

# Mortgage Market Outlook Prepared for SitusAMC

January 2024

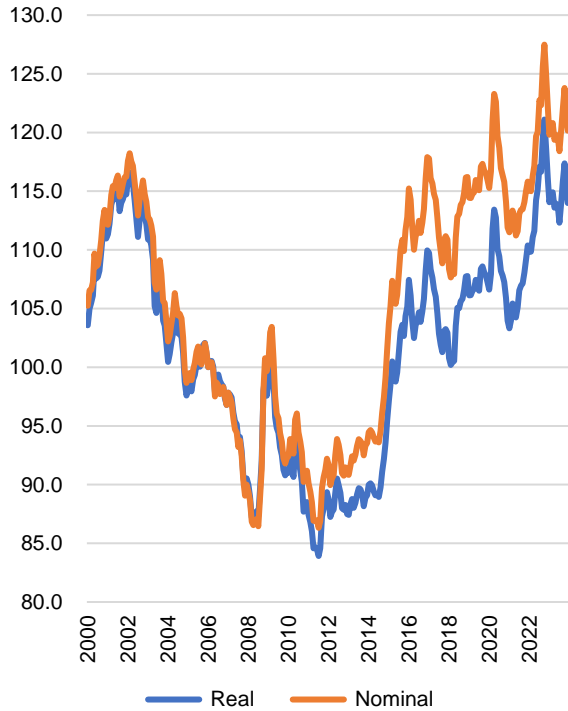
**Presented by:**

Mike Fratantoni, Ph.D., Chief Economist and Senior Vice President



# Global Picture

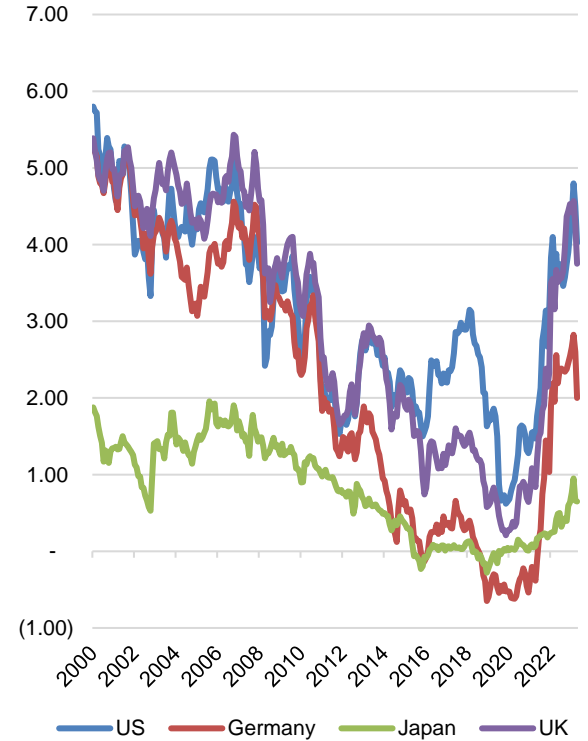
**Trade Weighted Dollar**  
Jan 2006 = 100



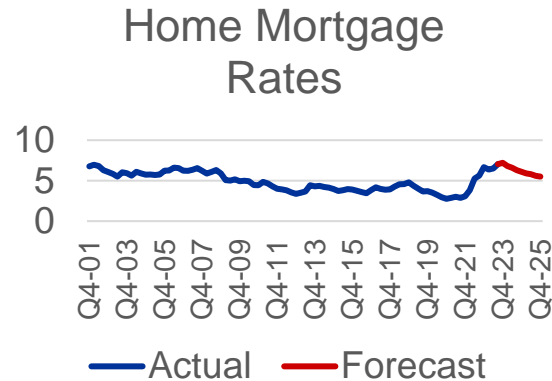
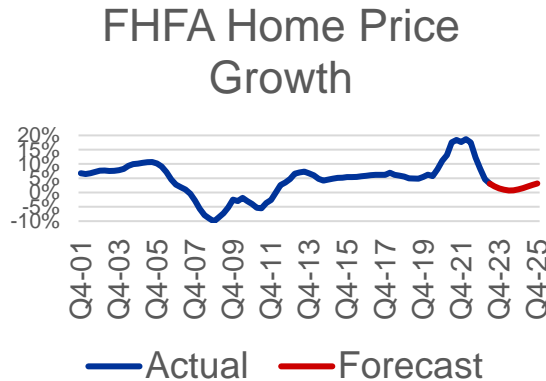
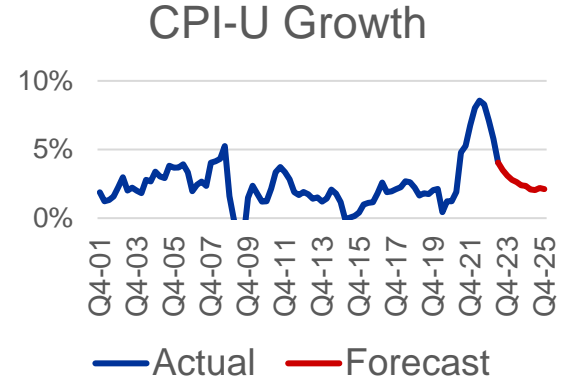
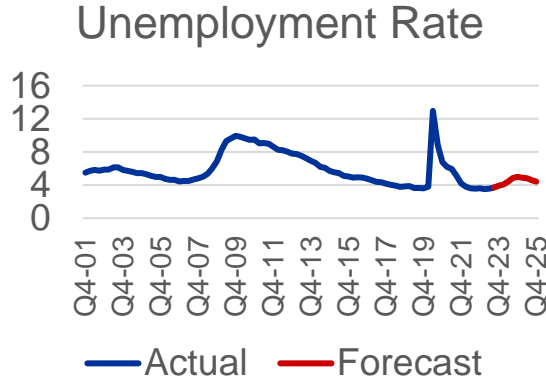
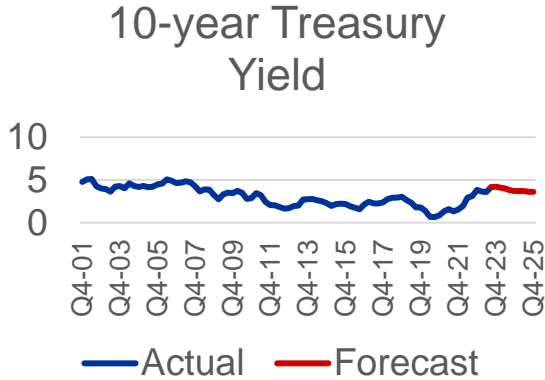
**West Texas Intermediate Spot Price**  
\$/Barrel



