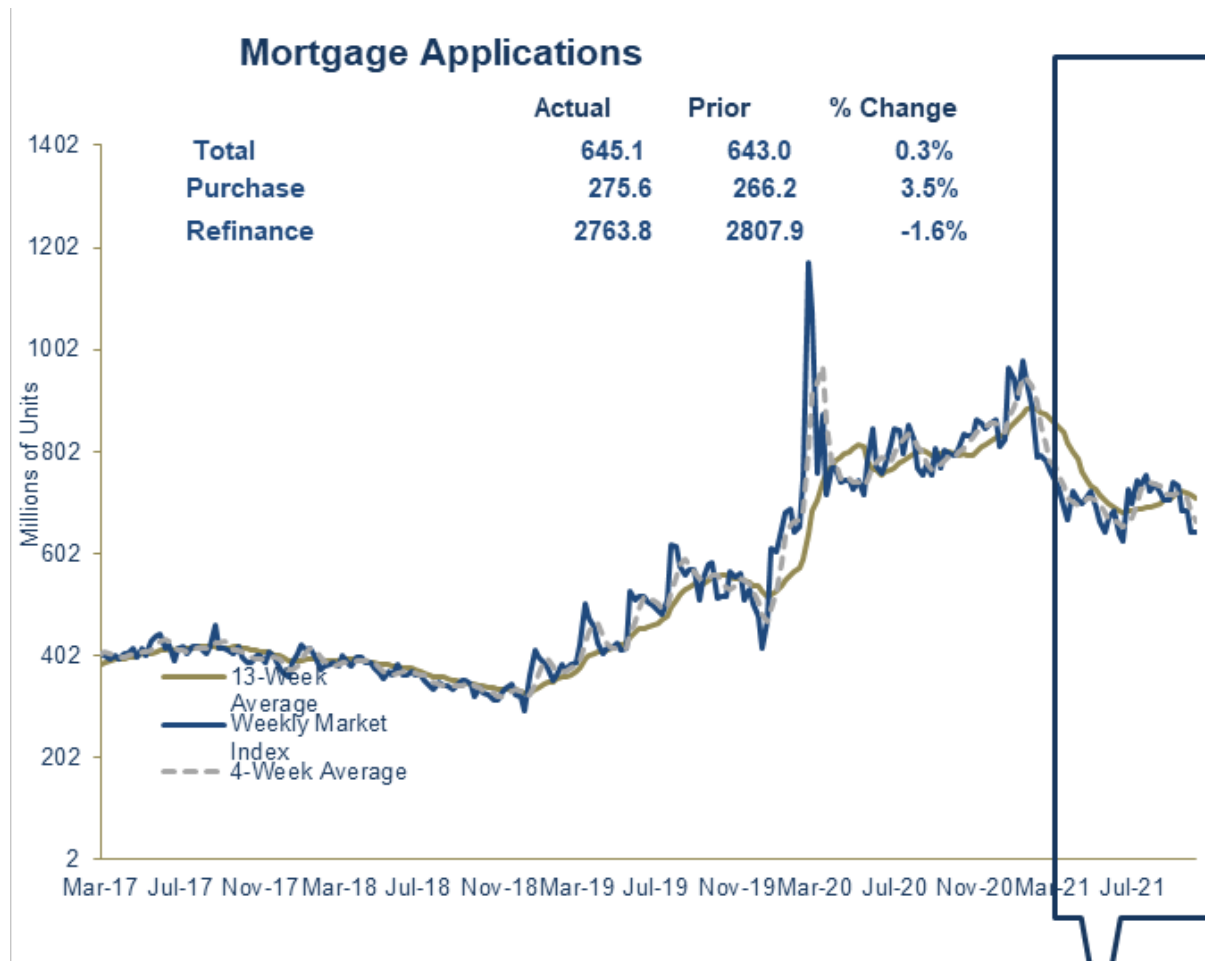


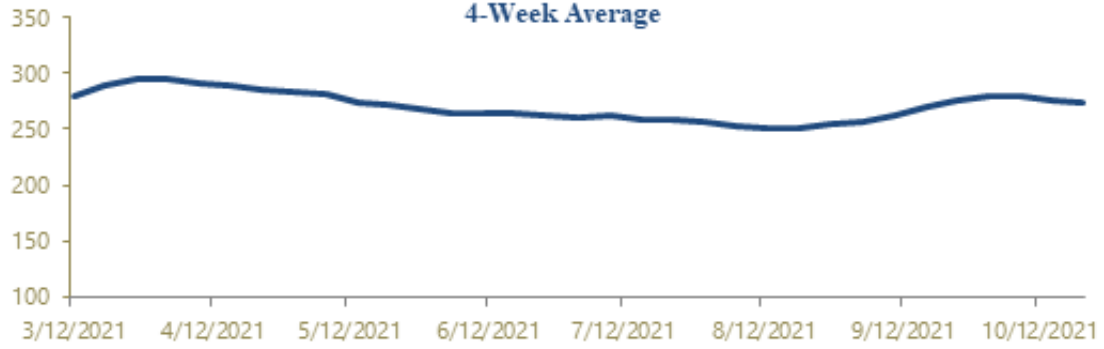
27.Oct.2021

Mortgage Apps: Slight Rebound, Buyers Still Showing Up

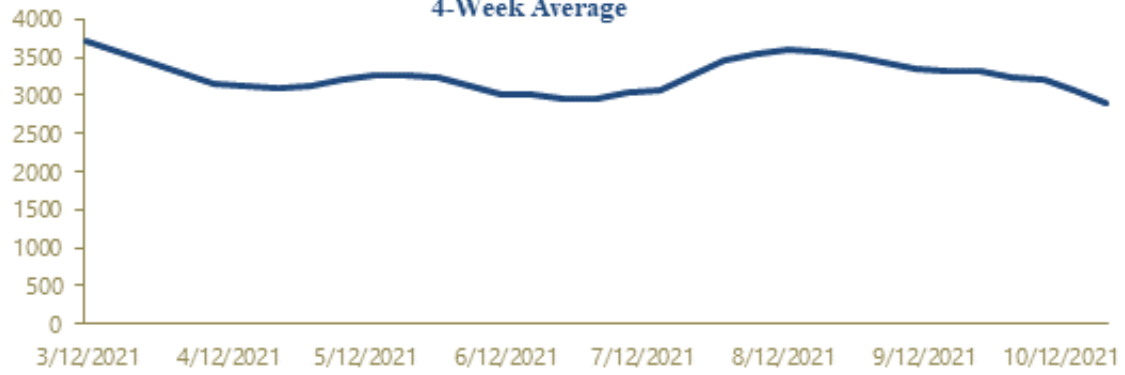
Bottom Line: Mortgage applications rebounded slightly after sharp declines earlier this month and late last. The purchase index rose as some buyers who had been on the sidelines appeared to lock-in rates with average 30-year fixed-rate mortgages averaging 3.30%, up from 3% in early August. Applications for refinancing continued to decline. Overall, the trend in rates has shifted, and the trend in applications for refis is lower. But the trend in purchase