

06.Apr.2022

## **Mortgage Apps: Purchases Start Drop As Refis Continue Plunge**

**Bottom Line:** Mortgage rates pushed over 5% on the average 30-year fixed (adjusted for points paid), refis continued to decline sharply, and purchase applications dropped after holding up in prior weeks. Current coupon yields in the secondary market were modestly higher last week, hitting new cycle highs, but spreads to Treasuries held below their recent highs. MBS investors are still trying to assess extension risk, and spreads could still widen -- but for now, spreads are holding steady. Applications for refinancing continued to tumble last week, mostly with their historical correlation to mortgage rates. Purchase applications, meanwhile, had been holding up better than they had historically. But last week saw a decline that might mark the beginning of a new trend lower if mortgage rates hold over 5%.

## Total Applications Index



### Recent Trends

Contingent Macro Advisors 2022 source: MBA via Bloomberg



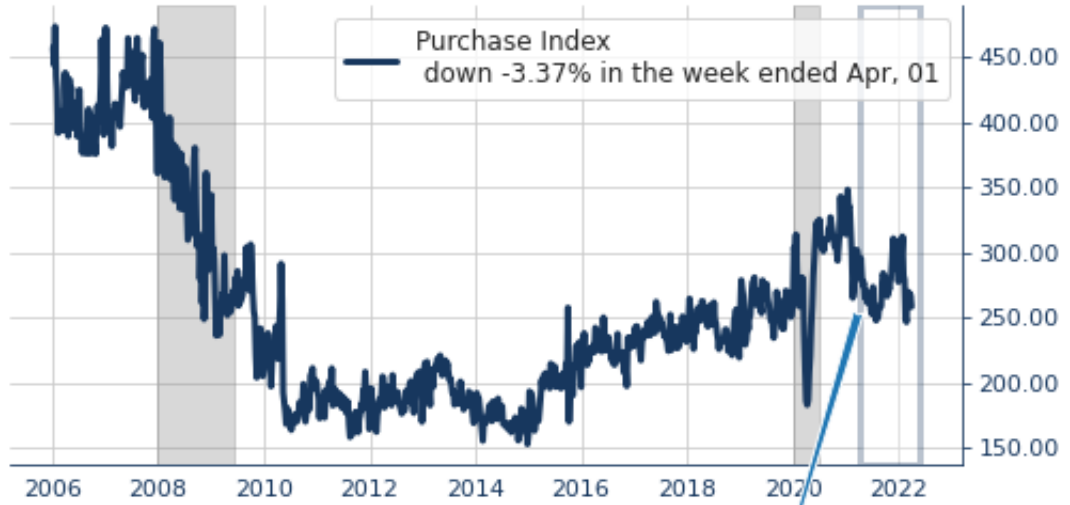
**The MBA Mortgage Application Index** FELL -6.3% to 398.0, BELOW the 13-week average of 512.0 and -42.5% BELOW the year-ago level. Non-seasonally adjusted the index FELL -5.7%.

**The Purchase Index** FELL -3.4% to 258.0, BELOW the 13-week average of 276.0 and -9.0% BELOW the year-ago level.

**The Refinancing Index** FELL sharply, DOWN -9.9% to 1166.0, BELOW the 13-week average of 1854.0 and -62.0% BELOW the year-ago level.

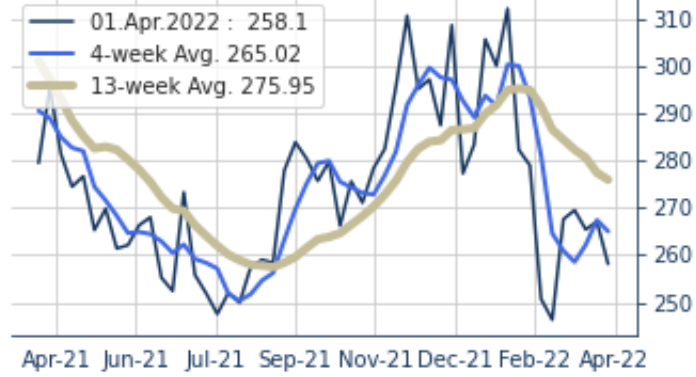
The effective (adjusted for points paid) **30-year mortgage rate** ROSE 10bps to 5.06%, ABOVE the 13-week average of 4.24% and 45bps ABOVE the year-ago level.

