

Economic and Mortgage Market Outlook

February 2021

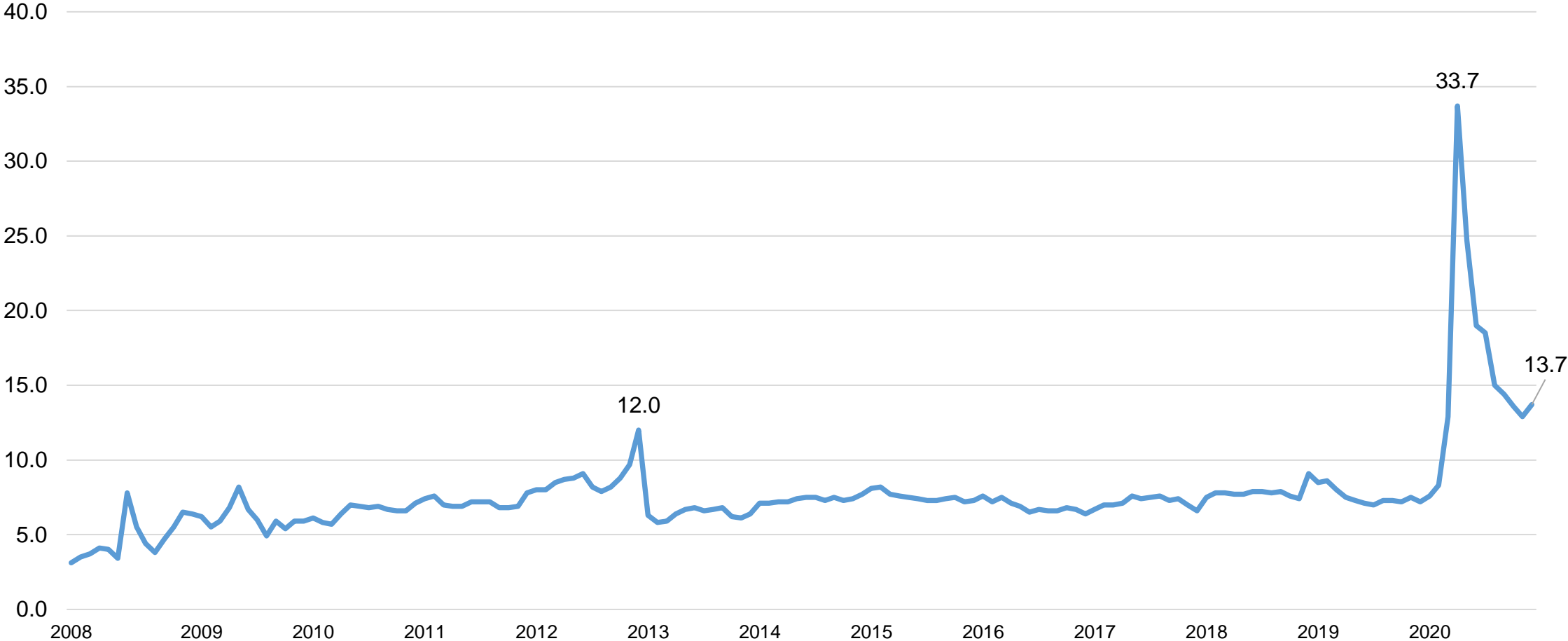
Presented by:

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Mortgage Bankers Association

