

Economic and Mortgage Market Outlook

March 2020

Presented by:

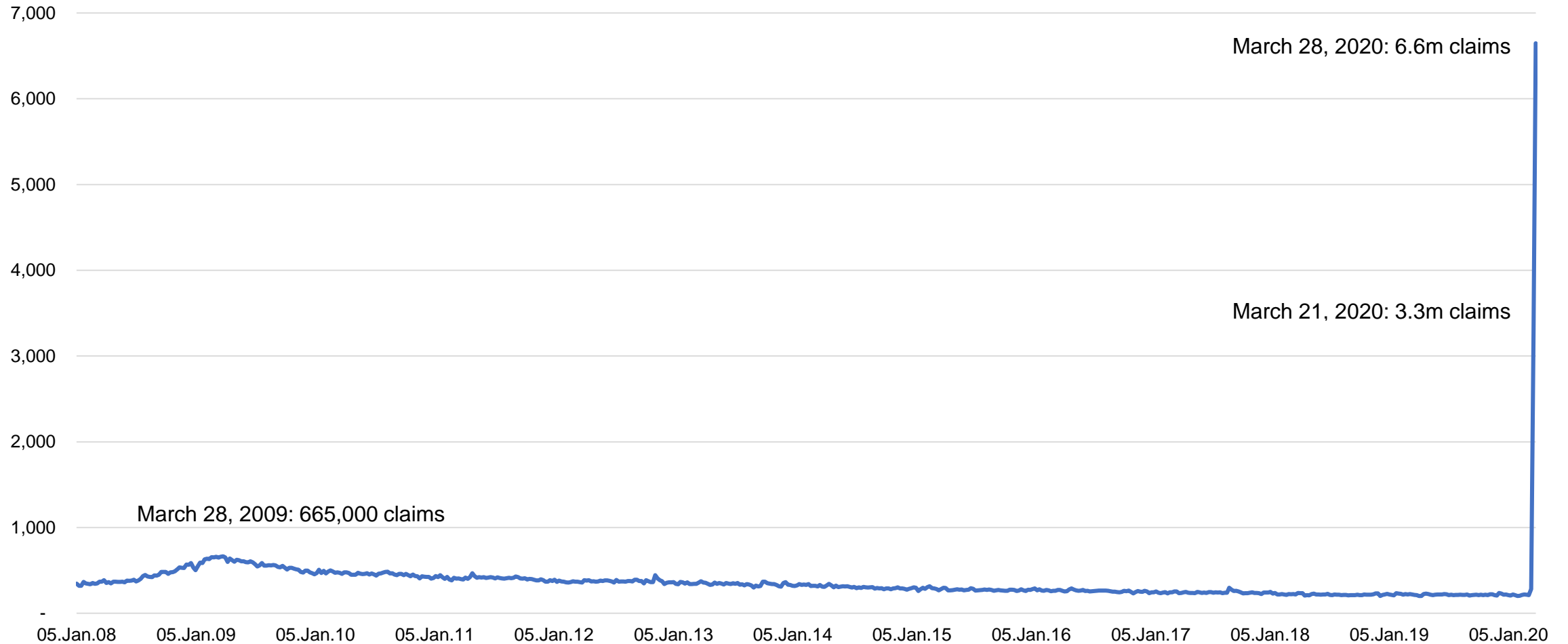
Mike Fratantoni

Mortgage Bankers Association

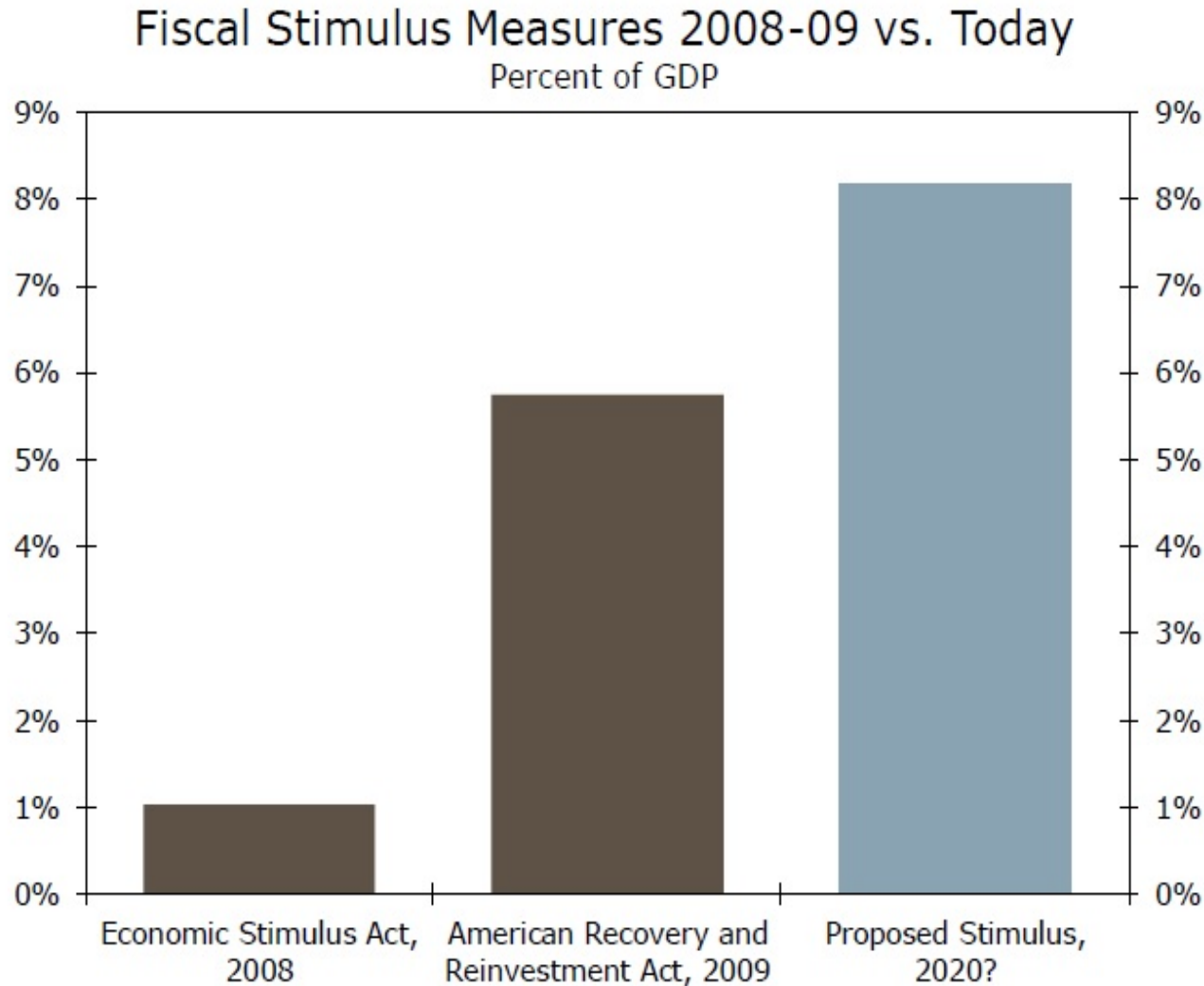
MBA[®]

Unemployment Claims at Unprecedented Level

Unemployment Insurance: Initial Claims
Seasonally adjusted, 000s



Substantial Stimulus Bill



Includes:

Liquidity Facility: \$454 billion for loans, loan guarantees, and investments in programs or facilities established by the Federal Reserve for the purposes of providing liquidity to the financial system that supports lending to eligible businesses, states, or municipalities.

Consumer Right to Request Forbearance: Applies to federally backed mortgage loans (Fannie/Freddie/FHA/VA/USDA) for those directly or indirectly impacted by the COVID-19 virus

