

05.Jan.2022

Mortgage Apps: Rates Near '21 Highs, Housing Trend Shift?

Bottom Line: Mortgage applications were lower in the year's final week. While seasonal adjustments are always tricky in the last two weeks of December, a potential trend shift was developing in December that bears watching as 2022 takes shape. Since September, applications for mortgage purchases had been resuming an uptrend after cooling following the initial shock of higher mortgage rates in the 1st Quarter of '21. But as mortgage rates rose again in December, closing the month near 3.50%, purchase volumes started to slow. Of course, refi volumes had already been in a significant downtrend and continued lower. Finally, spreads are pushing wider in the secondary market as the secondary mortgage rate marches higher. We are keeping a close eye on this as there are early hints that housing might be slowing -- but a change in the housing trend is not yet definitive.



The MBA Mortgage Application Index FELL -5.6% to 573.0, BELOW the 13-week average of 625.0 and -30.8% BELOW the year-ago level. Non-seasonally adjusted the index FELL -4.8%.

The Purchase Index FELL sharply , DOWN -10.2% to 277.0, BELOW the 13-week average of 287.0 and -11.6% BELOW the year-ago level.

The Refinancing Index FELL -2.5% to 2351.0, BELOW the 13-week average of 2601.0 and -40.0% BELOW the year-ago level.

The effective (adjusted for points paid) 30-year mortgage rate ROSE 5bps to 3.47%, ABOVE the 13-week average of 3.37% and 17bps ABOVE the year-ago level.

Purchase Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



MBA 30-yr Fixed Mortgage Effective Rate

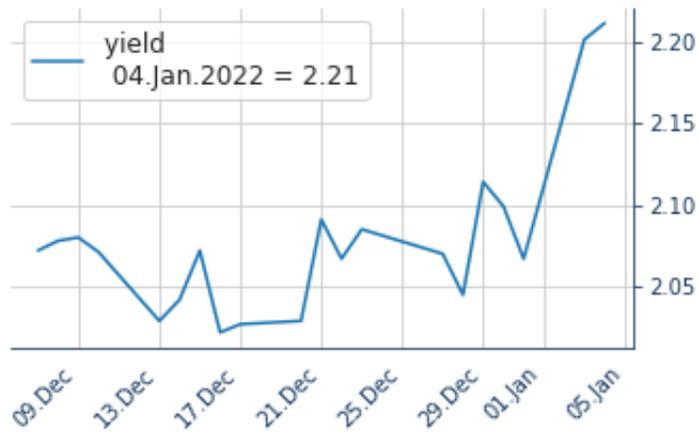


Recent Trends

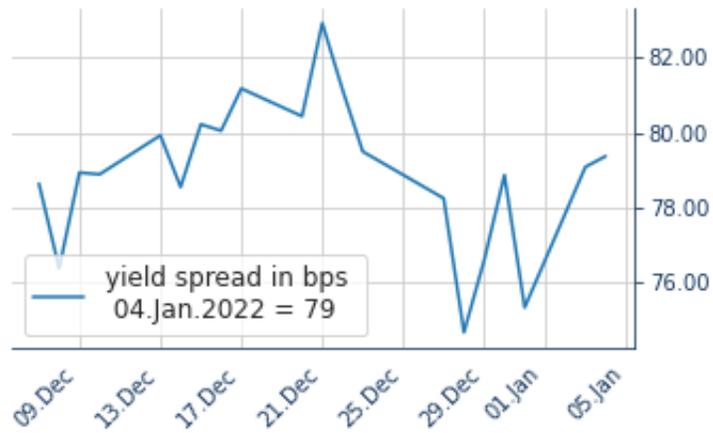
Contingent Macro Advisors 2021 source: MBA via Bloomberg



