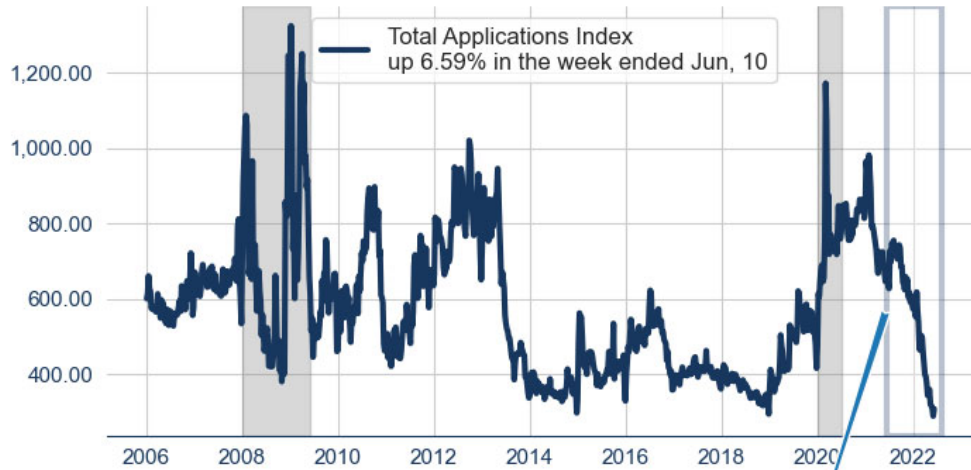


15.Jun.2022

## **Mortgage Apps: Increase Barely Registers As Rates Soar**

**Bottom Line:** Mortgage applications rose last week, mostly catch-up after a holiday-shortened the prior week. While notable given the record moves in mortgage rates last week, the uptick still barely shows up on a trend basis. Applications for refinancing sit near record lows as the vast majority of mortgage borrowers enjoy rates some 250+ basis points below current rates. And purchase volumes have mostly dried up with the surge in mortgage rates. Last week's surge was particularly notable and likely hasn't been fully felt in the primary market. Secondary mortgage rates were up over 75bps in just two weeks. Finally, 5/1 ARM volumes have trended higher this year as borrowers seek to keep payments lower (5/1s have averaged 130bps below 30-year fixed) but have turned lower in the last two weeks. We are keeping a close eye on this as a potential signal that even the last bit of demand for homes might be waning.

## Total Applications Index



### Recent Trends



**The MBA Mortgage Application Index** ROSE 6.6% to 307.0, BELOW the 13-week average of 357.0 and -54.3% BELOW the year-ago level. Non-seasonally adjusted the index ROSE sharply , UP 17.0%.

**The Purchase Index** ROSE sharply , UP 8.1% to 225.0, BELOW the 13-week average of 242.0 and -15.5% BELOW the year-ago level.

**The Refinancing Index** ROSE 3.7% to 736.0, BELOW the 13-week average of 978.0 and -75.7% BELOW the year-ago level.

The effective (adjusted for points paid) **30-year mortgage rate** ROSE sharply , UP 29bps to 5.86%, ABOVE the 13-week average of 5.42% and 82bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 38.0 bps last week , closing at 4.46%, and were up 46.0 bps this week through Tuesday.

# 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

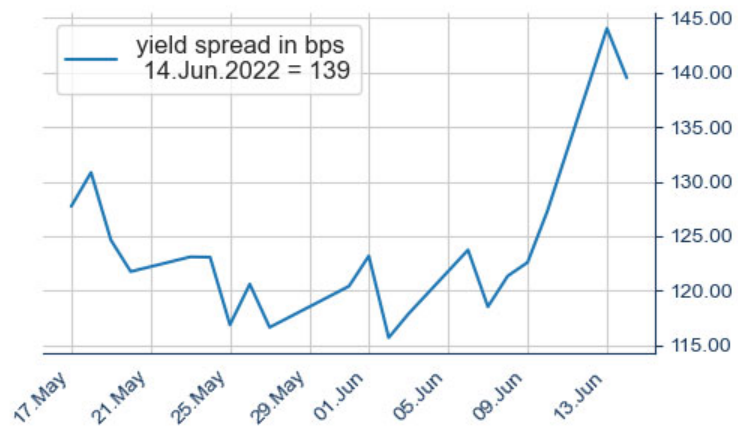
Contingent Macro Advisors 2021 source: MBA via Bloomberg