Multifamily Mortgage Forbearance

Moratorium on Evictions

Small-Business Assistance

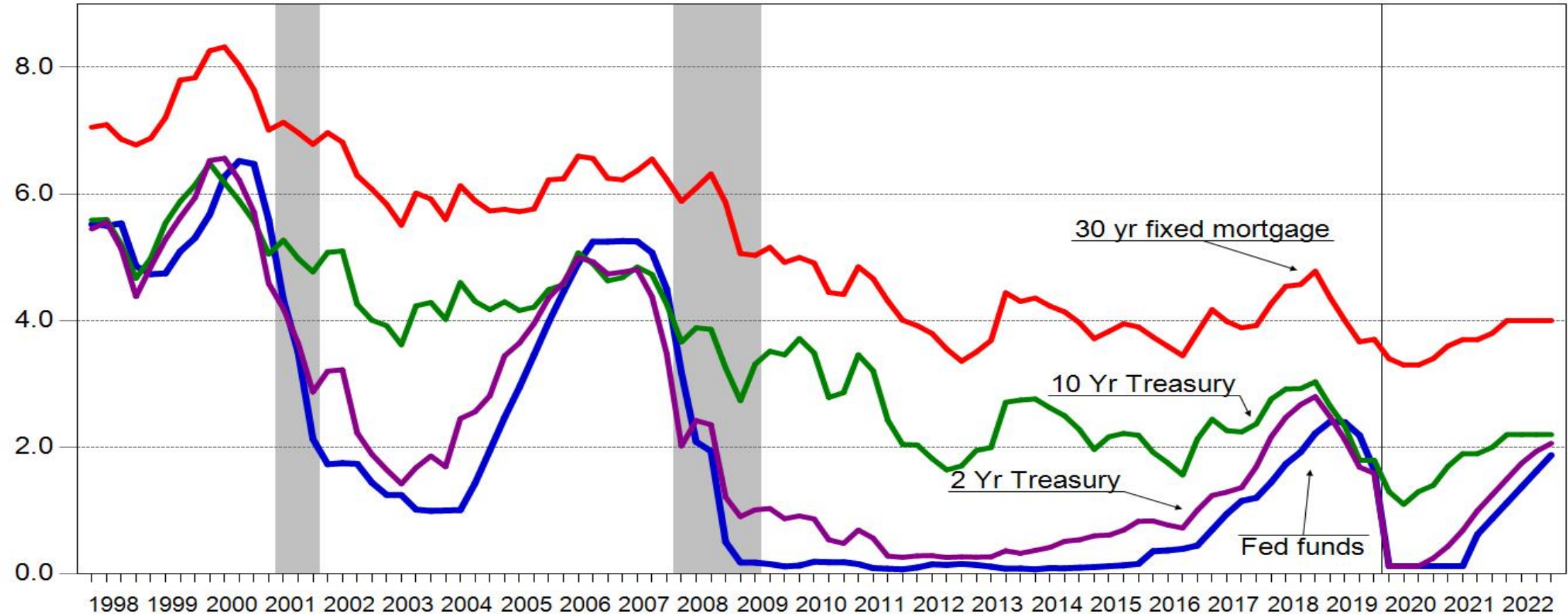
More details:

<https://mba-pa.informz.net/informzdataservice/onlineversion/ind/bWFpbGluZ2luc3RhbmNlaWQ9Nzg2MjYyOCZzdWJzY3JpYmVyaWQ9OTEyMDU0MzY0>