**Comparison of 10-Year Bond Yields**

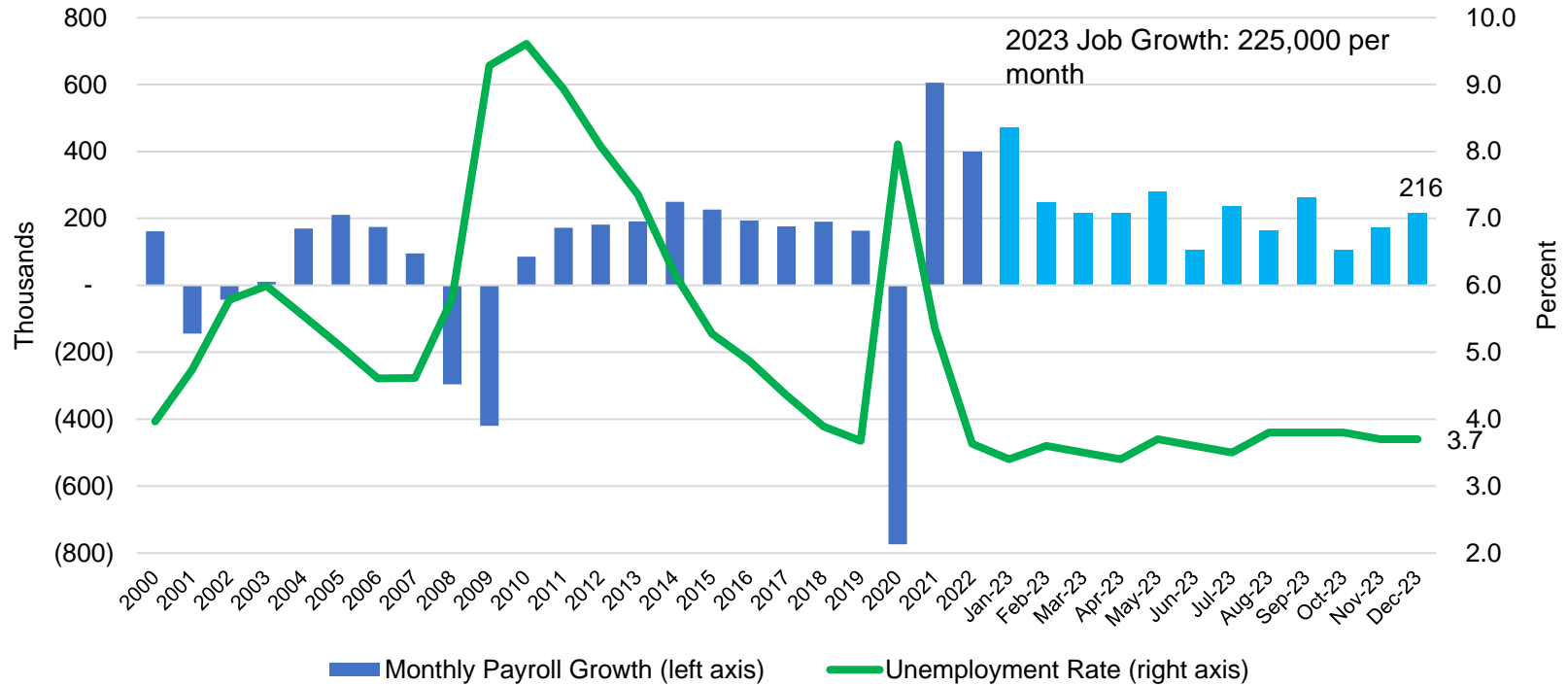


# Economic Backdrop



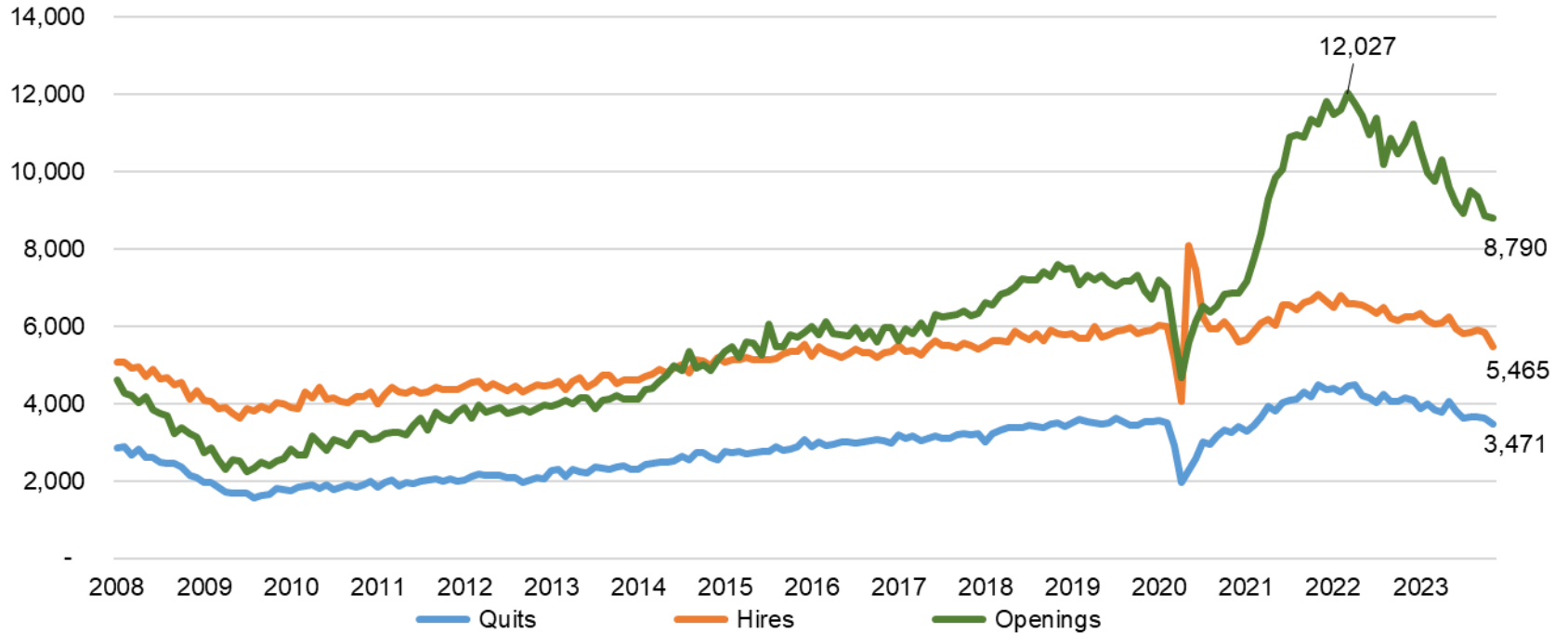
# Job Market Cooling

## Monthly Job Growth and Unemployment Rate



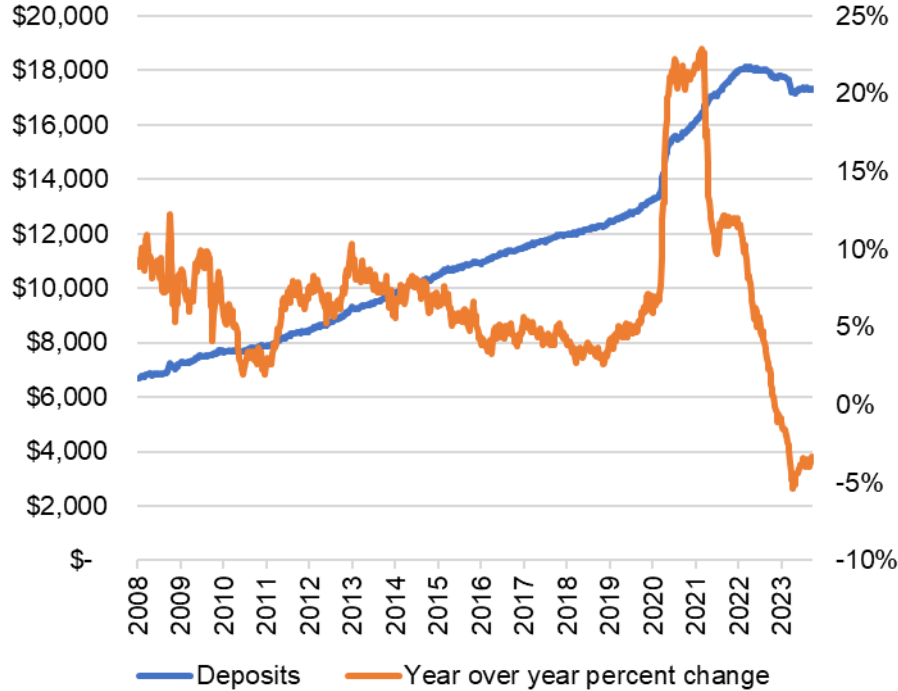
# Job Openings, Hiring, and Quits Moving Lower

