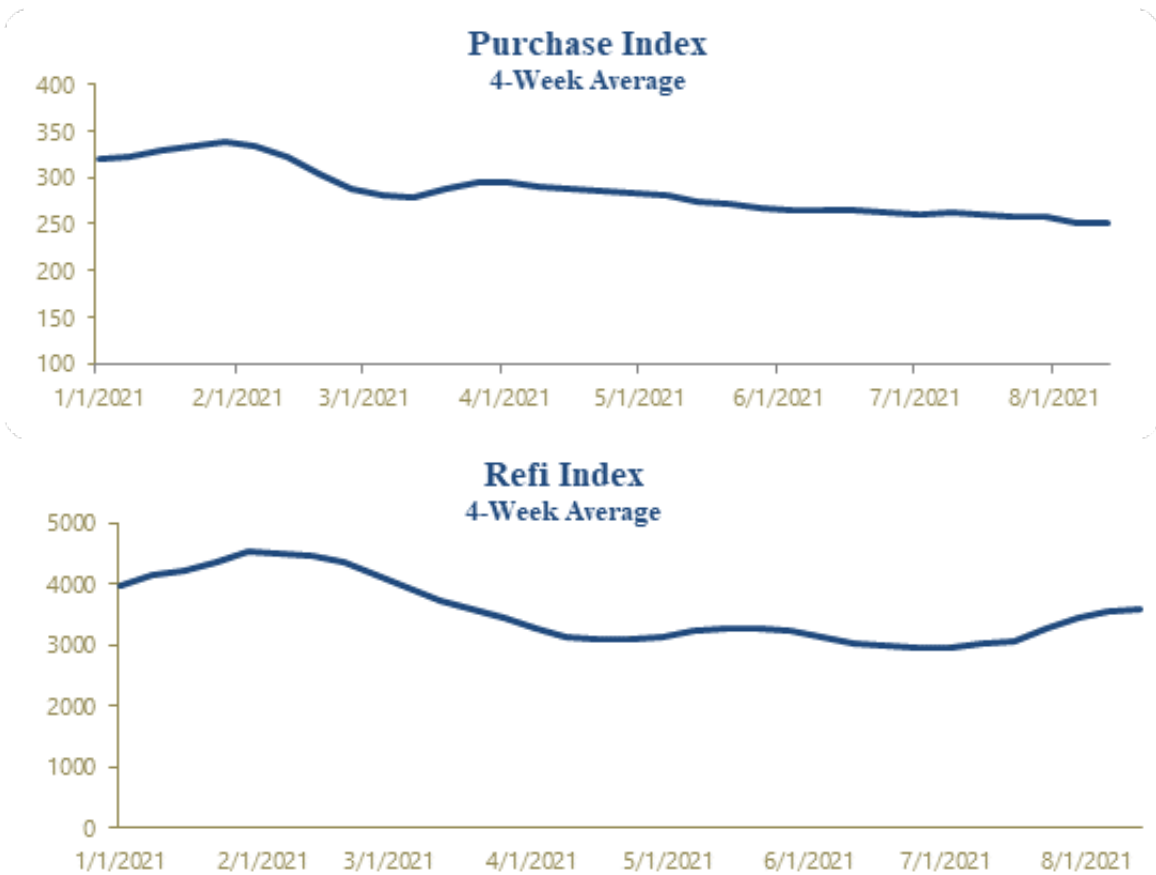


18.Aug.2021

## Mortgage Apps: Rates Edge Higher, Apps Stumble

**Bottom Line:** Mortgage applications saw only a modest increase when 30-year mortgage rates fell below 3% in late July. Last week saw rates over 3% again, and applications for both refis and purchases fell. Overall, the refi response was muted in the July and early August move to lower mortgage rates. Moreover, purchase application volumes remain modest, suggesting housing activity has cooled from its torrid pace (which we've largely seen confirmed by some of the more lagged data like housing starts and existing home sales).





**The MBA Mortgage Applications Index** FELL by 3.9% during the week ended August 13 to 725.4, modestly above its 13 week average of 693.6 but 12.0% BELOW its year-ago level.

**The Purchase Index** FELL by 0.8% to 249.9, modestly below its 13 week average of 258.9 and 19.1% BELOW its year-ago level.