Fed Cuts To Zero Lower Bound – Then Holds Through 2021

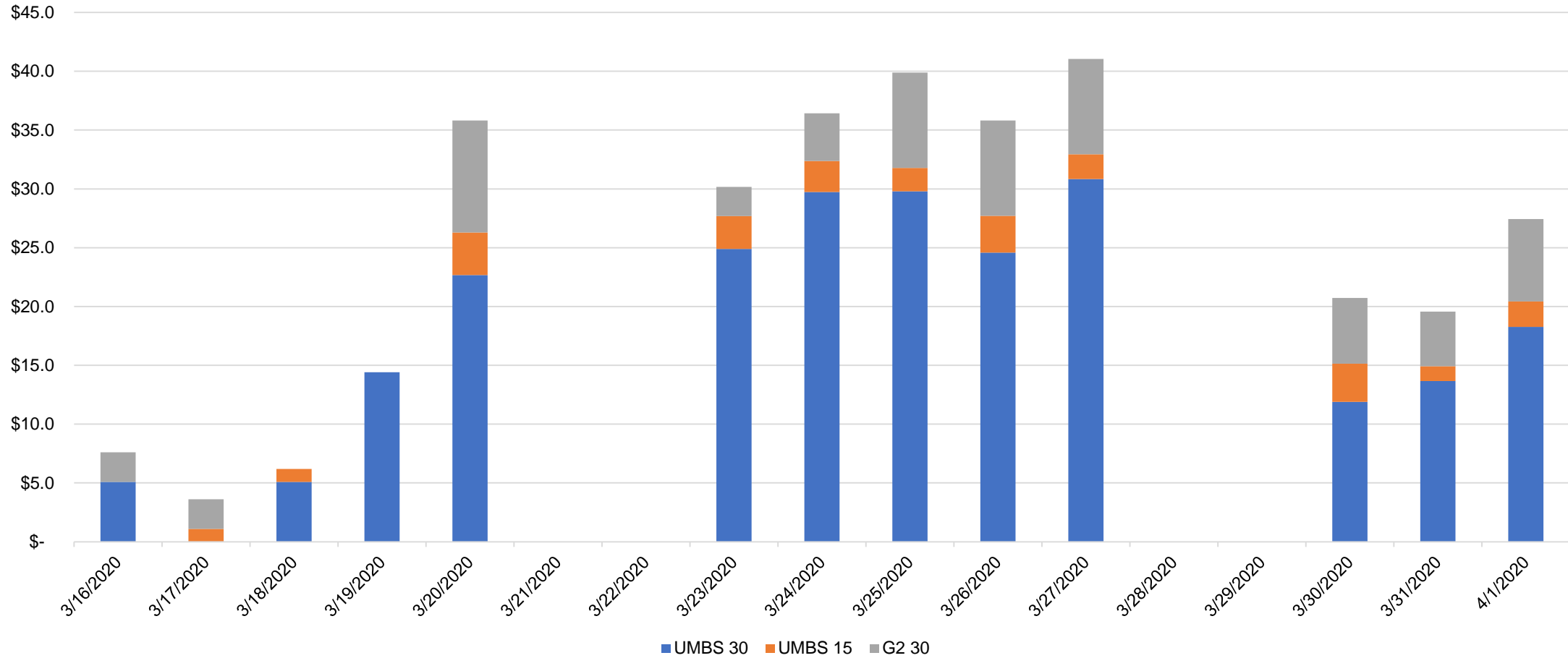
Rate History and Forecast

Percent



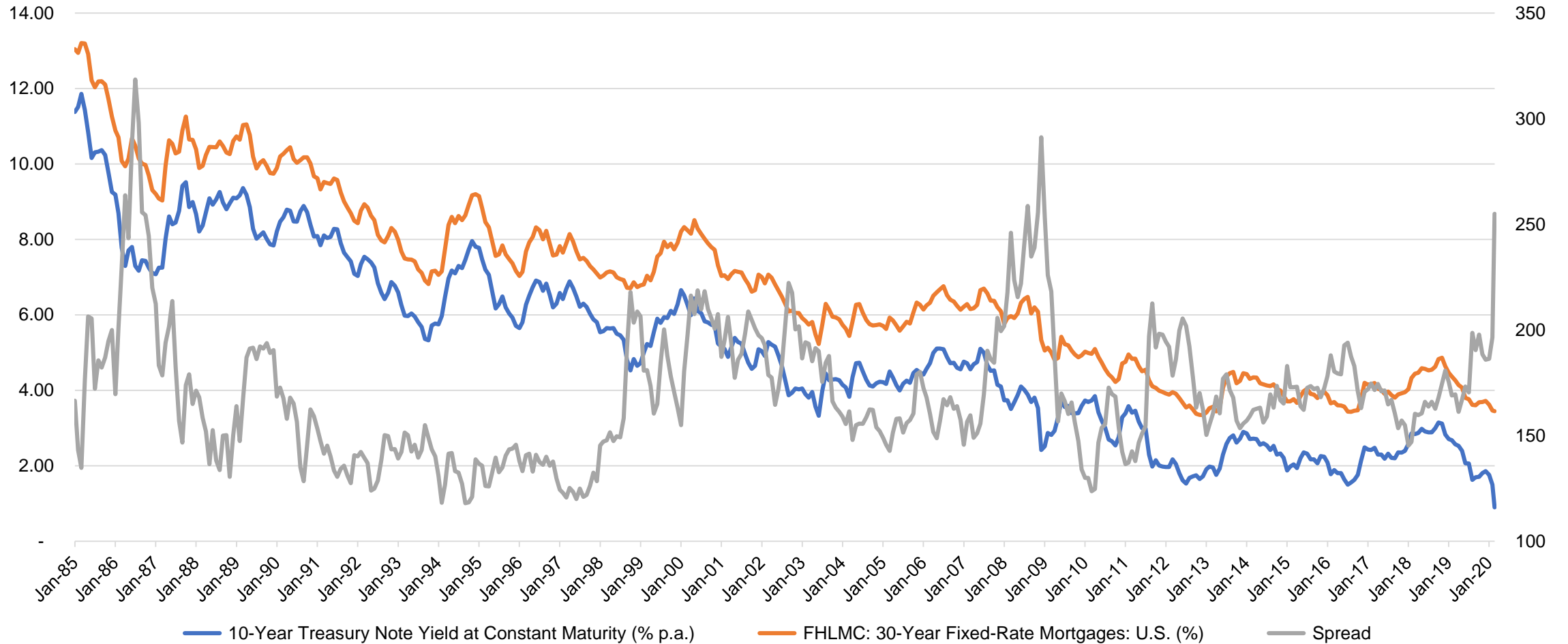
Fed Ramps Up MBS Purchases