activity is still holding up, more mixed amid higher rates, but not declining yet. This bears close watching going forward as most housing data suggest demand remains robust, but supply and affordability remain a significant headwind for buyers.



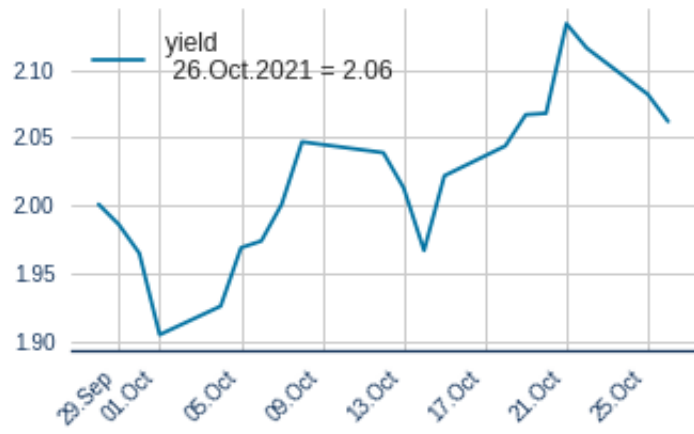
Purchase Index 4-Week Average



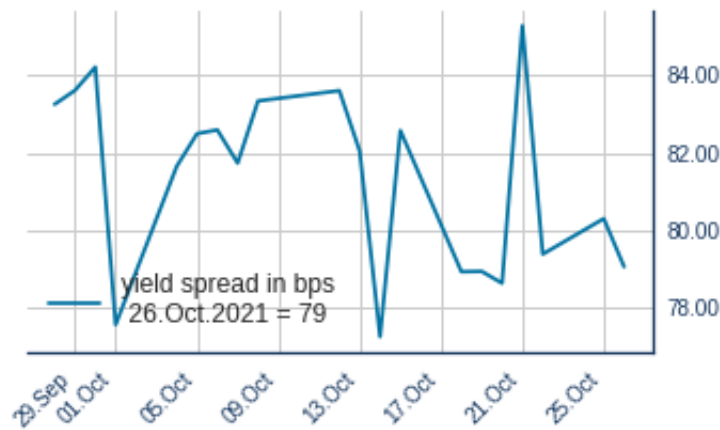
Refi Index 4-Week Average



MBS Current Coupon Yield



MBS Current Coupon spread to Blend of Treasury Yields



The MBA Mortgage Applications Index ROSE by 0.3% during the week ended October 22 to 645.1, moderately below its 13 week average of 709.3 and 20.1% BELOW its year-ago level.