Much of the Stimulus Has Been Saved

Personal Saving Rate
Seasonally adjusted, as % of disposable income



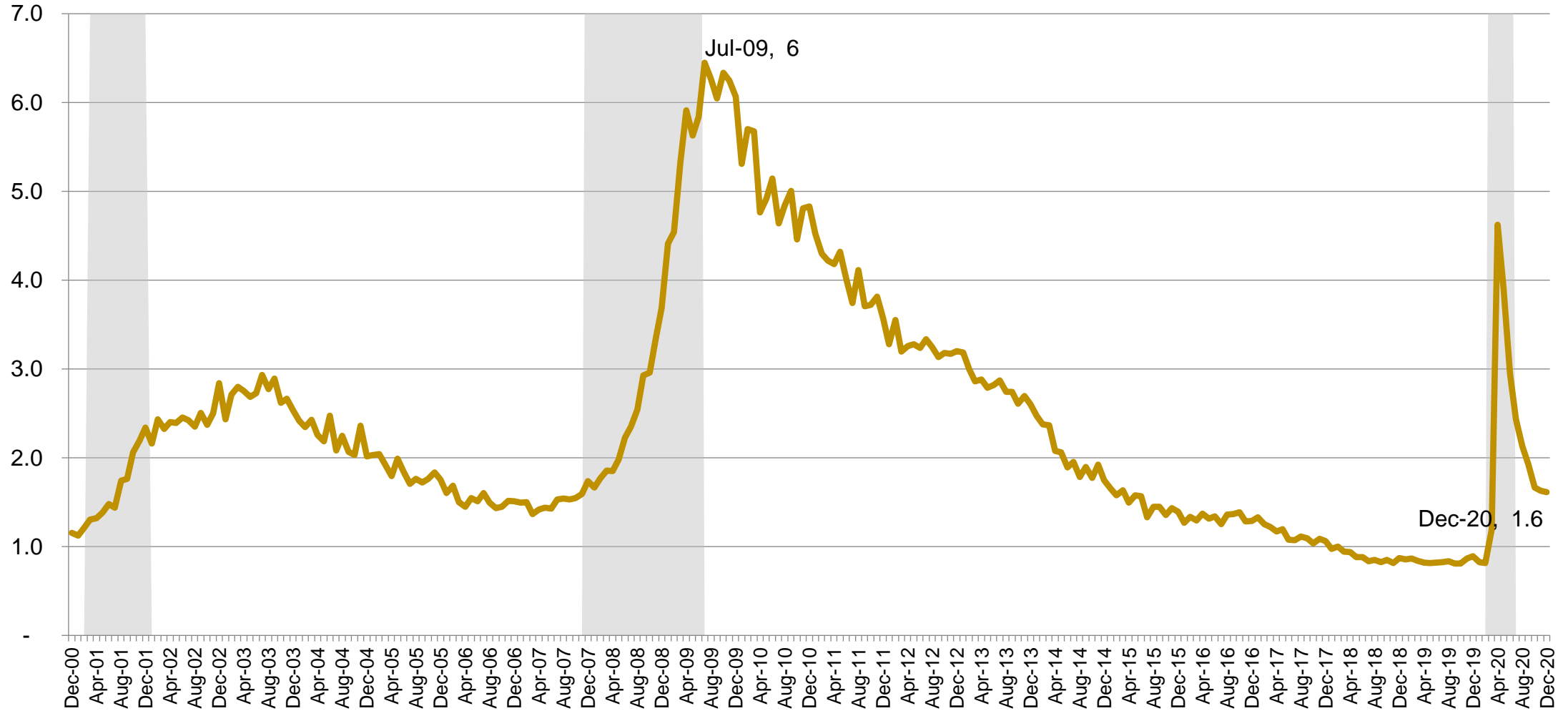