Fed QE4 Daily Purchases
\$billions

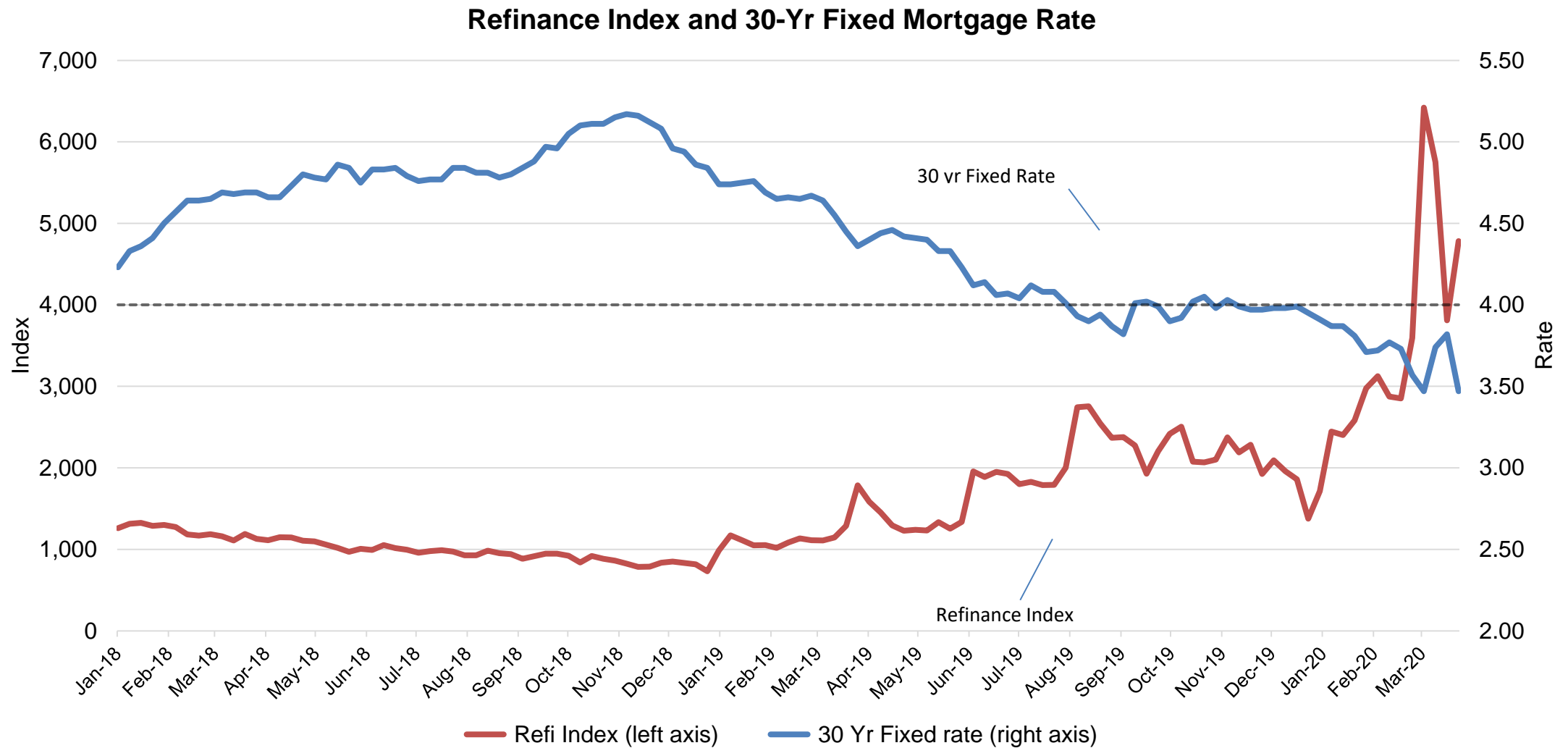


Historical Mortgage-Treasury Spreads

30-Yr Fixed Mortgage Rate, 10-Yr Treasury Rate
Rates in percent (left axis), spread in basis points (right axis)