Private Job Openings, Hires, and Quits  
Seasonally adjusted, thousands

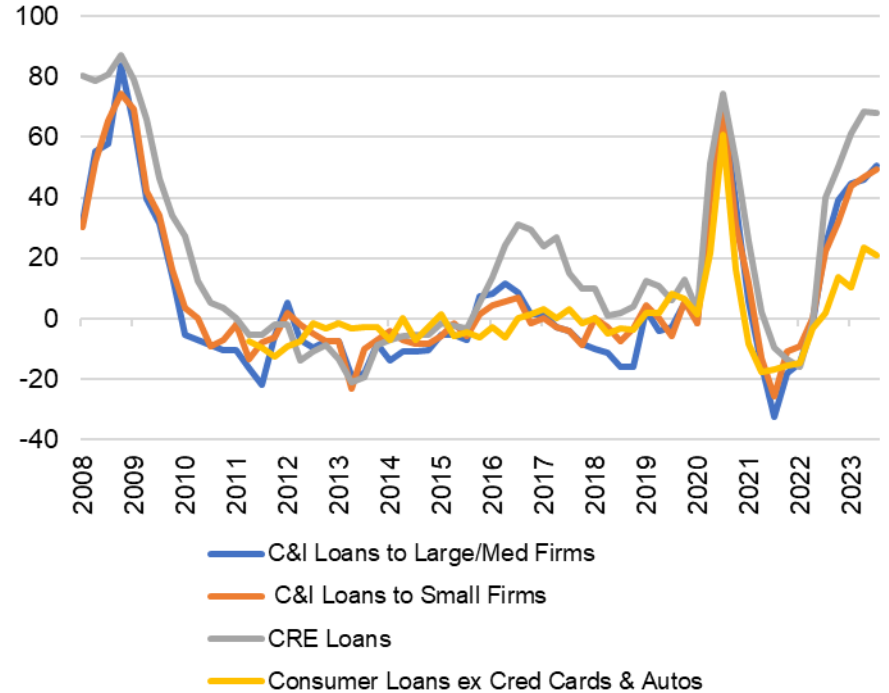


# Banking System Has Pulled Back

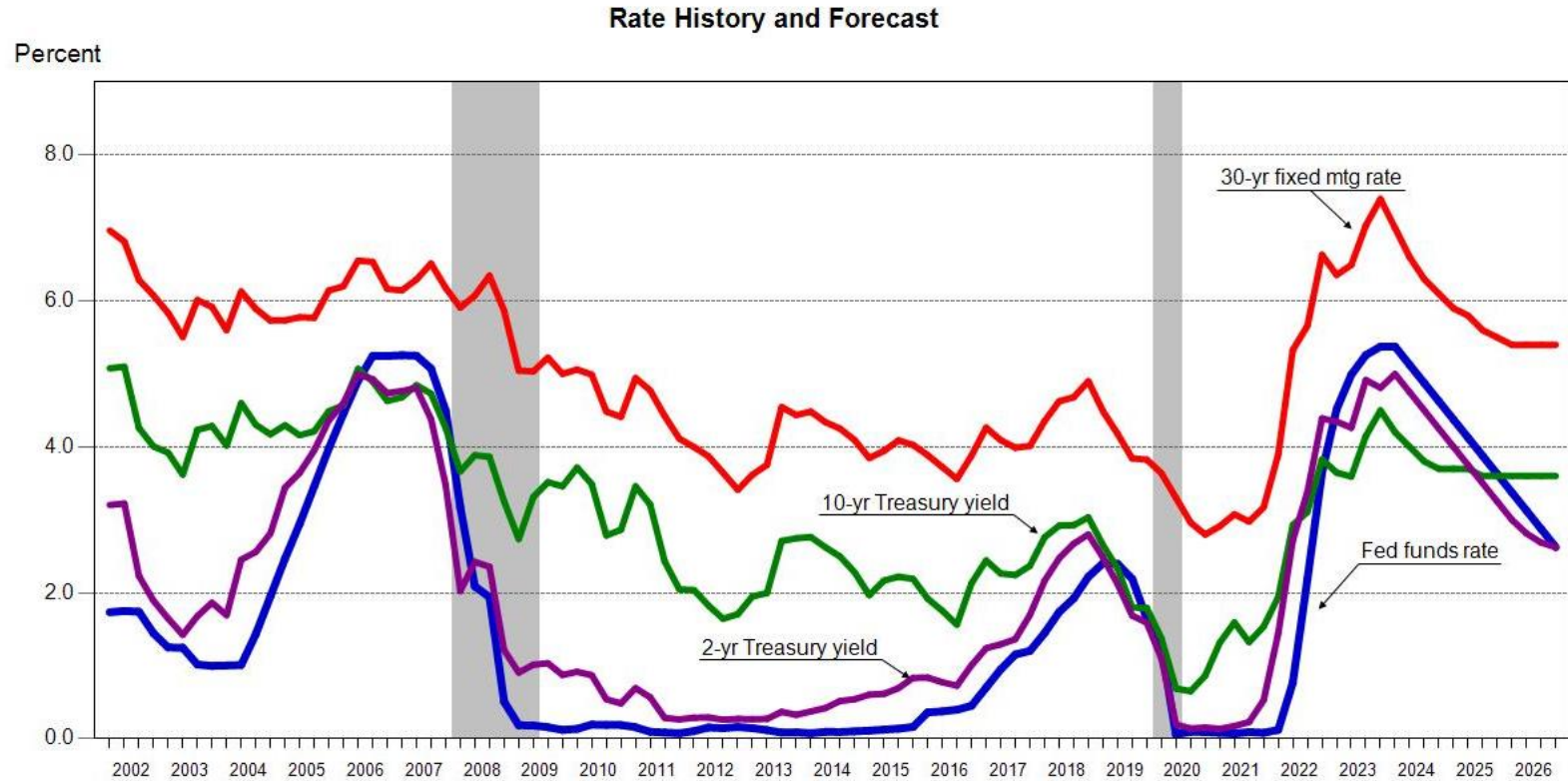
**Commercial Bank Deposits**  
Billions \$, seasonally adjusted



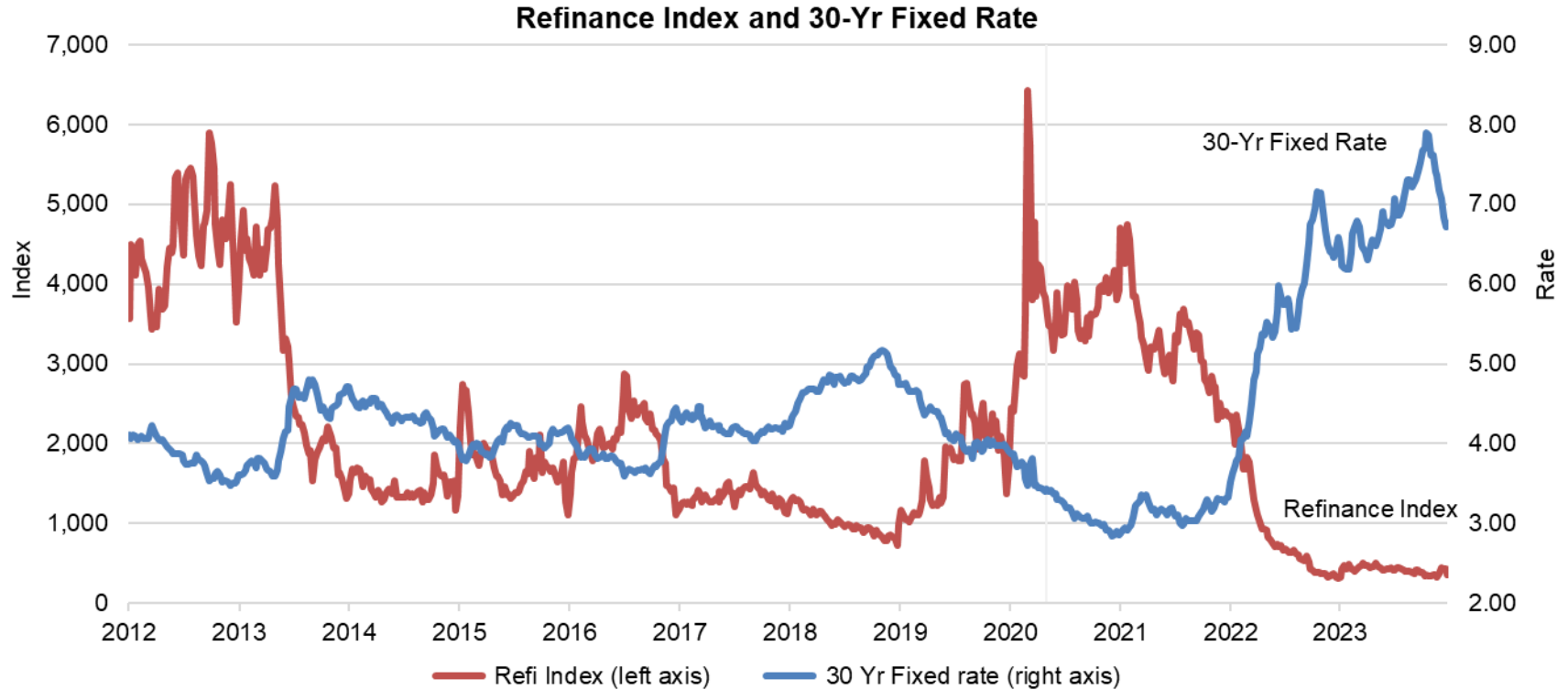
**Senior Loan Officer Opinion Survey**  
Net percent of respondents tightening standards



# Fed to Hold Funds Rate Until 2024, Mortgage Rates Expected to Drift Down



# Refi Volume Still Quite Low

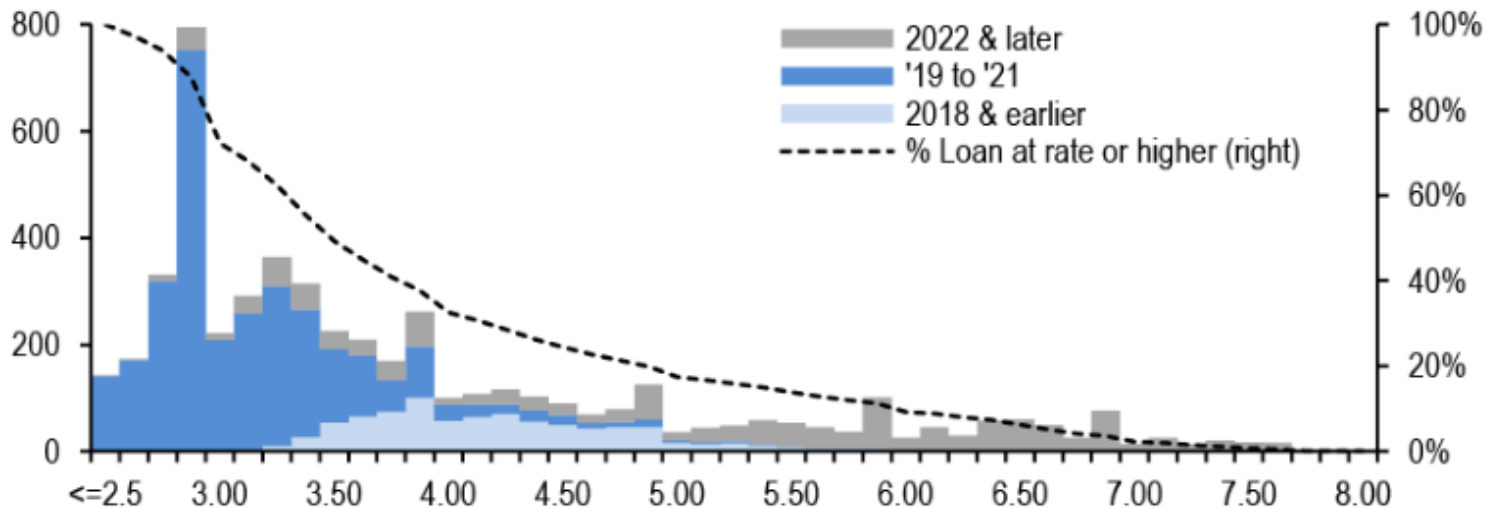




# Refi Opportunity Much Diminished...Even If Rates Drop

Figure 20: A sliver of the conventional 30yr market (mostly 6s-7s) moves in the money in our base case