**The Refinance Index** FELL by 5.3% to 3,490. With this decline, refinancing activity is moderately above its 13 week average of 3,219 but 8.4% BELOW its year-ago level.

**Contract Mortgage Rates** ROSE with the 30-year fixed rate increasing by 7 bps to 3.06% and the 15-year fixed rate increasing by 6 bps to 2.41%.

### Key findings of MBA's Forbearance and Call Volume Survey - August 2 to August 8, 2021

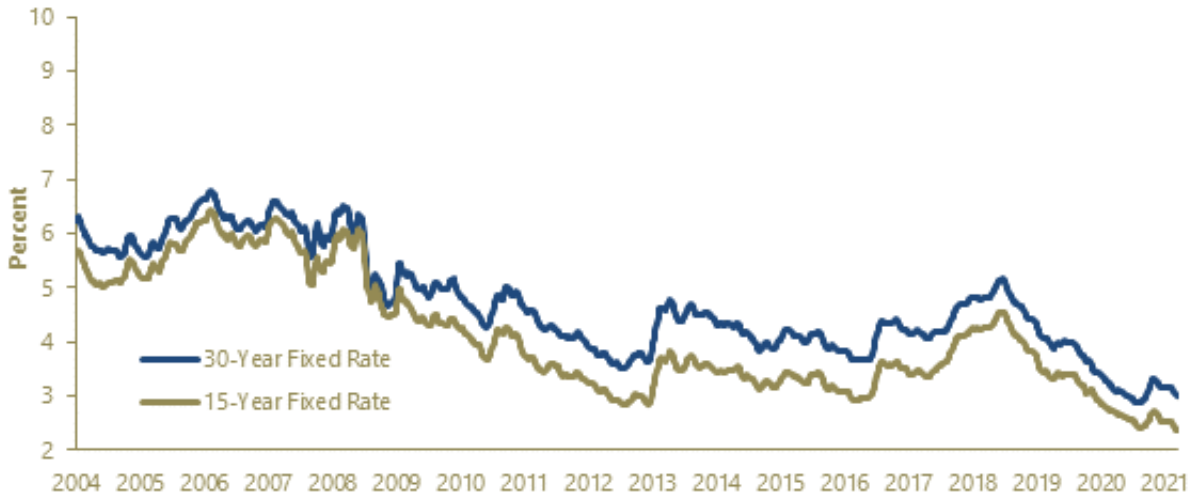
- Total loans in forbearance decreased by 14 basis points relative to the prior week: from 3.40% to 3.26%.
  - By investor type, the share of Ginnie Mae loans in forbearance

- decreased relative to the prior week: from 4.18% to 3.95%.
  - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 1.74% to 1.69%.
  - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 7.37% to 7.05%.
- By stage, 9.7% of total loans in forbearance are in the initial forbearance plan stage, while 82.8% are in a forbearance extension. The remaining 7.5% 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 0.06%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through August 8, 2021:
  - 28.2% resulted in a loan deferral/partial claim.
  - 22.7% represented borrowers who continued to make their monthly payments during their forbearance period.
  - 16.1% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
  - 13.2% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
  - 11.0% resulted in a loan modification or trial loan modification.
  - 7.4% 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 6.8% to 7.5%.
  - Average speed to answer increased from 0.9 minutes to 1.5 minutes.
  - Abandonment rates increased from 3.6% to 5.0%.
  - Average call length decreased from 7.9 minutes to 7.5 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of August 8, 2021:
  - Total: 3.26% (previous week: 3.40%)
  - IMBs: 3.46% (previous week: 3.63%)
  - Depositories: 3.36% (previous week: 3.49%)