The Purchase Index ROSE by 3.5% to 275.6, modestly above its 13 week average of 266.4 but 9.7% BELOW its year-ago level.

The Refinance Index FELL by 1.6% to 2,764. With this decline, refinancing activity is sharply below its 13 week average of 3,270 and 25.5% BELOW its year-ago level.

Contract Mortgage Rates ROSE with the 30-year fixed rate increasing by 7 bps to 3.30% and the 15-year fixed rate increasing by 5 bps to 2.59%.

Key findings of MBA's Forbearance and Call Volume Survey - October 11 to October 17, 2021

- Total loans in forbearance decreased by 7 basis points relative to the prior week: from 2.28% to 2.21%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 2.77% to 2.72%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 1.05% to 1.00%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 5.34% to 5.21%.
- By stage, 15.3% of total loans in forbearance are in the initial forbearance plan stage, while 74.8% are in a forbearance extension. The remaining 9.9% 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 October 17, 2021, at the time of forbearance exit:
 - 29.1% resulted in a loan deferral/partial claim.
 - 20.7% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 16.7% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 13.0% resulted in a loan modification or trial loan modification.
 - 12.1% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 7.1% resulted in loans paid off through either a refinance or by selling the home.
- The remaining 1.3% 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 7.4% to 7.7%.
 - Average speed to answer decreased from 2.6 minutes to 2.1 minutes.
 - Abandonment rates decreased from 6.0% to 5.7%.
- Average call length decreased from 8.3 minutes to 7.9 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of October 17, 2021:
 - Total: 2.21% (previous week: 2.28%)
 - IMBs: 2.49% (previous week: 2.57%)
 - Depositories: 2.11% (previous week: 2.16%)

MBA's latest Forbearance and Call Volume Survey covers the period from October 11 through October 17, 2021, and represents 73% of the first-mortgage servicing market (36.7 million loans).

source: Mortgage Banker's Association

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



	22-Oct	15-Oct	8-Oct	1-Oct	24-Sep	17-Sep	10-Sep	3-Sep	27-Aug	13 Wk Avg	Year Ago
Market Index	645.1	643.0	686.1	684.5	734.9	742.7	707.9	705.6	719.4	709.3	807.8
Percent Change	0.3	-6.3	0.2	-6.9	-1.1	4.9	0.3	-1.9	-2.4	-9.1	-20.1
Non-seasonally Adj. % Chg	0.2	-6.2	0.4	-6.9						-9.8	-20.1
Purchase Index	275.6	266.2	279.8	275.7	280.4	283.9	277.9	258.4	259.0	266.4	305.2
Percent Change	3.5	-4.9	1.5	-1.7	-1.2	2.2	7.5	-0.2	0.6	3.4	-9.7
Refinancing Index	2,764	2,808	3,023	3,038	3,360	3,391	3,186	3,292	3,386	3,270	3,712
Percent Change	-1.6	-7.1	-0.5	-9.6	-0.9	6.5	-3.2	-2.8	-3.8	-15.5	-25.5
Refinance % of Total	62.2	63.3	63.9	64.5	66.4	66.2	64.9	66.8	66.8	65.8	66.7
	-1.7	-0.9	-0.9	-2.9	0.3	2.0	-2.8	0.0	-0.7	-5.4	-6.7
% of ARMs	3.1	3.3	3.4	3.4	3.4	2.9	3.3	2.5	3.2	3.2	2.1
30-Year Fixed Rate	3.30	3.23	3.18	3.14	3.10	3.03	3.03	3.03	3.03	3.09	3.00
15-Year Fixed Rate	2.59	2.54	2.48	2.45	2.43	2.34	2.34	2.37	2.39	2.42	2.60
5-Year ARM on 30-Year	2.89	3.09	3.08	2.54	2.77	2.51	2.68	2.56	2.80	2.77	3.05

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

October 27, 2021

Steven A. Wood, Senior Economic Adviser