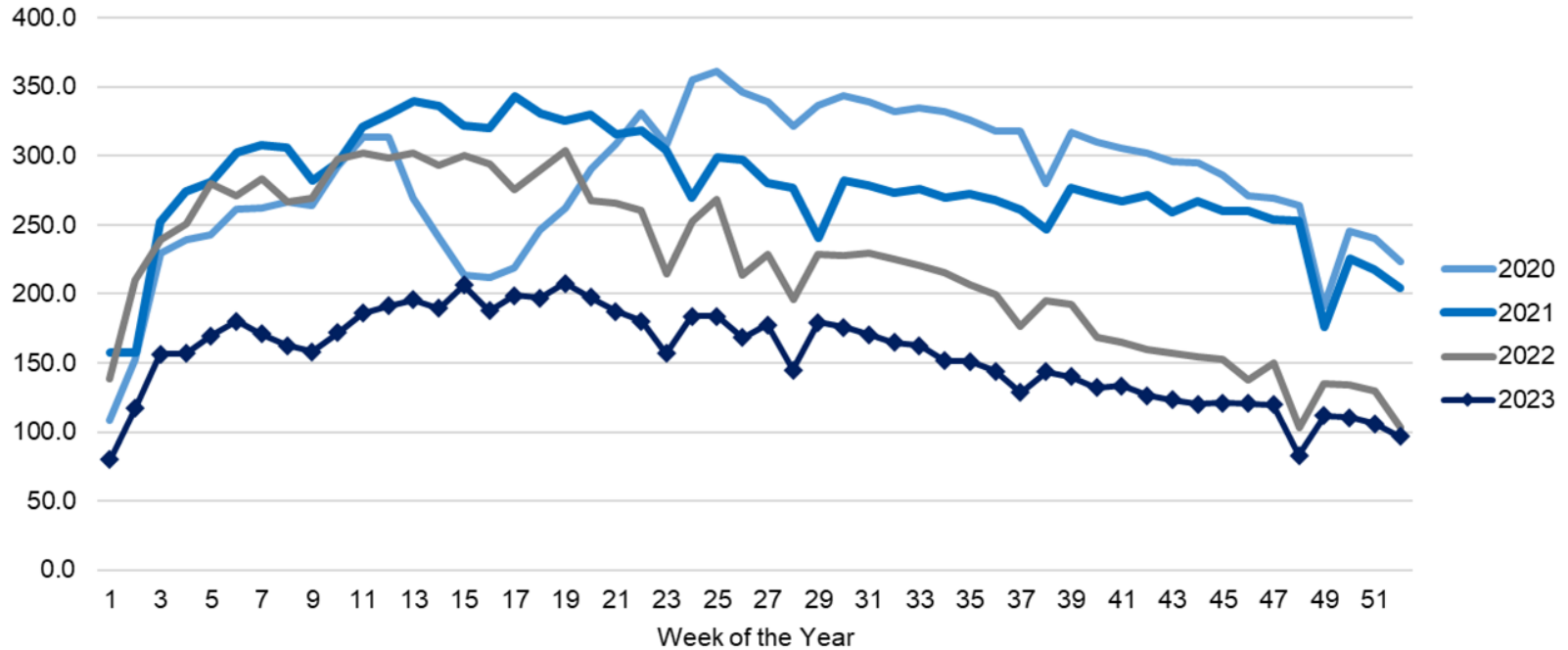
Outstanding conventional 30-year loans by WAC and vintage (left, \$bn) and percentage of loans at each rate level and higher (% , right)



Source : J.P. Morgan, Fannie Mae, Freddie Mac

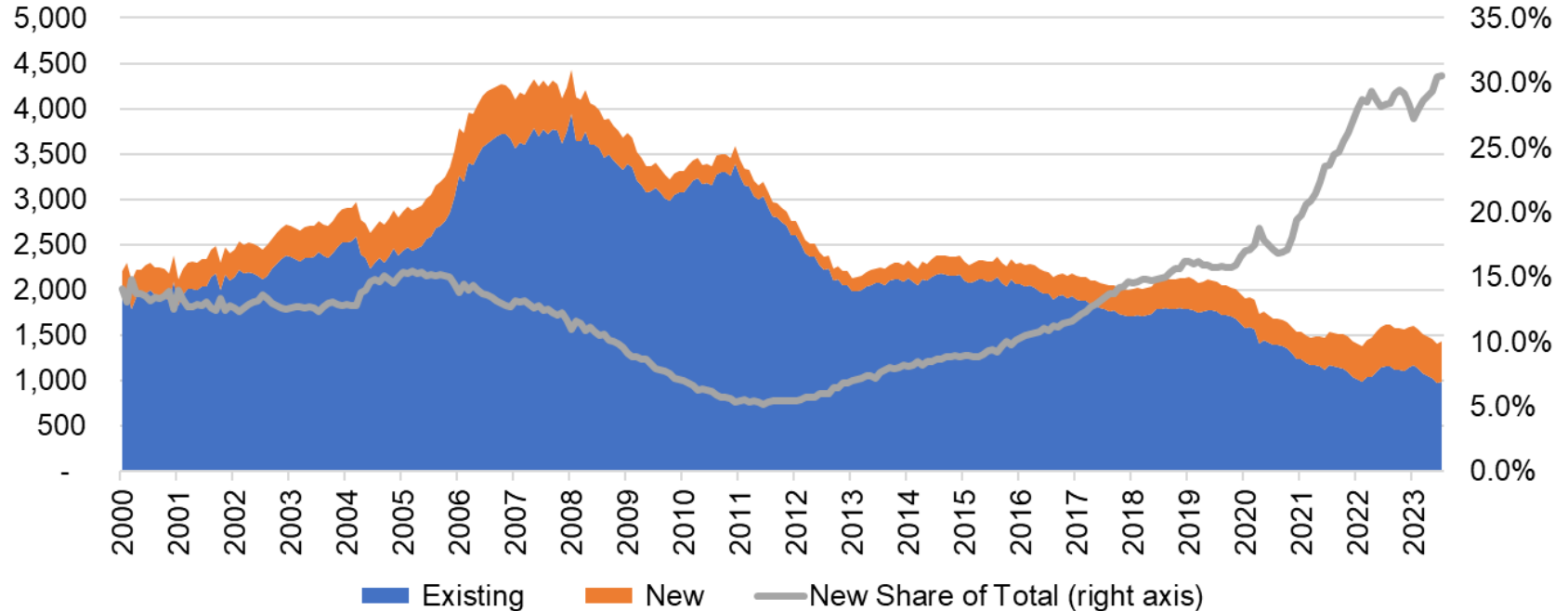
# Purchase Volume Low, Too

**Purchase Mortgage Applications Index**  
Non-seasonally adjusted, based on loan count



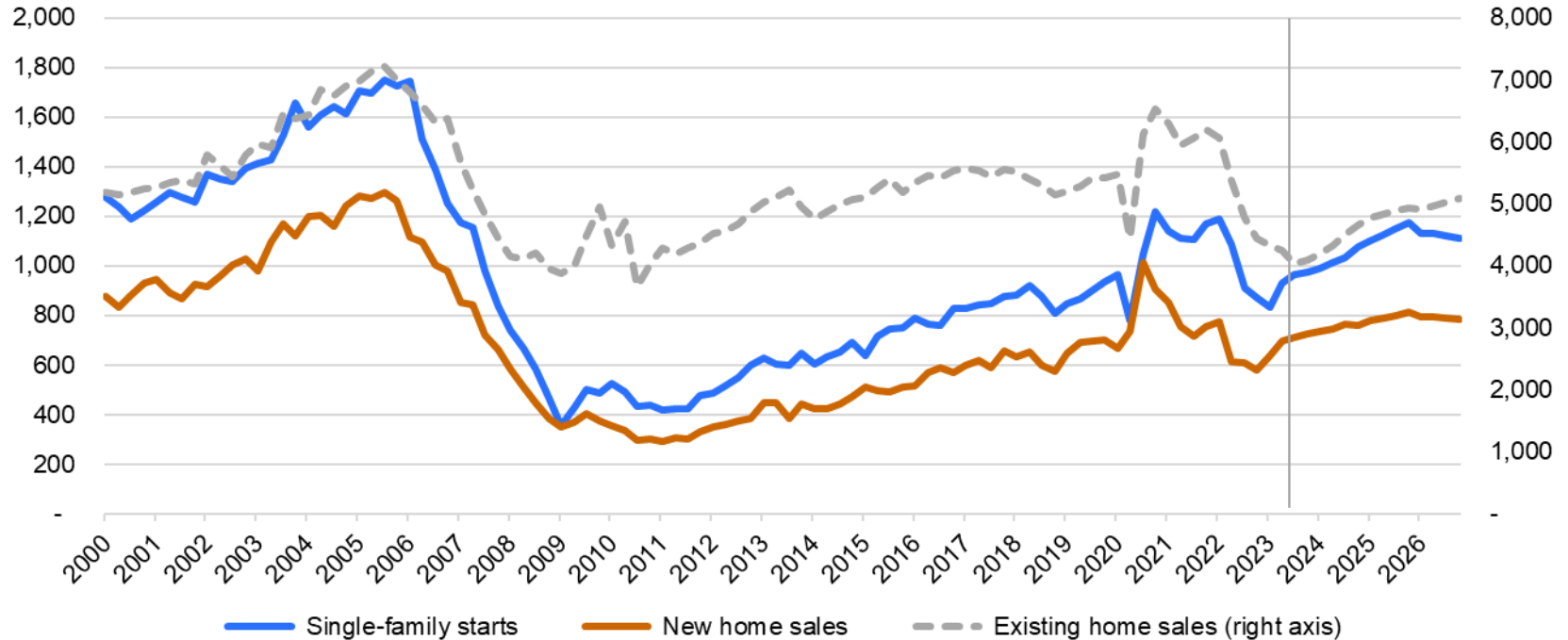
# Newly Built Homes Account for a Third of For-Sale Inventory