## Purchase Index

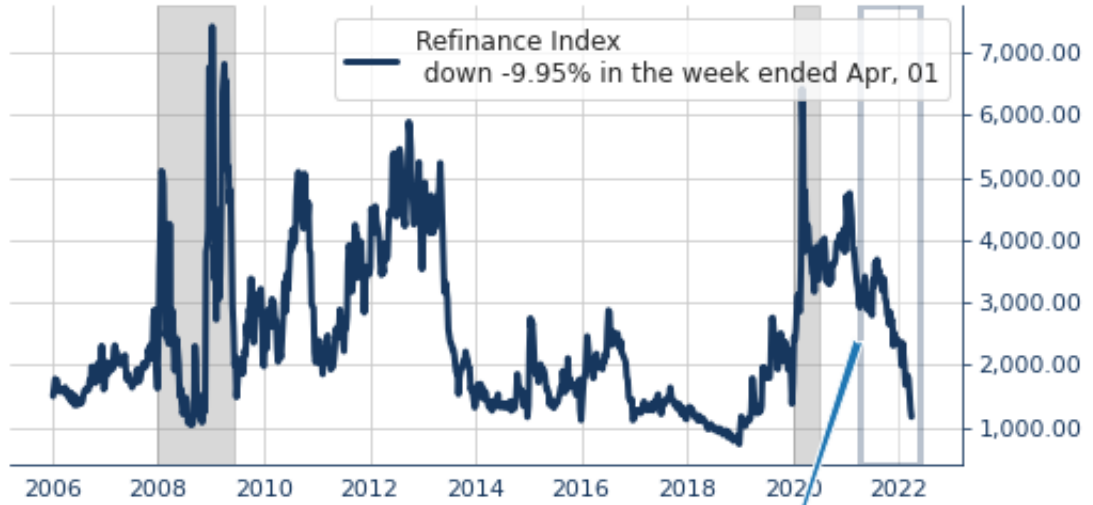


## Recent Trends

Contingent Macro Advisors 2022 source: MBA via Bloomberg



# Refinance Index



## Recent Trends

Contingent Macro Advisors 2022 source: MBA via Bloomberg

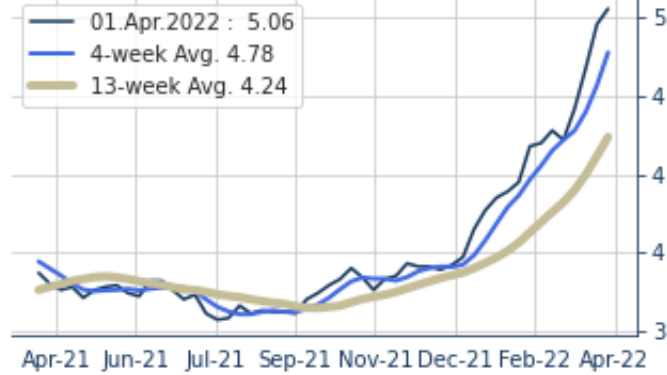


# MBA 30-yr Fixed Mortgage Effective Rate



## Recent Trends

Contingent Macro Advisors 2022 source: MBA via Bloomberg



# MBS Current Coupon Yield



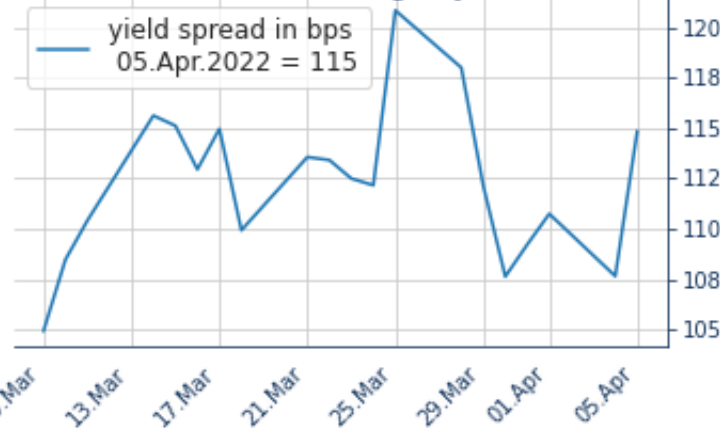
## last 20 trading days



## MBS Current Coupon spread to Blend of Treasury Yields



### last 20 trading days

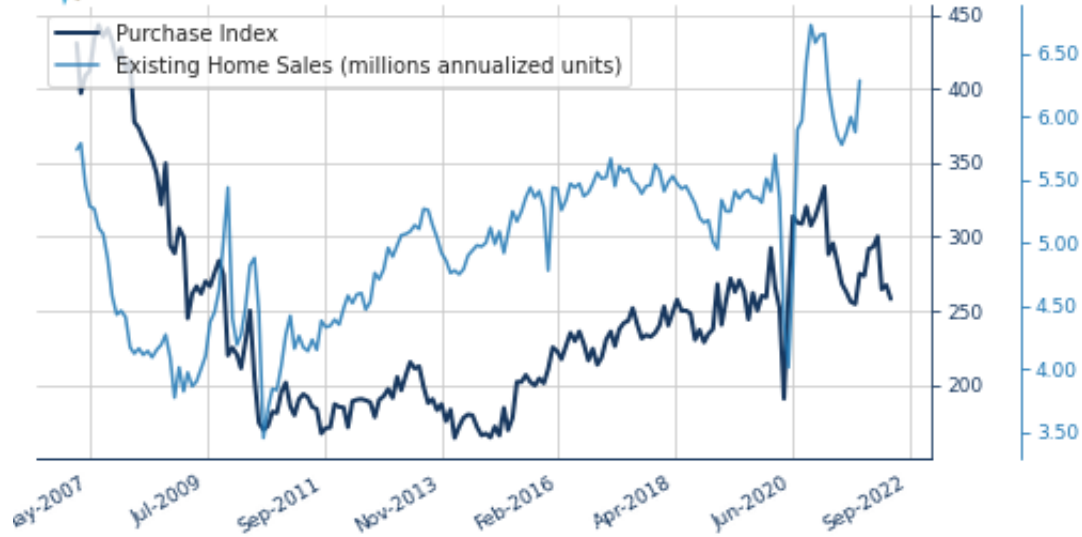


### Mortgage Rates

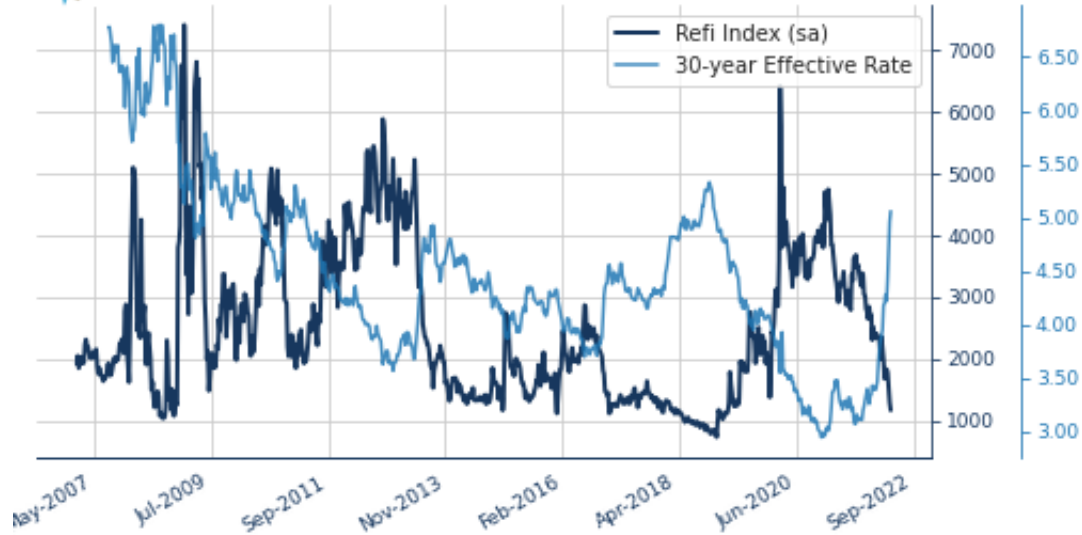




## Purchase Index vs. Existing Home Sales



## Refi Index vs. Mortgage Rate



Weekly MBA Mortgage Application Survey	01.Apr	25.Mar	18.Mar	11.Mar	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
<b>Total Applications Index</b>	<b>398.50</b>	<b>425.10</b>	<b>456.20</b>	<b>496.50</b>	<b>398.50</b>	<b>470.08</b>	<b>512.06</b>	<b>636.01</b>