### MBS Current Coupon spread to Blend of Treasury Yields



last 20 trading days

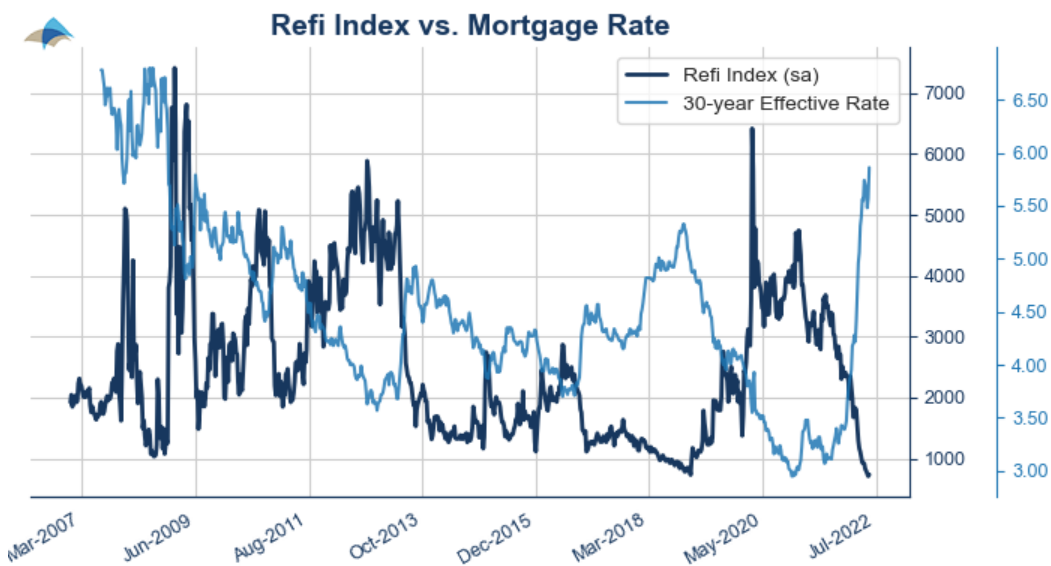
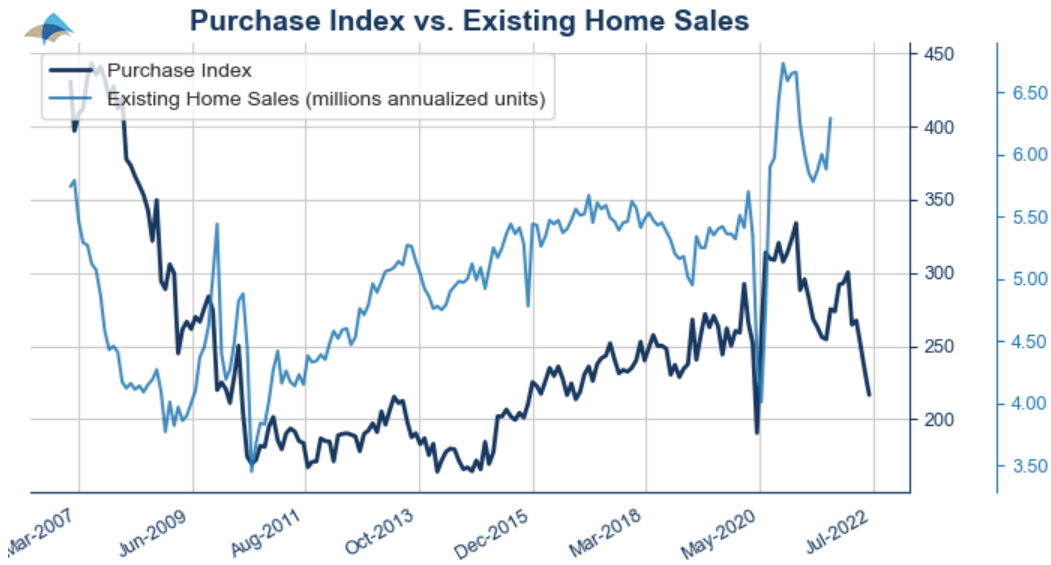


### MBS Current Coupon Yield



### Mortgage Rates





Weekly MBA Mortgage Application Survey	10.Jun	03.Jun	27.May	20.May	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
<b>Total Applications Index</b>	<b>307.40</b>	<b>288.40</b>	<b>308.30</b>	<b>315.50</b>	<b>297.90</b>	<b>325.52</b>	<b>356.93</b>	<b>567.63</b>
<b>Week % Chg</b>	<b>6.60</b>	<b>-6.50</b>	<b>-2.30</b>	<b>-1.20</b>				
<b>Total Apps NSA % Chg.</b>	<b>17.04</b>	<b>-16.92</b>	<b>-3.14</b>	<b>-1.69</b>				
Purchase Index	225.00	208.20	224.10	225.50	216.60	232.50	242.21	266.73
Purch. Idx - % Chg.	8.07	-7.10	-0.62	0.22				
Refinance Index	735.50	709.50	751.60	794.90	722.50	821.75	977.79	2299.57
Refi. Idx - % Chg.	3.66	-5.60	-5.45	-3.87				
Ref % Tot	31.70	32.20	31.50	32.30	31.95	32.30	35.31	55.26
MBA 30-yr Fixed Mortgage Effective Rate	5.86	5.57	5.48	5.64	5.71	5.64	5.42	3.95



Weekly MBA Mortgage Application Survey	10.Jun	03.Jun	27.May	20.May	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
MBA 30-yr Fixed Points	0.71	0.60	0.51	0.60	0.66	0.65	0.63	0.45
MBA 15-yr Fixed Mortgage Contract Rate	4.79	4.62	4.59	4.72	4.71	4.71	4.48	3.13
MBA 15-yr Fixed Mortgage Effective Rate	4.79	4.62	4.59	4.72	4.71	4.71	4.48	3.13
MBA 15-yr Fixed Points	0.80	0.65	0.63	0.70	0.73	0.74	0.69	0.42
MBA 5-yr ARM Effective Rate	4.57	4.51	4.46	4.49	4.54	4.46	4.19	3.22

source: Mortgage Banker Association via Bloomberg Professional

*Recent Economic Reports*