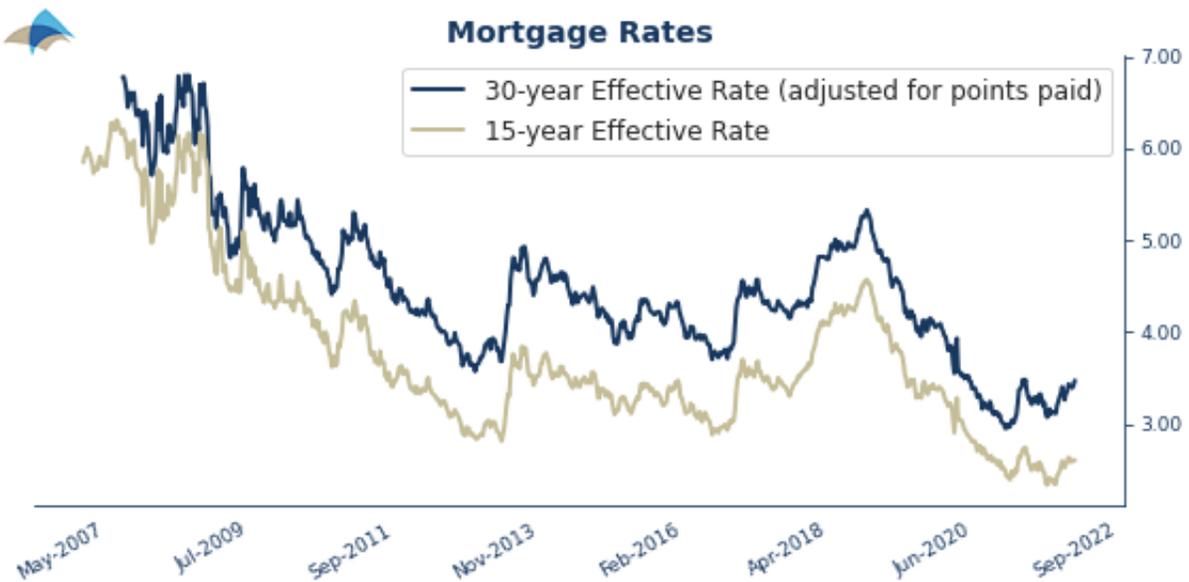
MBS Current Coupon Yield



MBS Current Coupon spread to Blend of Treasury Yields

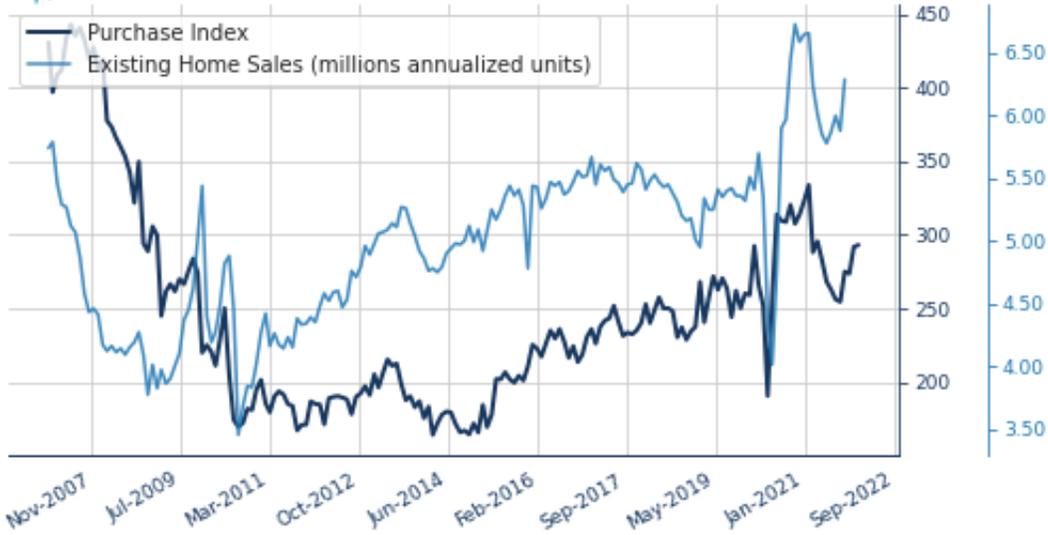


Mortgage Rates

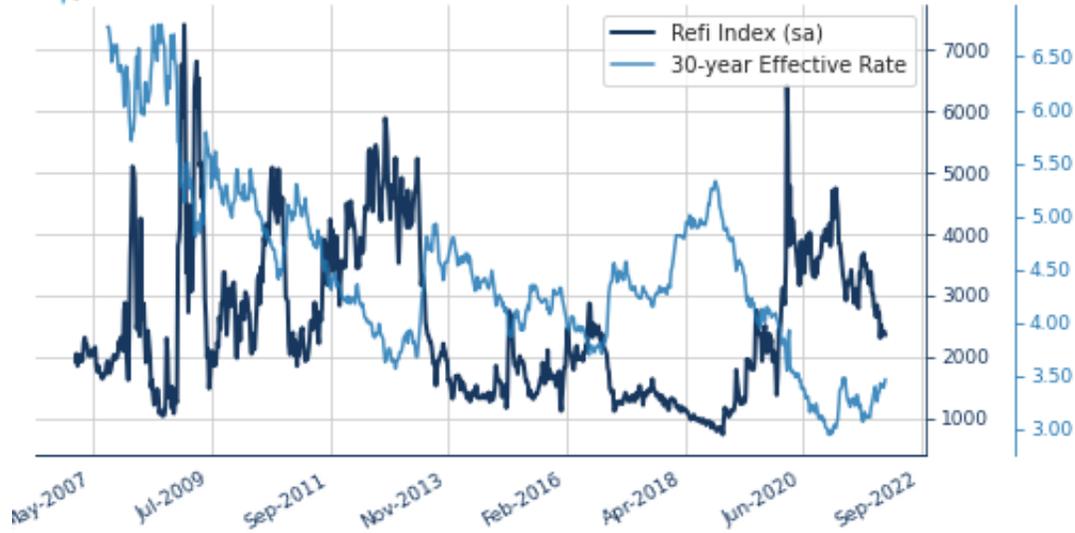




Purchase Index vs. Existing Home Sales



Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	31.Dec	24.Dec	17.Dec	10.Dec	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	572.80	607.10	588.40	591.70	595.28	638.38	625.22	718.38
Week % Chg	-5.60	3.20	-0.60	-4.00				
Total Apps NSA % Chg.	-4.82	-28.26	-0.79	-5.46				
Purchase Index	277.30	308.70	287.50	297.20	293.18	291.82	286.61	281.39
Purch. Idx - % Chg.	-10.17	7.37	-3.26	0.68				
Refinance Index	2351.30	2411.30	2402.70	2350.50	2405.46	2636.68	2601.05	3262.04
Refi. Idx - % Chg.	-2.49	0.36	2.22	-6.41				

Ref % Tot	65.40	63.90	65.20	63.30	64.34	62.23	63.22	64.51
MBA 30-yr Fixed Mortgage Effective Rate	3.47	3.42	3.39	3.41	3.42	3.34	3.37	3.26
MBA 30-yr Fixed Points	0.48	0.38	0.41	0.39	0.41	0.39	0.39	0.37
MBA 15-yr Fixed Mortgage Contract Rate	2.60	2.60	2.59	2.58	2.60	2.58	2.58	2.52
MBA 15-yr Fixed Mortgage Effective Rate	2.60	2.60	2.59	2.58	2.60	2.58	2.58	2.52
MBA 15-yr Fixed Points	0.31	0.29	0.32	0.34	0.31	0.34	0.32	0.32
MBA 5-yr ARM Effective Rate	2.45	2.74	2.79	2.75	2.74	2.80	2.83	2.76

source: Mortgage Banker Association via Bloomberg Professional