Recent Refi Activity Volatile



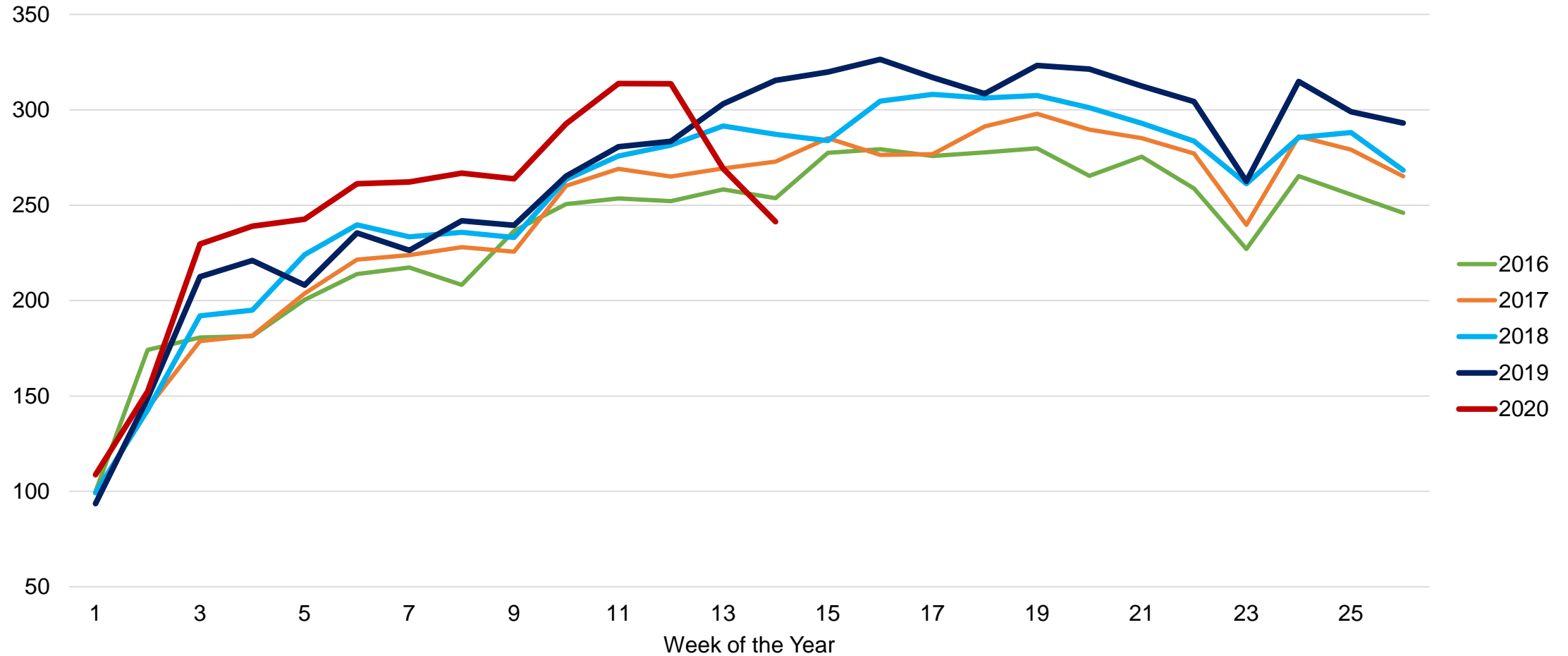
Measuring Rate Incentive

Rate Differential from 2014 to Present
(difference between observed rate and March 6 2020 = 3.29%)