Source: BEA

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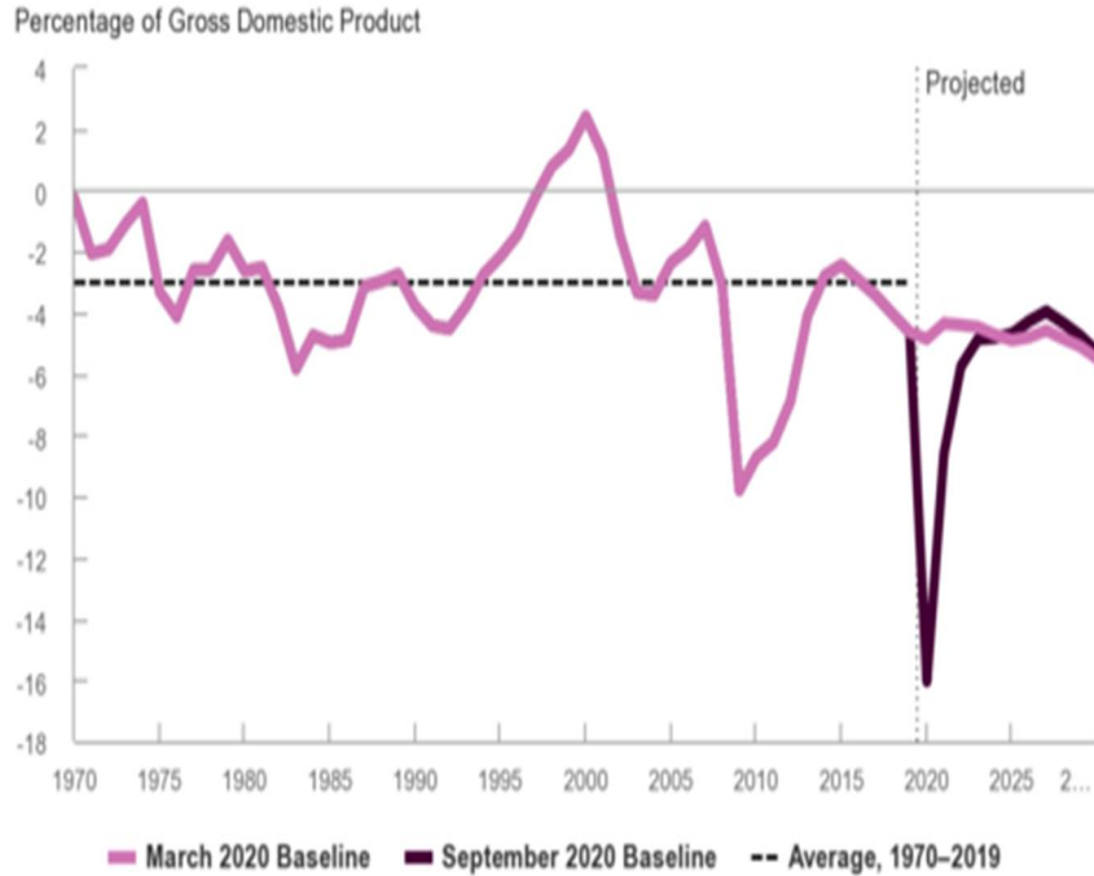
Very Different Recession Compared to 2009