## 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



|                                  | 13-Aug       | 6-Aug        | 30-Jul       | 23-Jul       | 16-Jul       | 9-Jul        | 2-Jul        | 25-Jun       | 18-Jun       | 13 Wk<br>Avg | Year<br>Ago  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Market Index</b>              | <b>725.4</b> | <b>754.8</b> | <b>734.3</b> | <b>747.0</b> | <b>698.3</b> | <b>727.5</b> | <b>627.0</b> | <b>638.8</b> | <b>686.4</b> | <b>693.6</b> | <b>824.5</b> |
| <b>Percent Change</b>            | <b>-3.9</b>  | <b>2.8</b>   | <b>-1.7</b>  | <b>7.0</b>   | <b>-4.0</b>  | <b>16.0</b>  | <b>-1.8</b>  | <b>-6.9</b>  | <b>2.1</b>   | <b>4.6</b>   | <b>-12.0</b> |
| <i>Non-seasonally Adj. % Chg</i> | <i>-4.3</i>  | <i>2.5</i>   | <i>-1.7</i>  | <i>6.8</i>   |              |              |              |              |              | <i>5.5</i>   | <i>-12.0</i> |
| <b>Purchase Index</b>            | <b>249.9</b> | <b>252.0</b> | <b>247.5</b> | <b>251.9</b> | <b>255.8</b> | <b>273.3</b> | <b>252.4</b> | <b>255.2</b> | <b>268.0</b> | <b>258.9</b> | <b>308.9</b> |
| <b>Percent Change</b>            | <b>-0.8</b>  | <b>1.8</b>   | <b>-1.7</b>  | <b>-1.5</b>  | <b>-6.4</b>  | <b>8.3</b>   | <b>-1.1</b>  | <b>-4.8</b>  | <b>0.6</b>   | <b>-3.5</b>  | <b>-19.1</b> |
| <b>Refinancing Index</b>         | <b>3,490</b> | <b>3,684</b> | <b>3,571</b> | <b>3,633</b> | <b>3,268</b> | <b>3,362</b> | <b>2,791</b> | <b>2,857</b> | <b>3,110</b> | <b>3,219</b> | <b>3,810</b> |
| <b>Percent Change</b>            | <b>-5.3</b>  | <b>3.2</b>   | <b>-1.7</b>  | <b>11.2</b>  | <b>-2.8</b>  | <b>20.4</b>  | <b>-2.3</b>  | <b>-8.2</b>  | <b>2.8</b>   | <b>8.4</b>   | <b>-8.4</b>  |
| <b>Refinance % of Total</b>      | <b>67.3</b>  | <b>68.0</b>  | <b>67.6</b>  | <b>67.5</b>  | <b>64.9</b>  | <b>64.1</b>  | <b>61.6</b>  | <b>61.9</b>  | <b>62.5</b>  | <b>63.9</b>  | <b>64.6</b>  |
|                                  | <b>-1.0</b>  | <b>0.6</b>   | <b>0.1</b>   | <b>4.0</b>   | <b>1.2</b>   | <b>4.1</b>   | <b>-0.5</b>  | <b>-1.0</b>  | <b>1.3</b>   | <b>5.4</b>   | <b>4.2</b>   |
| <b>% of ARMs</b>                 | <b>3.2</b>   | <b>3.2</b>   | <b>3.4</b>   | <b>3.5</b>   | <b>3.3</b>   | <b>3.5</b>   | <b>3.3</b>   | <b>3.6</b>   | <b>3.9</b>   | <b>3.6</b>   | <b>2.7</b>   |
| <b>30-Year Fixed Rate</b>        | <b>3.06</b>  | <b>2.99</b>  | <b>2.97</b>  | <b>3.01</b>  | <b>3.11</b>  | <b>3.09</b>  | <b>3.15</b>  | <b>3.20</b>  | <b>3.18</b>  | <b>3.11</b>  | <b>3.13</b>  |
| <b>15-Year Fixed Rate</b>        | <b>2.41</b>  | <b>2.35</b>  | <b>2.33</b>  | <b>2.36</b>  | <b>2.46</b>  | <b>2.48</b>  | <b>2.52</b>  | <b>2.56</b>  | <b>2.58</b>  | <b>2.47</b>  | <b>2.73</b>  |
| <b>5-Year ARM on 30-Year</b>     | <b>2.90</b>  | <b>2.52</b>  | <b>2.93</b>  | <b>2.81</b>  | <b>2.74</b>  | <b>3.02</b>  | <b>2.94</b>  | <b>2.98</b>  | <b>2.69</b>  | <b>2.78</b>  | <b>2.95</b>  |

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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August 18, 2021

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