## Housing Units Available for Sale Seasonally adjusted, thousands



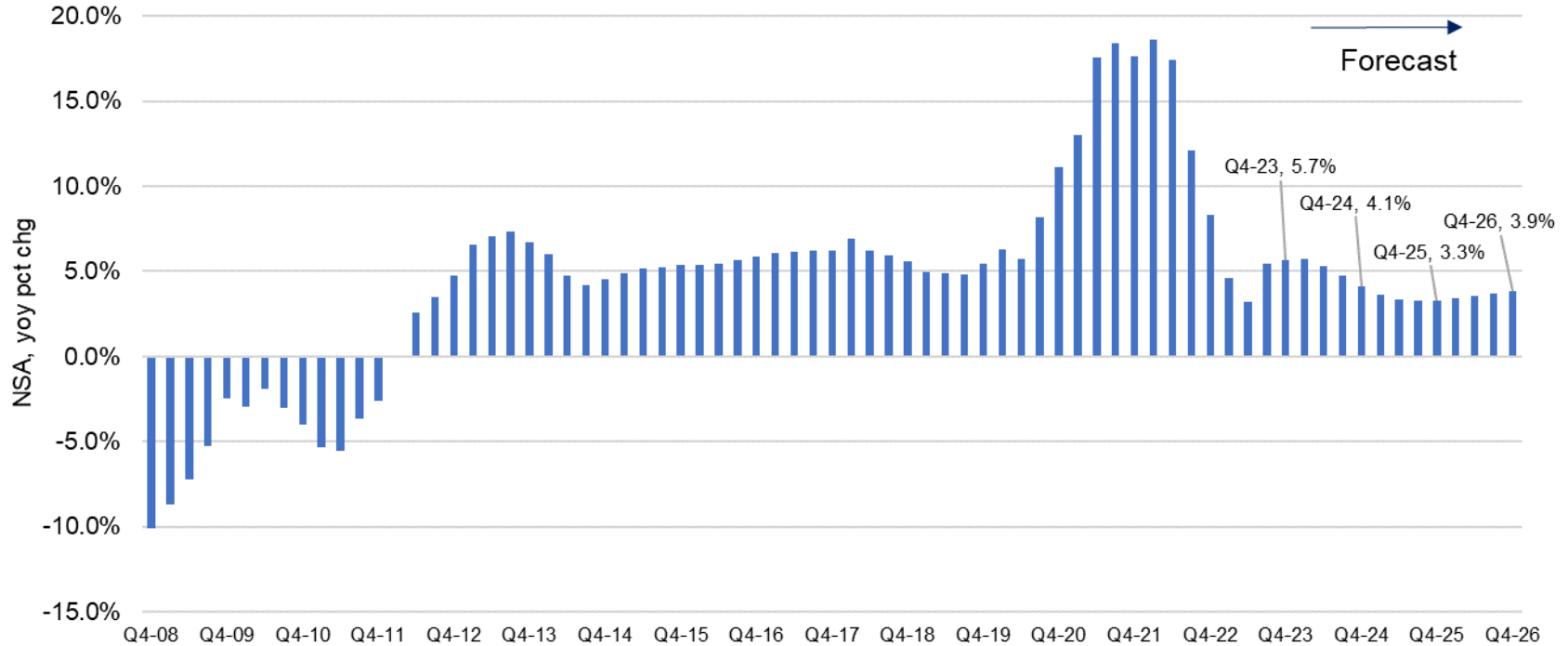
# Growth in 1-4 Unit Starts, Home Sales Expected in 2024

**Housing Starts and Home Sales**  
Seasonally adjusted annualized rate, 000s units

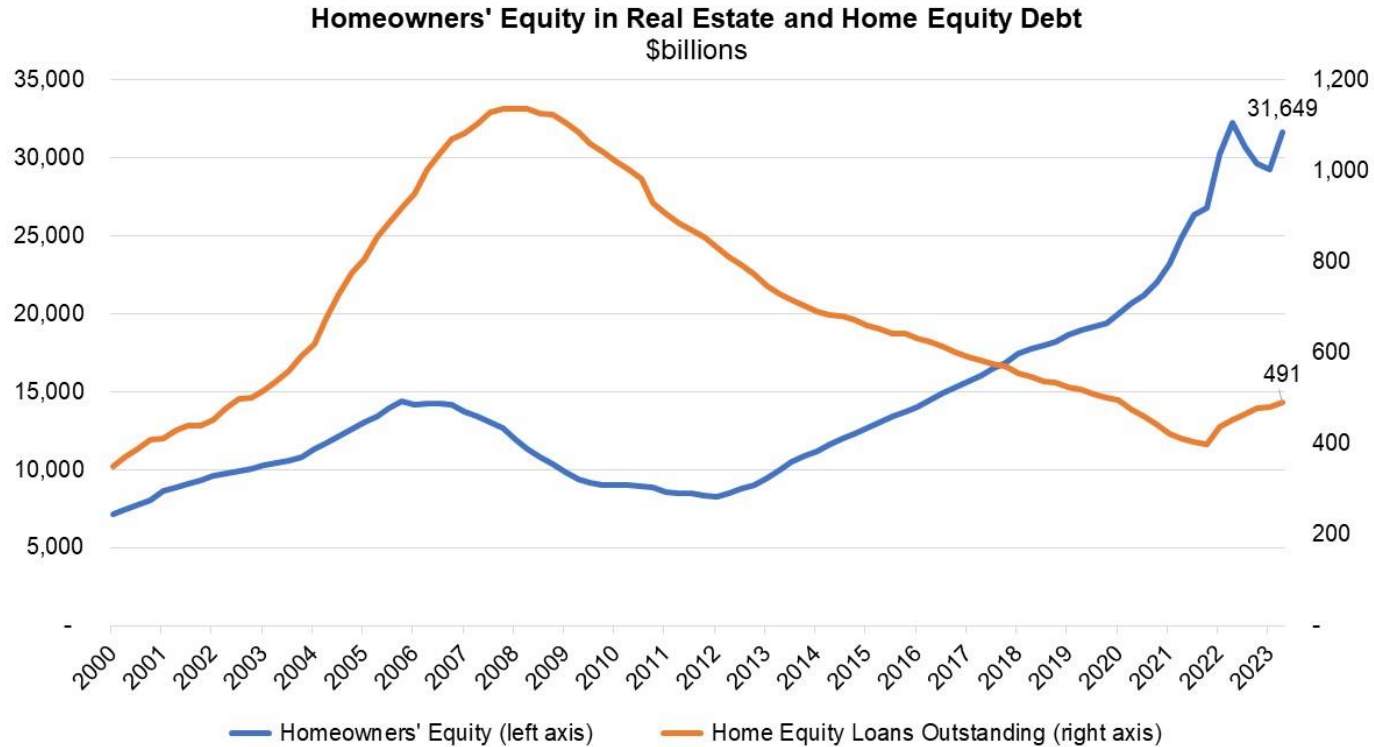


# Stronger HPA

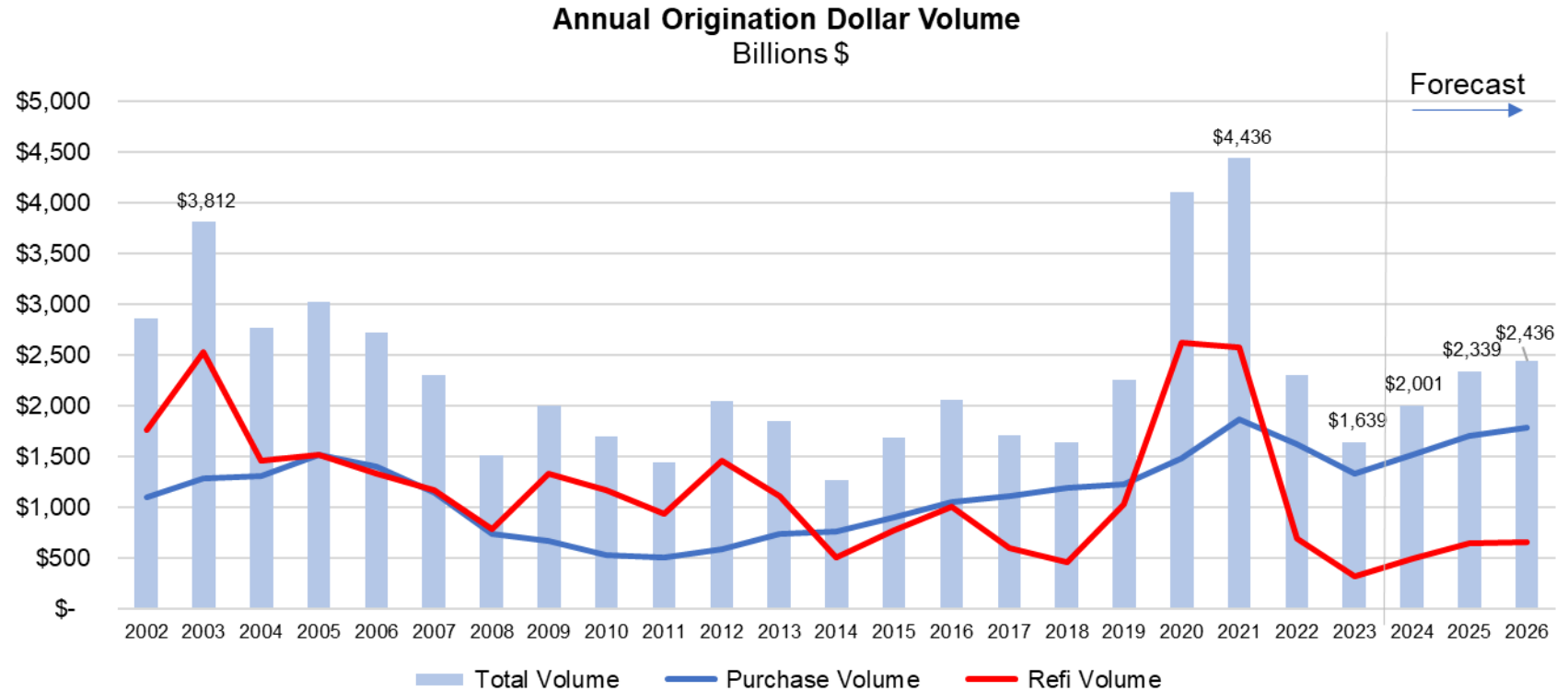
Chart of the Week - December 8, 2023  
FHFA Purchase Only House Price Index, MBA Forecast