Ratio of Unemployed Workers Per Job Opening



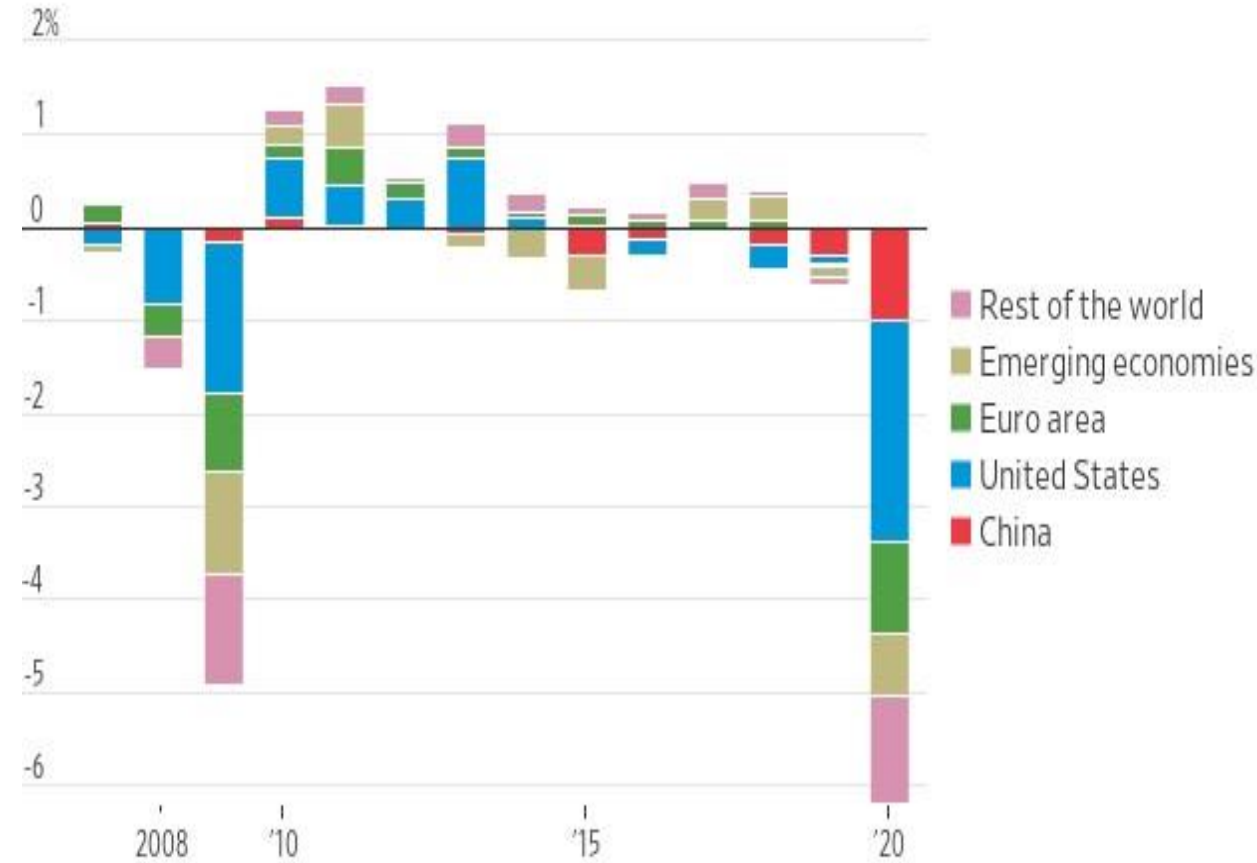
Massive Deficits: US and Globally

Deficits in CBO's September 2020 Baseline Versus Its March 2020 Baseline



Deeper Deficits

