

28.Sep.2022

Mortgage Apps: Rates Push Towards 7%

Bottom Line: Mortgage rates hit 6.85% for the average 30-year fixed-rate last week and were over 7% in many cases this week as secondary market mortgage yields rose even more than Treasuries. Pending home sales in August confirmed what was foretold by the mortgage purchase application data, dropping further. The refi index hit another new low last week. **Overall, the trend in mortgage applications suggests that the slowdown in housing continued throughout September. Refis are all but dead for now, and it appears that purchase application volume will fall towards levels seen in 2015, possibly hitting record lows later this year.**

Total Applications Index



Recent Trends



The MBA Mortgage Application Index FELL -3.7% to 255.0, BELOW the 13-week average of 274.0 and -65.3% BELOW the year-ago level. Non-seasonally adjusted the index FELL -4.3%.

The Purchase Index was nearly unchanged, DOWN -0.4% to 199.0, BELOW the 13-week average of 207.0 and -28.9% BELOW the year-ago level.

The Refinancing Index FELL sharply , DOWN -10.9% to 524.0, BELOW the 13-week average of 611.0 and -84.4% BELOW the year-ago level.

The effective (adjusted for points paid) 30-year mortgage rate ROSE sharply , UP 41bps to 6.86%, ABOVE the 13-week average of 6.02% and 114bps ABOVE the year-ago level.

Current coupon yields in the secondary market were up 42.0 bps last week , closing at 5.49%, and were up 26.0 bps this week through Tuesday.

Purchase Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg

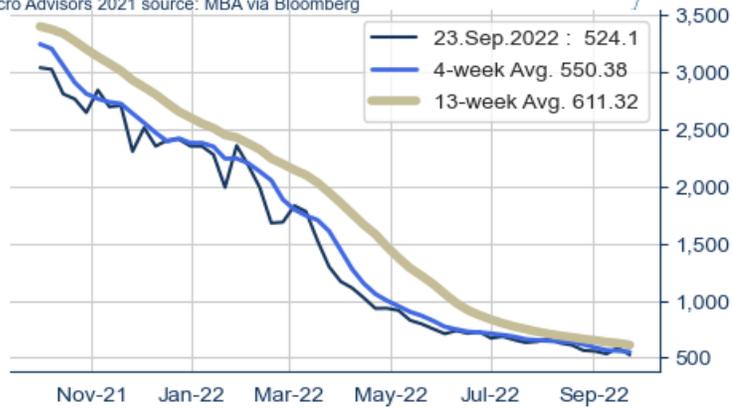


Refinance Index



Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



MBA 30-yr Fixed Mortgage Effective Rate

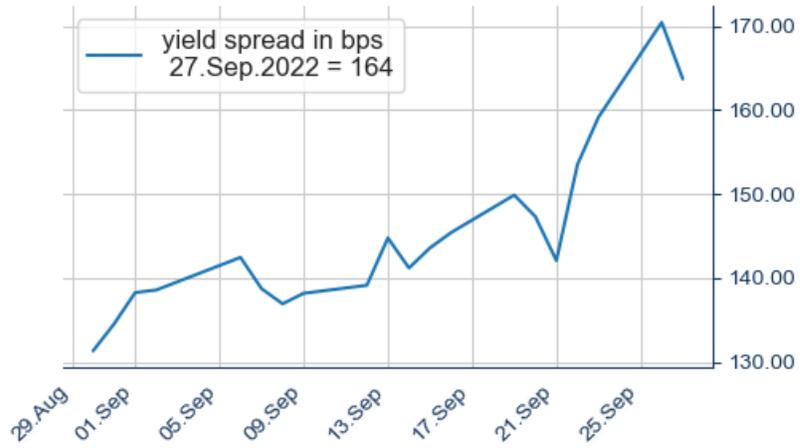


Recent Trends

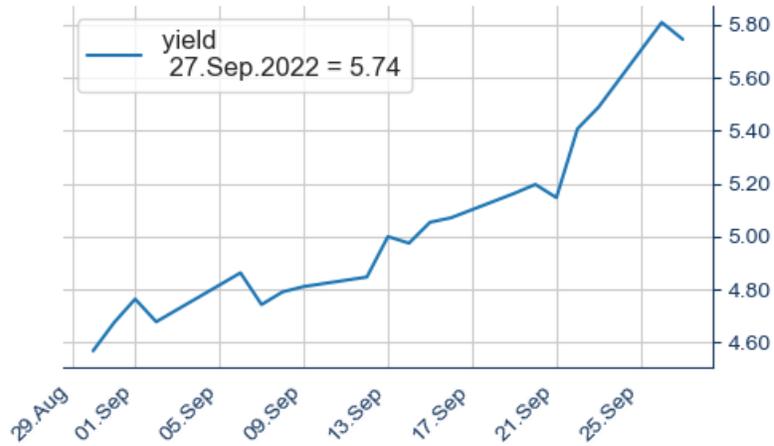
Contingent Macro Advisors 2021 source: MBA via Bloomberg