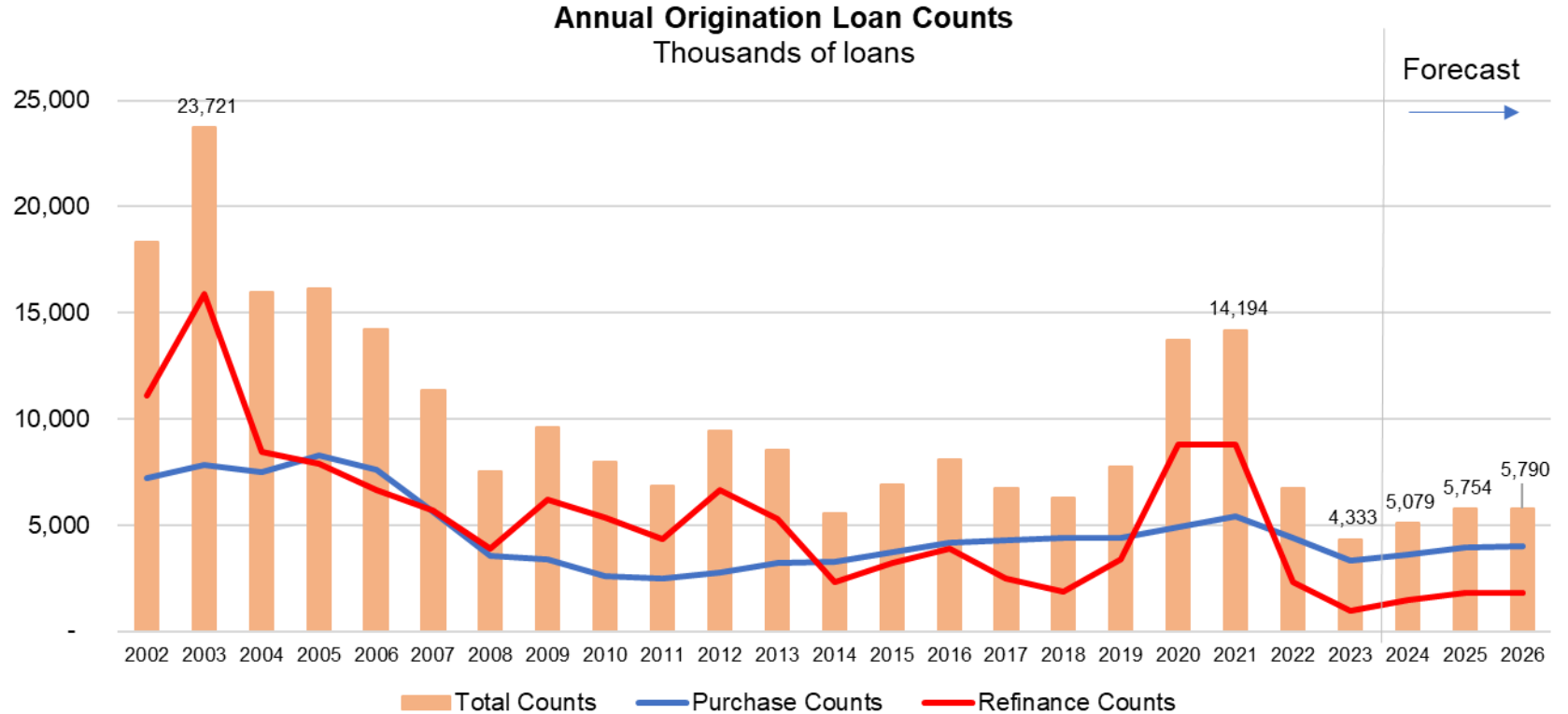
# Accumulated Equity Close to \$32 Trillion