Contribution to change in global fiscal surplus or deficit



Inflation Likely to Increase, Supply Constraints Likely to Bind

CPI Inflation

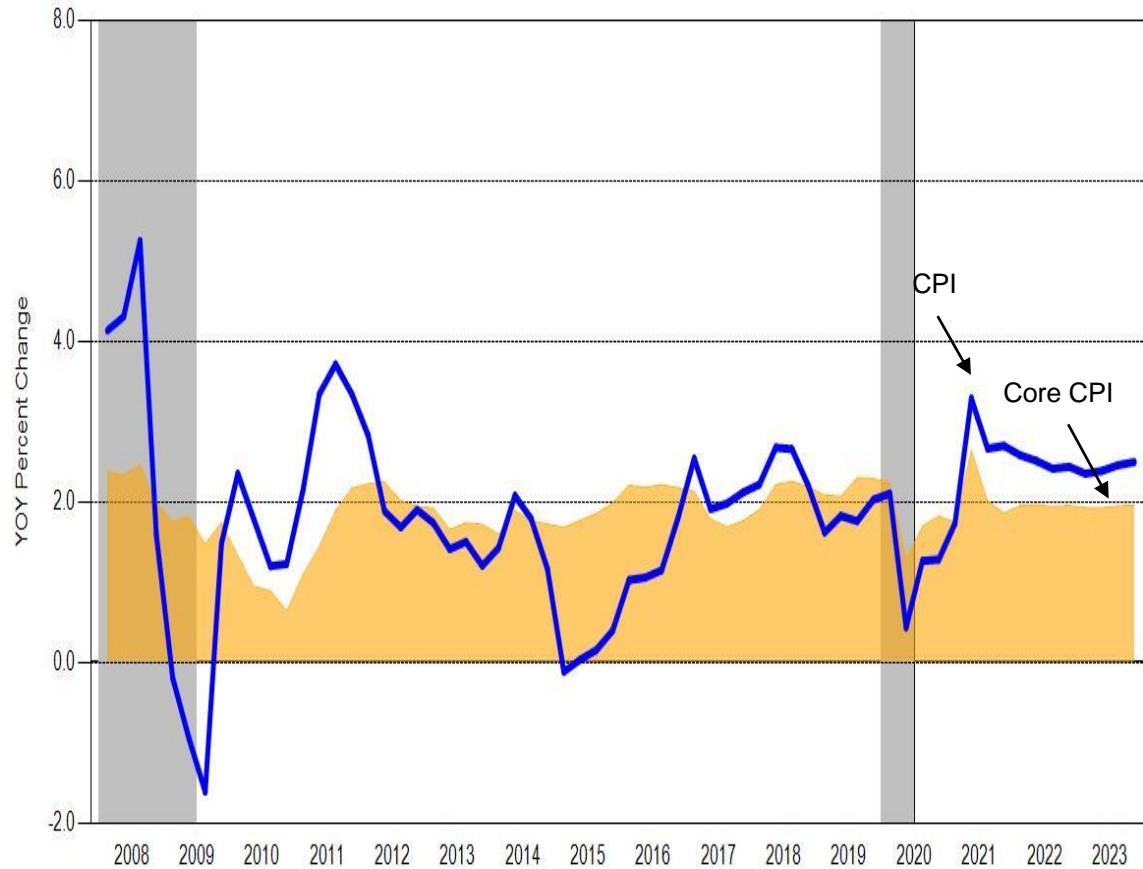
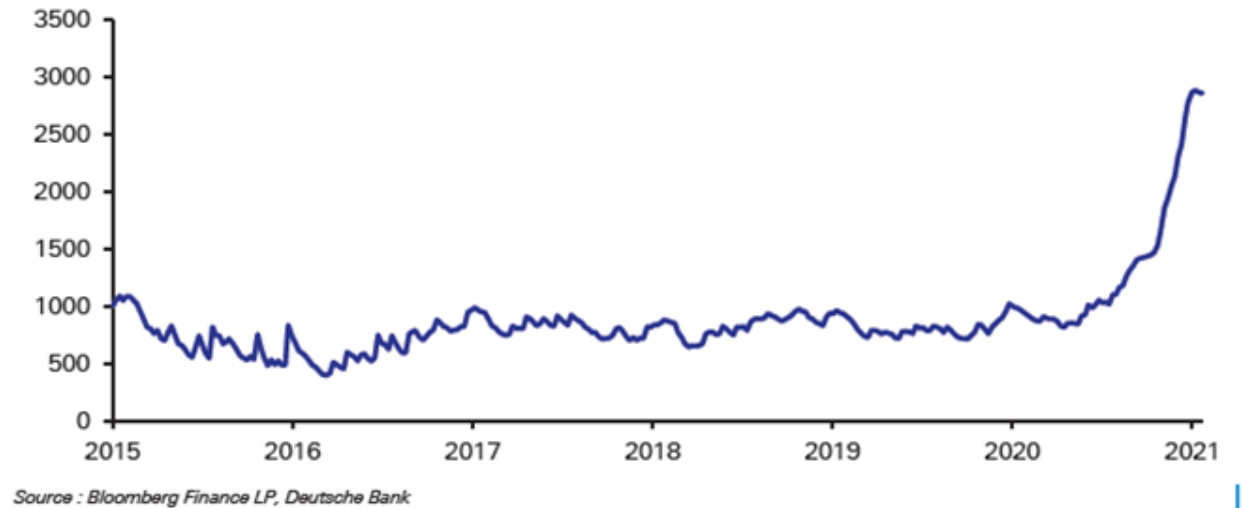