<b>Week % Chg</b>	<b>-6.30</b>	<b>-6.80</b>	<b>-8.10</b>	<b>-1.20</b>				
<b>Total Apps NSA % Chg.</b>	<b>-5.74</b>	<b>-6.15</b>	<b>-7.54</b>	<b>-0.62</b>				
Purchase Index	258.10	267.10	265.40	269.50	258.10	267.40	275.95	273.93
Purch. Idx - % Chg.	-3.37	0.64	-1.52	0.71				
Refinance Index	1166.30	1295.10	1522.70	1778.30	1166.30	1606.45	1853.75	2733.50
Refi. Idx - % Chg.	-9.95	-14.95	-14.37	-2.81				



Ref % Tot	38.80	40.60	44.80	48.40	38.80	45.82	51.43	60.56
MBA 30-yr Fixed Mortgage Effective Rate	5.06	4.96	4.68	4.42	5.06	4.57	4.24	3.51
MBA 30-yr Fixed Points	0.53	0.56	0.59	0.54	0.53	0.53	0.47	0.39
MBA 15-yr Fixed Mortgage Contract Rate	4.11	4.01	3.76	3.55	4.11	3.68	3.38	2.73
MBA 15-yr Fixed Mortgage Effective Rate	4.11	4.01	3.76	3.55	4.11	3.68	3.38	2.73
MBA 15-yr Fixed Points	0.53	0.55	0.55	0.46	0.53	0.51	0.46	0.34
MBA 5-yr ARM Effective Rate	3.82	3.70	3.39	3.36	3.82	3.46	3.32	2.89

source: Mortgage Banker Association via Bloomberg Professional