# Mortgage Origination Dollar Volume to Increase 22% in 2024

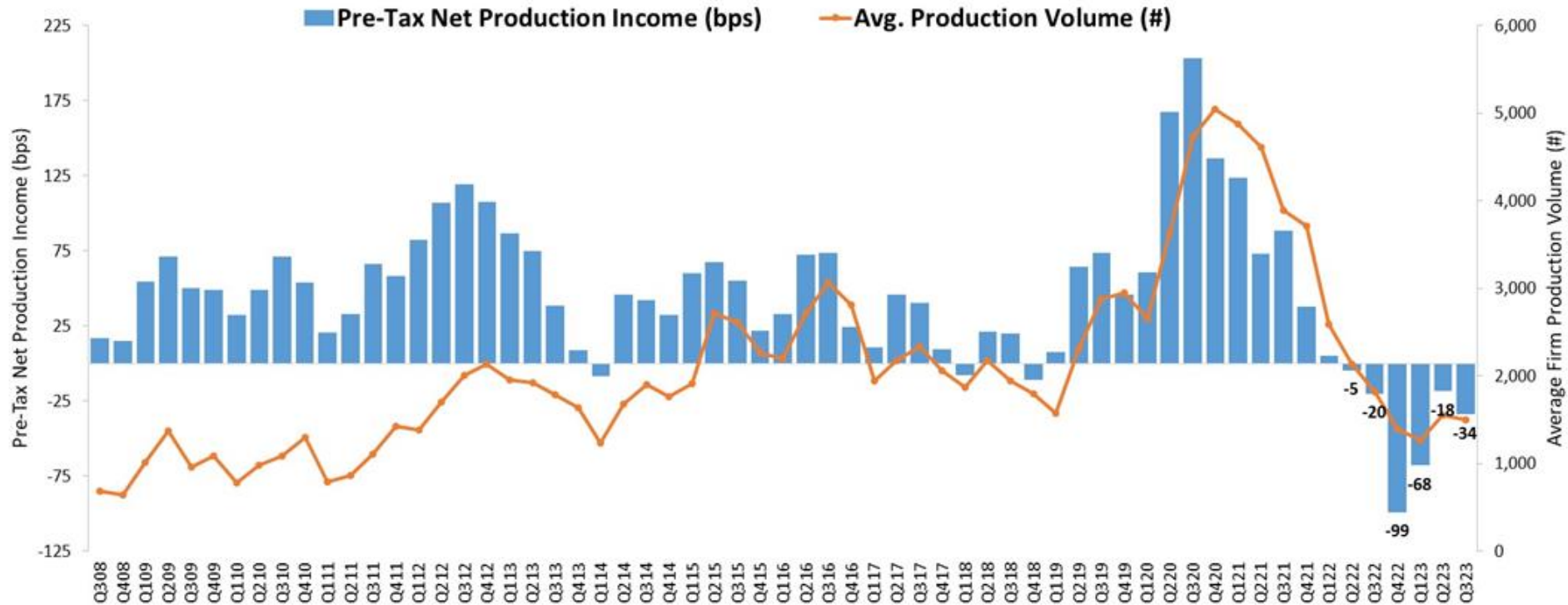


# Mortgage Origination Units to Increase 17% in 2024

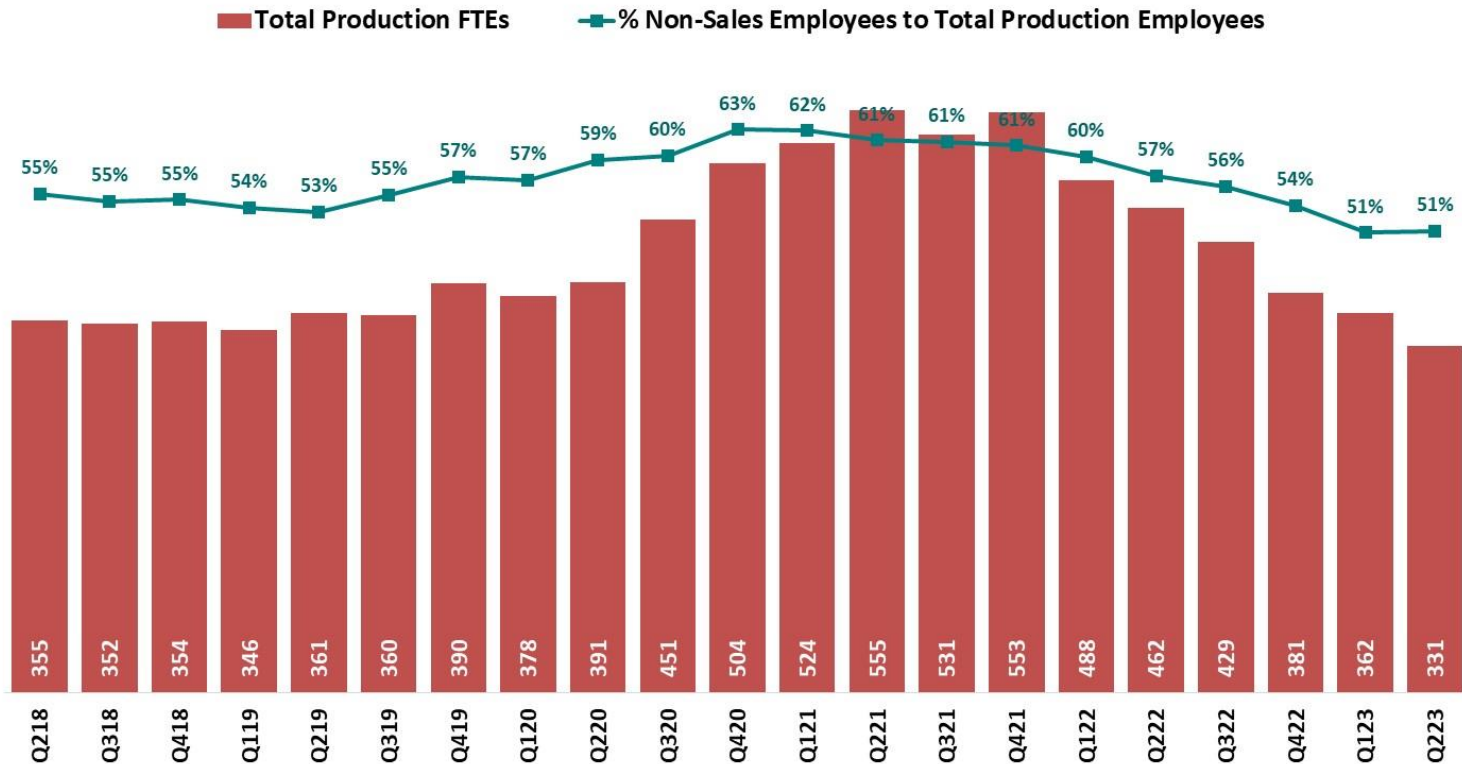




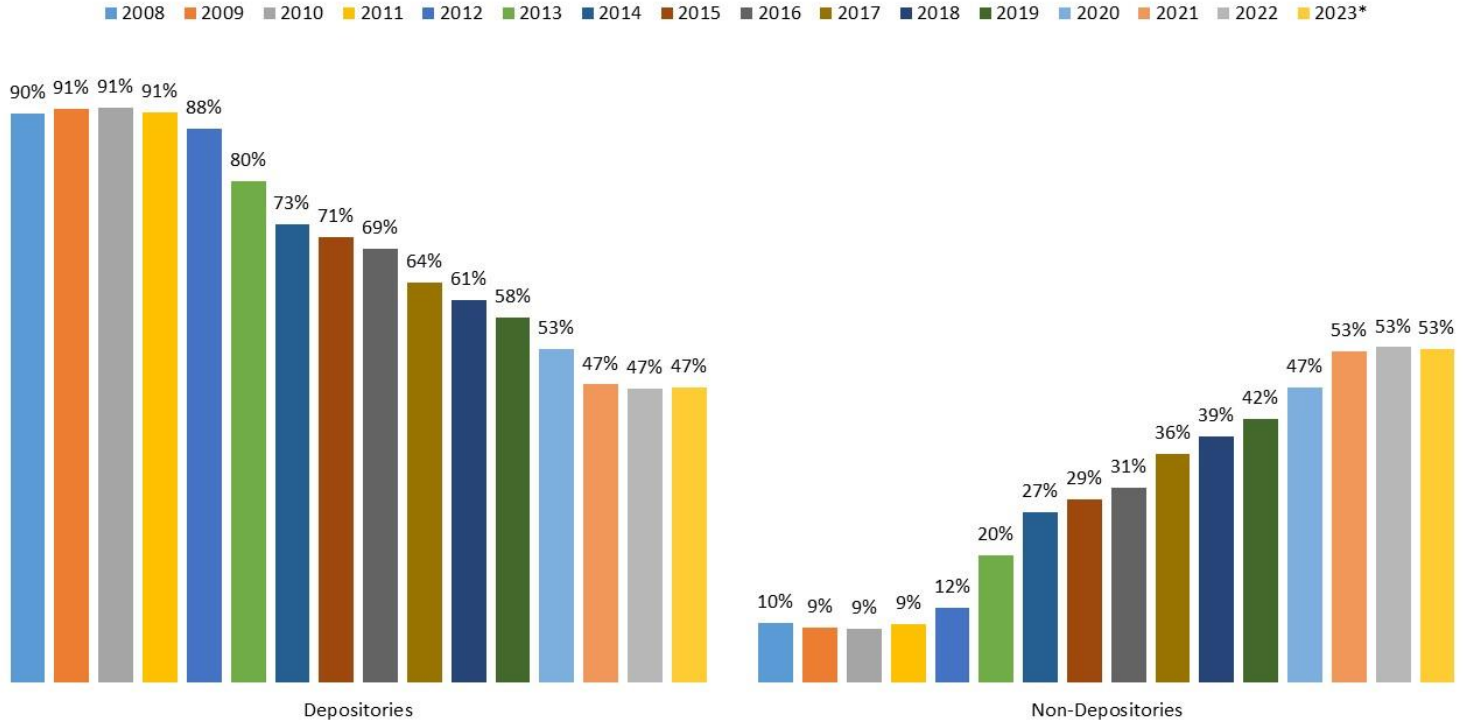
# NPI for IMBs – 6 Negative Quarters



# IMB Production Employees per Firm: 41% Drop Since Fourth Quarter of 2021



# Who Are the Mortgage Servicers?



\*Through Q1 2023

Source: NDS: MBA's National Delinquency Survey: [www.mba.org/nds](http://www.mba.org/nds)