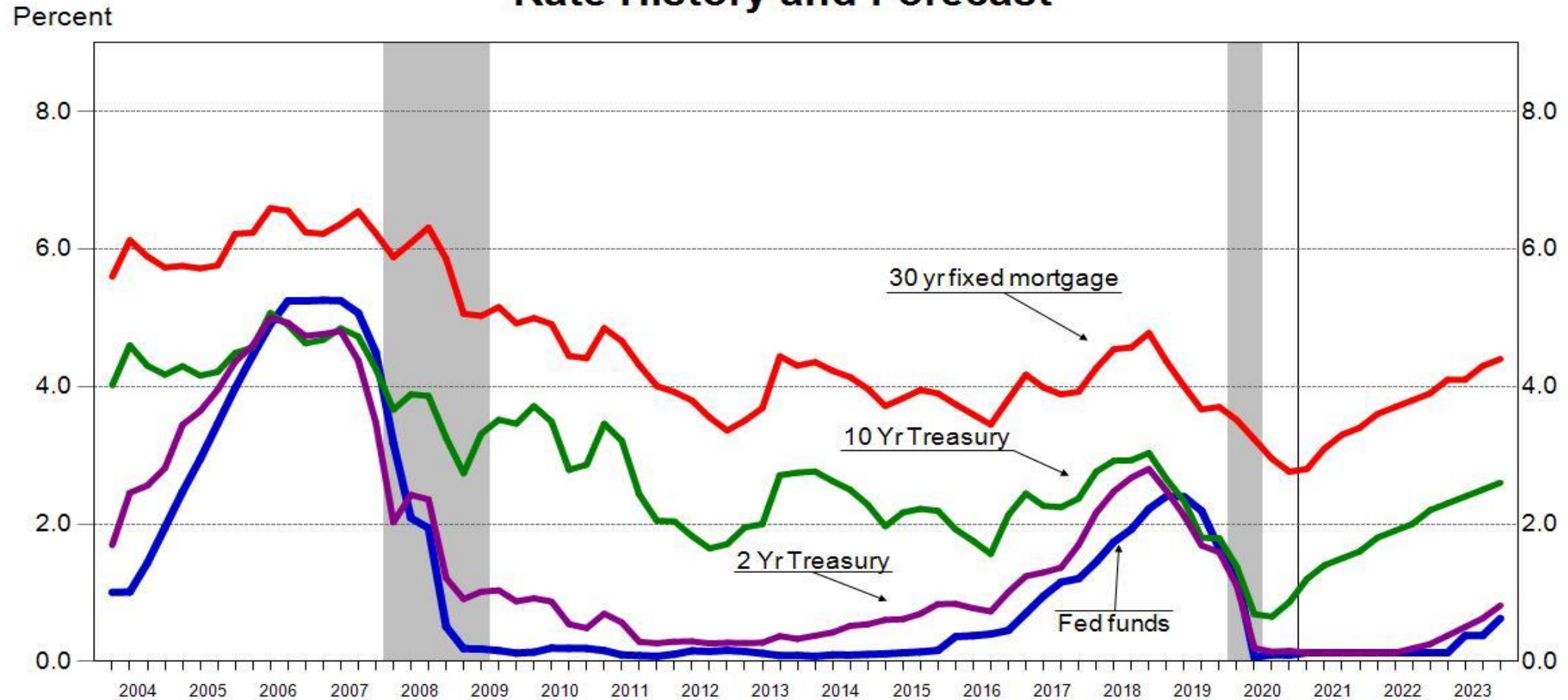
Figure 1: Shanghai Containerized Freight Index