Purchase Activity Started 2020 Strong

Purchase Mortgage Applications Index
Non seasonally adjusted, by week of the year



Early Read - Purchase Applications Slowing in Large Markets

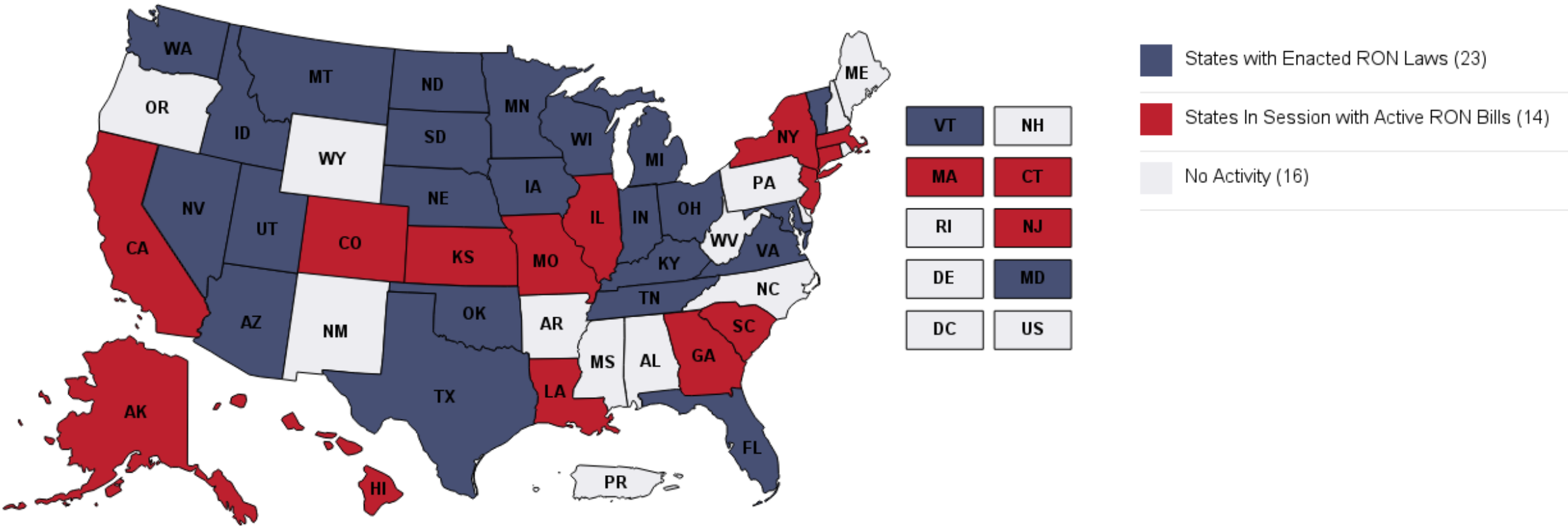
State	Week over week change		Year over year change	
	Pct chg week of 3/27/2020	Pct chg week of 3/20/2020	Pct chg week of 3/27/2020	Pct chg week of 3/20/2020
WA	0.6	(15.0)	(32.5)	(34.3)
TX	(3.7)	(12.7)	(22.3)	(11.5)
VA	(3.7)	(10.3)	(11.3)	(1.4)
AZ	(6.8)	(13.1)	(23.7)	(14.1)
NC	(7.1)	(4.8)	(9.9)	(5.1)
FL	(7.8)	(19.5)	(24.3)	(13.5)
IL	(13.4)	(19.9)	(16.3)	0.2
GA	(13.8)	(9.3)	(14.6)	3.0
CA	(16.5)	(23.0)	(36.4)	(24.3)
NY	(18.1)	(17.2)	(35.6)	(23.2)