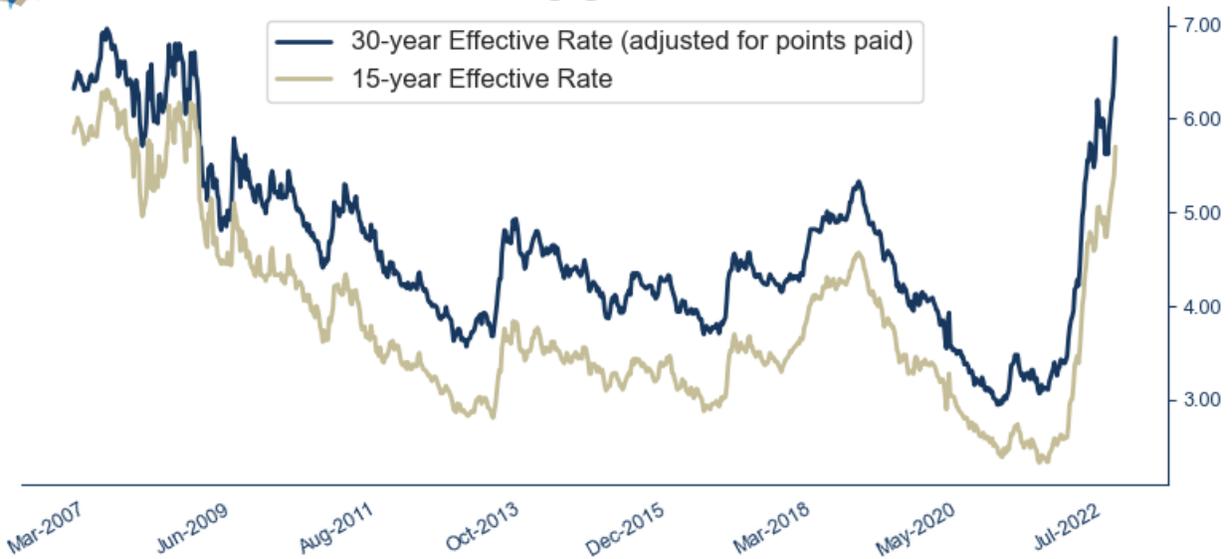
MBS Current Coupon spread to Blend of Treasury Yields



MBS Current Coupon Yield



Mortgage Rates





Weekly MBA Mortgage Application Survey	23.Sep	16.Sep	09.Sep	02.Sep	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
Total Applications Index	254.80	264.70	255.00	258.10	258.15	270.83	273.65	442.89
Week % Chg	-3.70	3.80	-1.20	-0.80				
Total Apps NSA % Chg.	-4.27	14.18	-12.38	-2.44				
Purchase Index	199.30	200.10	198.10	197.80	198.82	202.78	206.62	252.29
Purch. Idx - % Chg.	-0.40	1.01	0.15	-0.65				
Refinance Index	524.10	588.10	532.90	556.40	550.38	615.58	611.32	1520.44
Refi. Idx - % Chg.	-10.88	10.36	-4.22	-1.08				
Ref % Tot	30.20	32.50	30.20	30.70	30.90	31.15	30.88	45.22

MBA 30-yr Fixed Mortgage Effective Rate	6.86	6.45	6.23	6.17	6.43	5.80	6.02	4.78
MBA 30-yr Fixed Points	1.15	0.71	0.76	0.79	0.85	0.69	0.72	0.55
MBA 15-yr Fixed Mortgage Contract Rate	5.70	5.40	5.30	5.23	5.41	4.93	5.06	3.89
MBA 15-yr Fixed Mortgage Effective Rate	5.70	5.40	5.30	5.23	5.41	4.93	5.06	3.89
MBA 15-yr Fixed Points	1.33	1.06	0.89	0.86	1.04	0.73	0.81	0.57
MBA 5-yr ARM Effective Rate	5.30	5.14	4.83	4.81	5.02	4.66	4.76	3.80
% of ARMs	10.40	9.10	9.10	8.50	9.28	7.35	8.66	6.46
% of \$ARMs	19.60	17.70	17.40	16.50	17.80	14.93	16.59	13.50

source: Mortgage Banker Association via Bloomberg Professional