## Mortgage Delinquency Rate and Unemployment Rate

Seasonally adjusted, percent

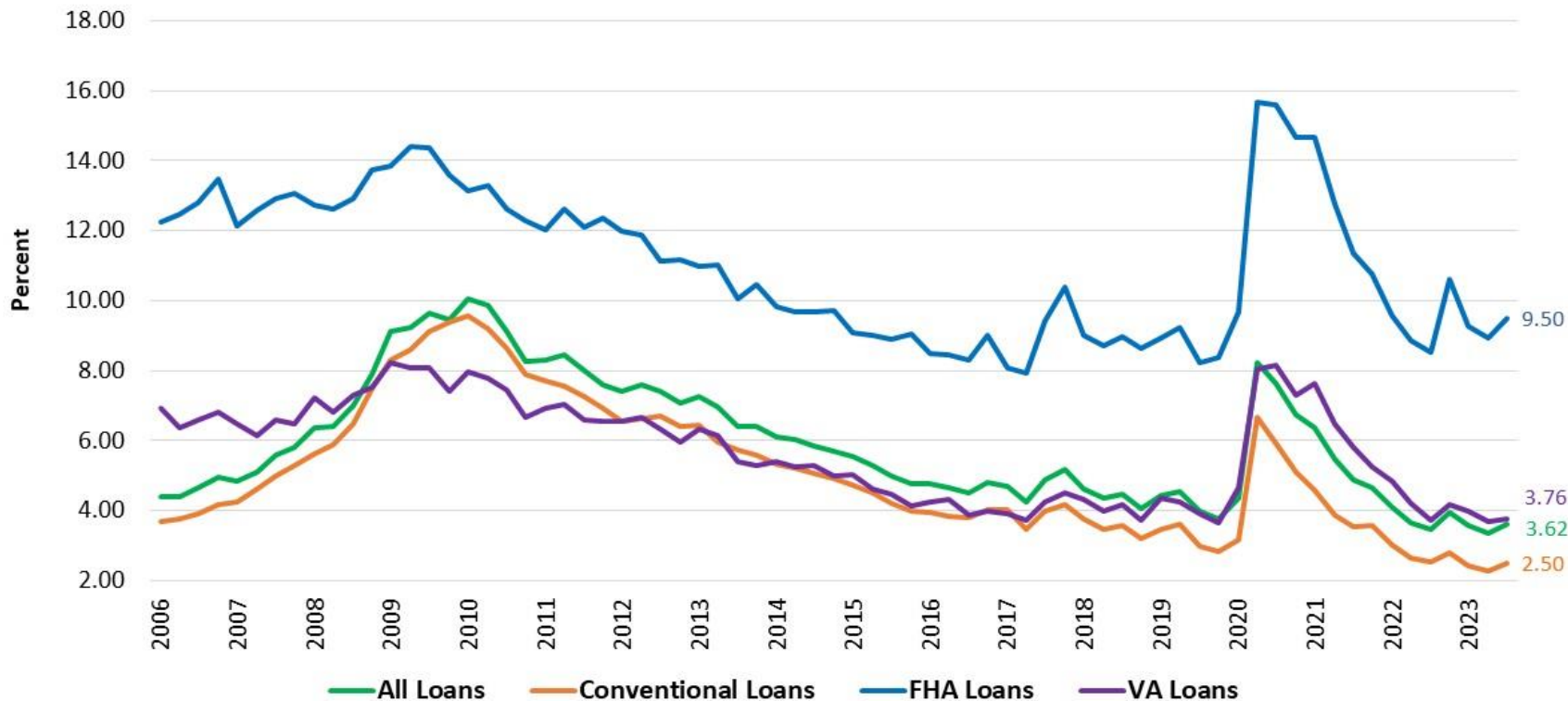


— All Loans: Total Past Due: U.S. (SA, %) - Source: MBA

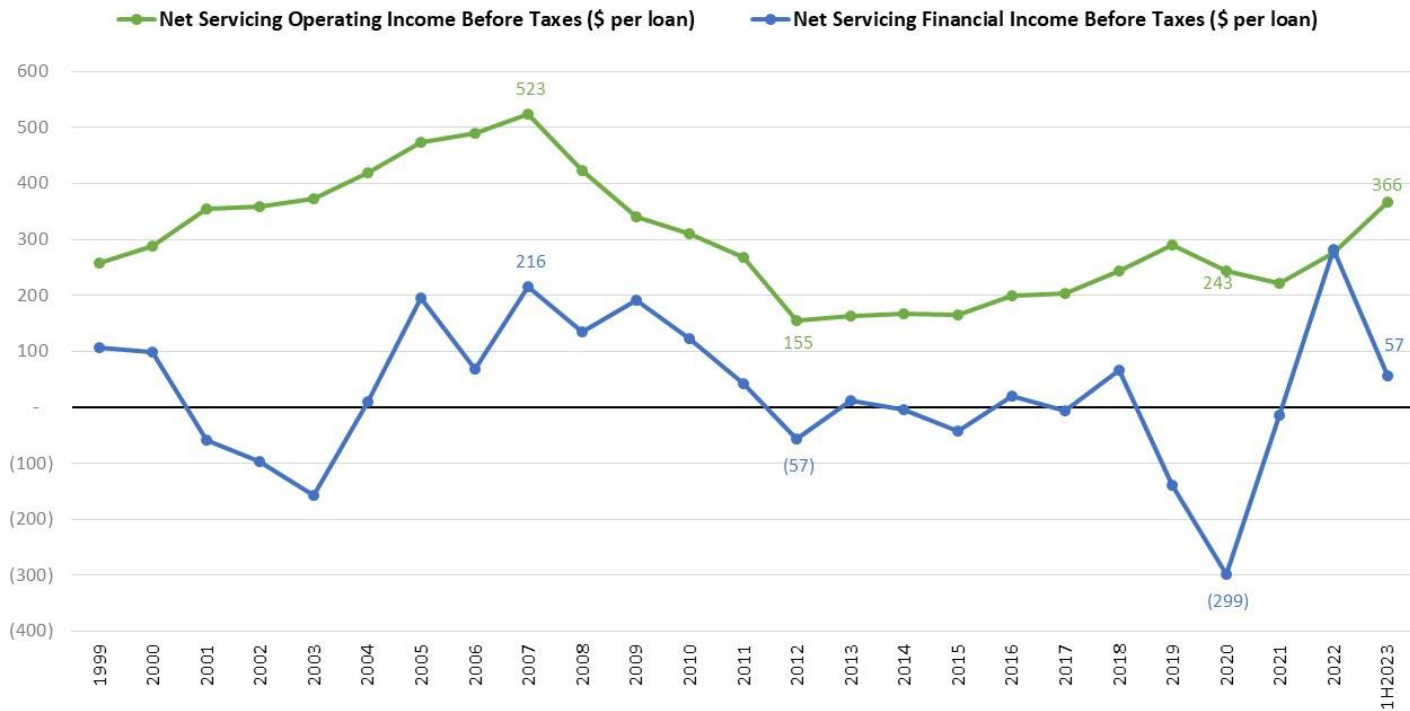
— Qtrly Civilian Unemployment Rate: 16 yr + (SA, %) - Source: BLS

## Mortgage Delinquency Rates by Loan Type

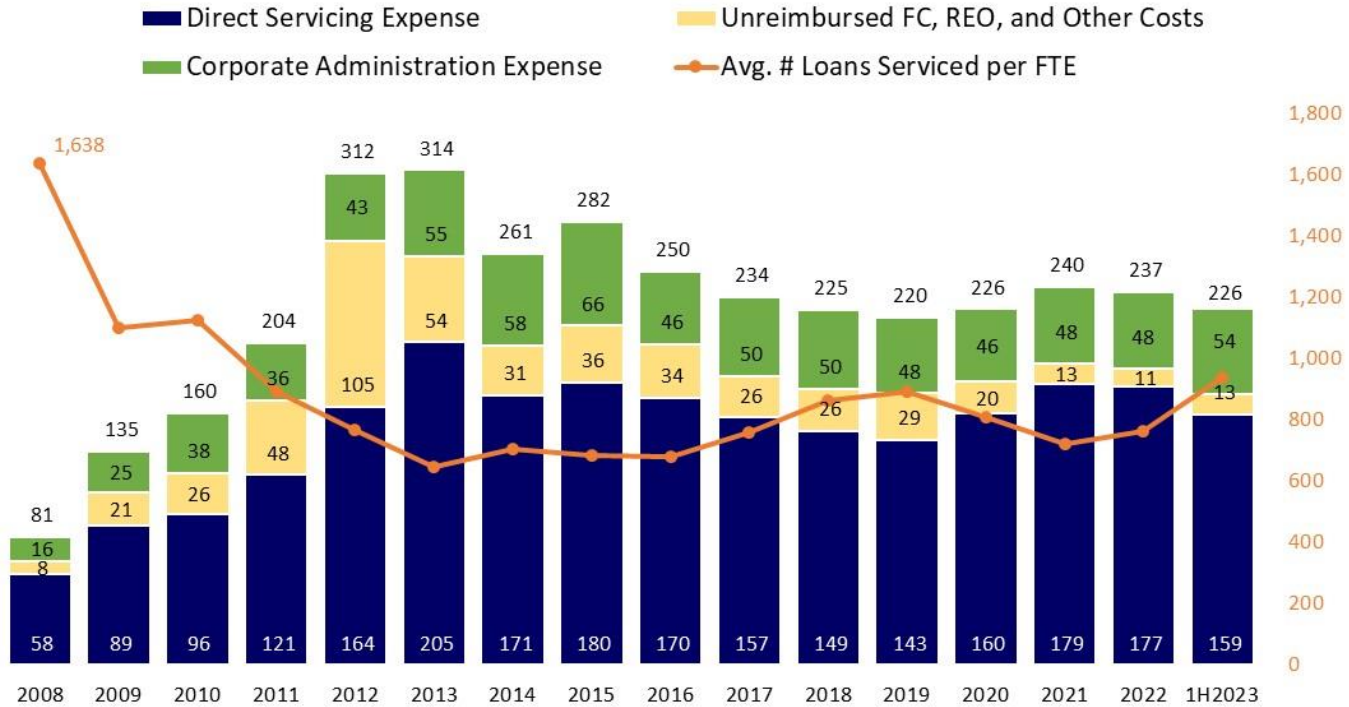
Seasonally adjusted, based on loan counts, excludes loans in foreclosure



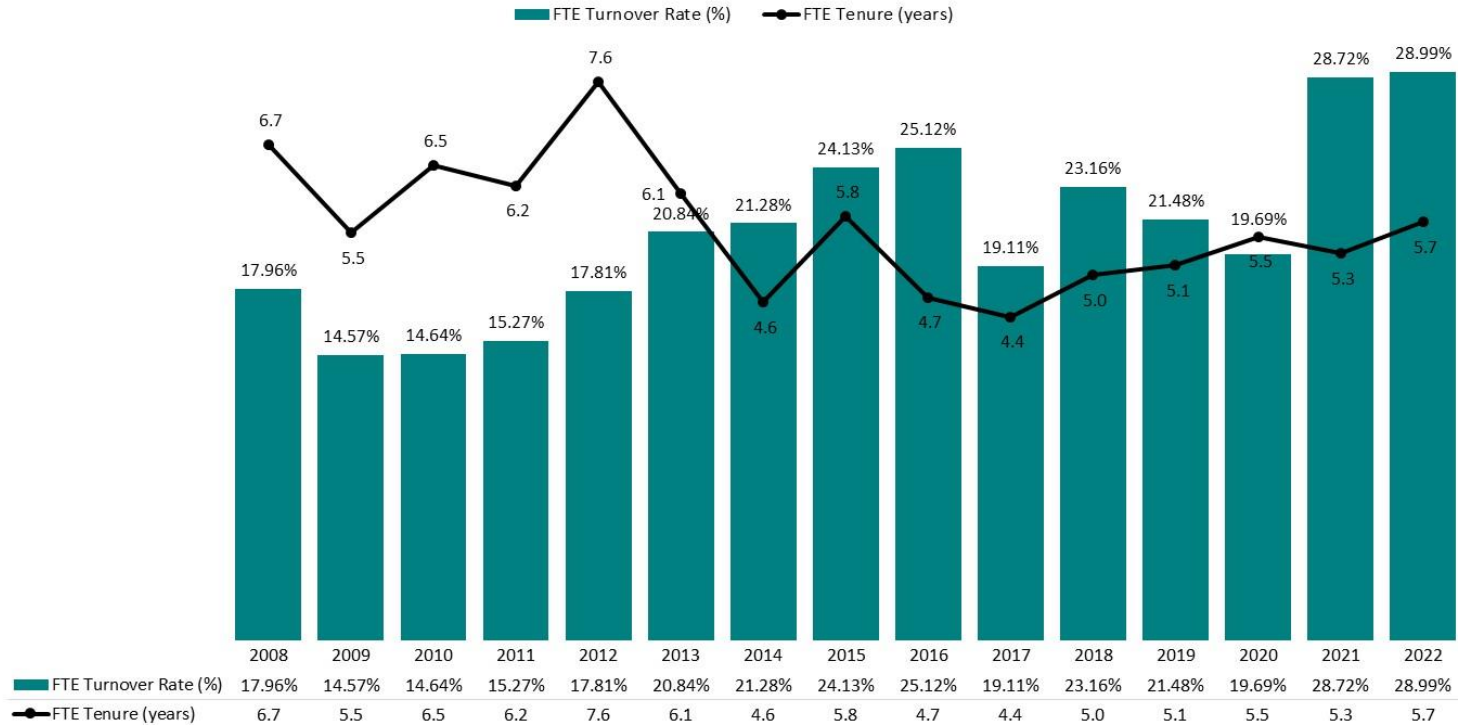
# Servicing Net Operational Income Improved in First Half of 2023, Providing Needed Cash Flow to Offset Production Losses



# Servicing Personnel Counts May Need to Change in 2024, Leading to Higher Costs and Lower Productivity



# Servicing FTE Turnover is High by Historical Standards





# Contact Information and MBA Resources

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**MBA Research:** [www.mba.org/research](http://www.mba.org/research)

**Research Institute of Housing America (RIHA):** [www.housingamerica.org](http://www.housingamerica.org)

**MB Forecasts and Commentary:** <https://www.mba.org/news-and-research/forecasts-and-commentary>

**Chart of the Week:** <https://www.mba.org/news-and-research/research-and-economics/chart-of-the-week>

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