NOTE: Not seasonally adjusted, home purchase applications only

Source: Mortgage Bankers Association Weekly Applications Survey

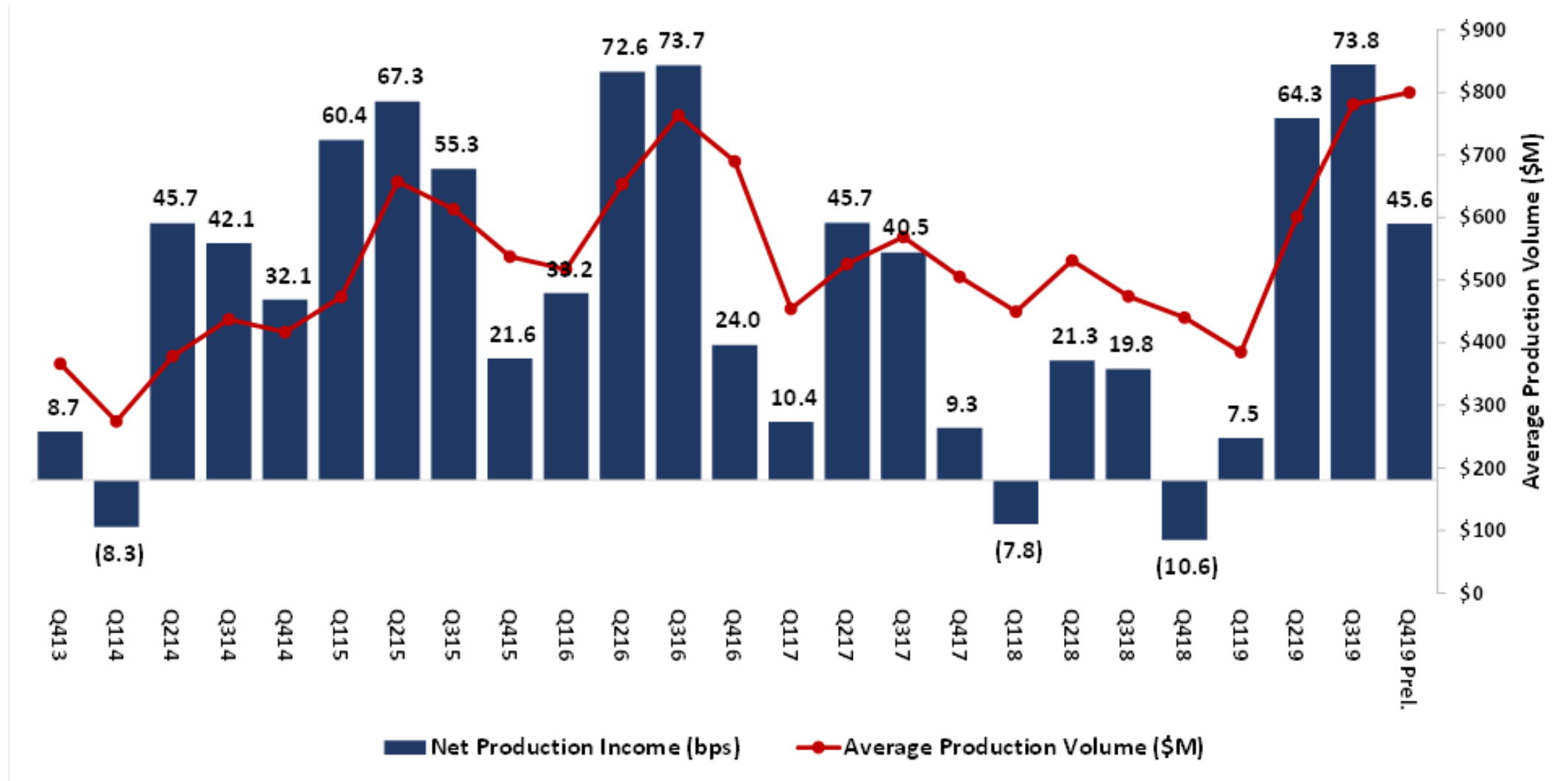
Online Closings Could Help?

RON Adoption Map



MISMO resources: <http://www.mismo.org/standards-and-resources/digital-mortgage-resource-center>

Production Profitability: Q4 Was Strong



Contact Information and MBA Resources

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