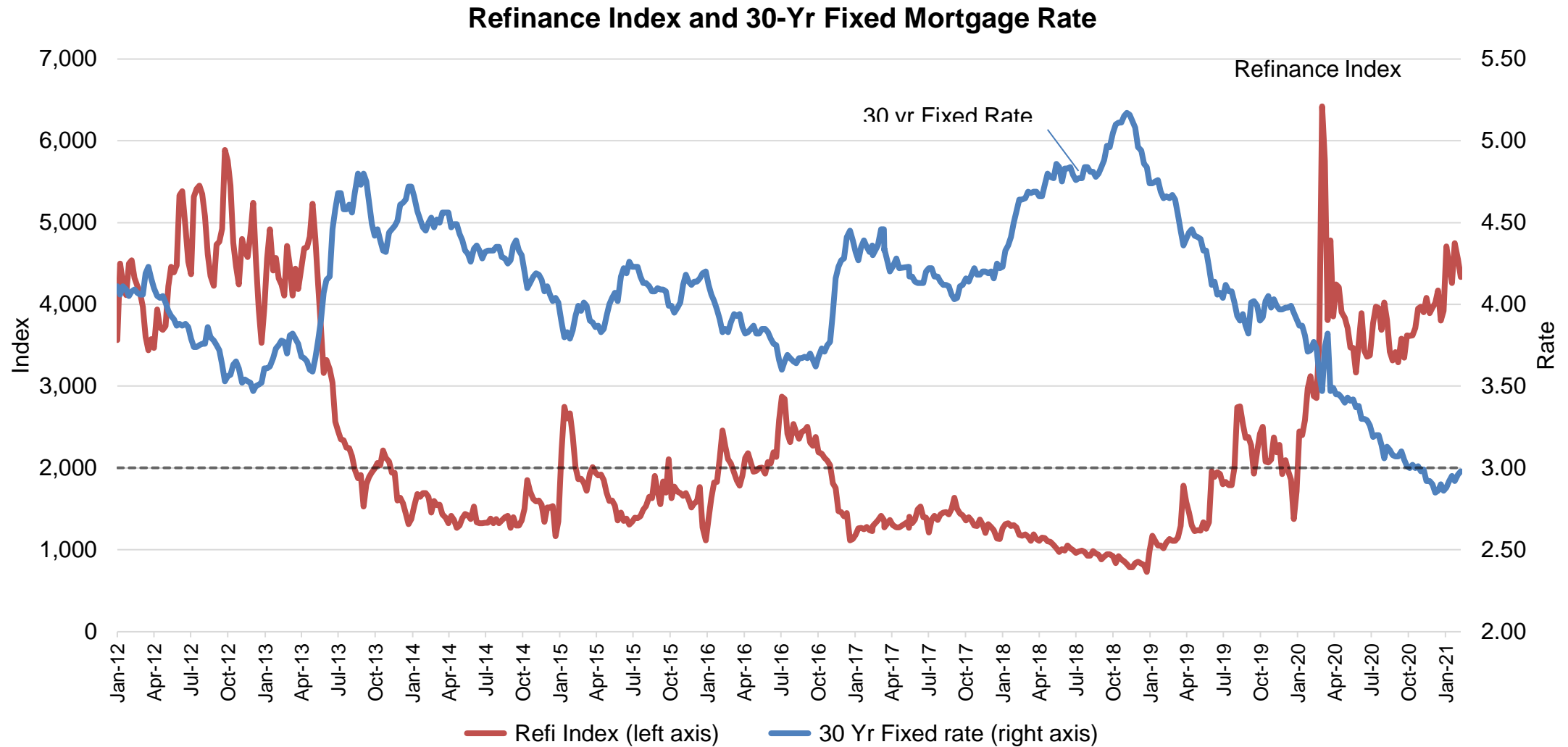
Source : Bloomberg Finance LP, Deutsche Bank

Short-term Rates At Zero Through 2022

Rate History and Forecast

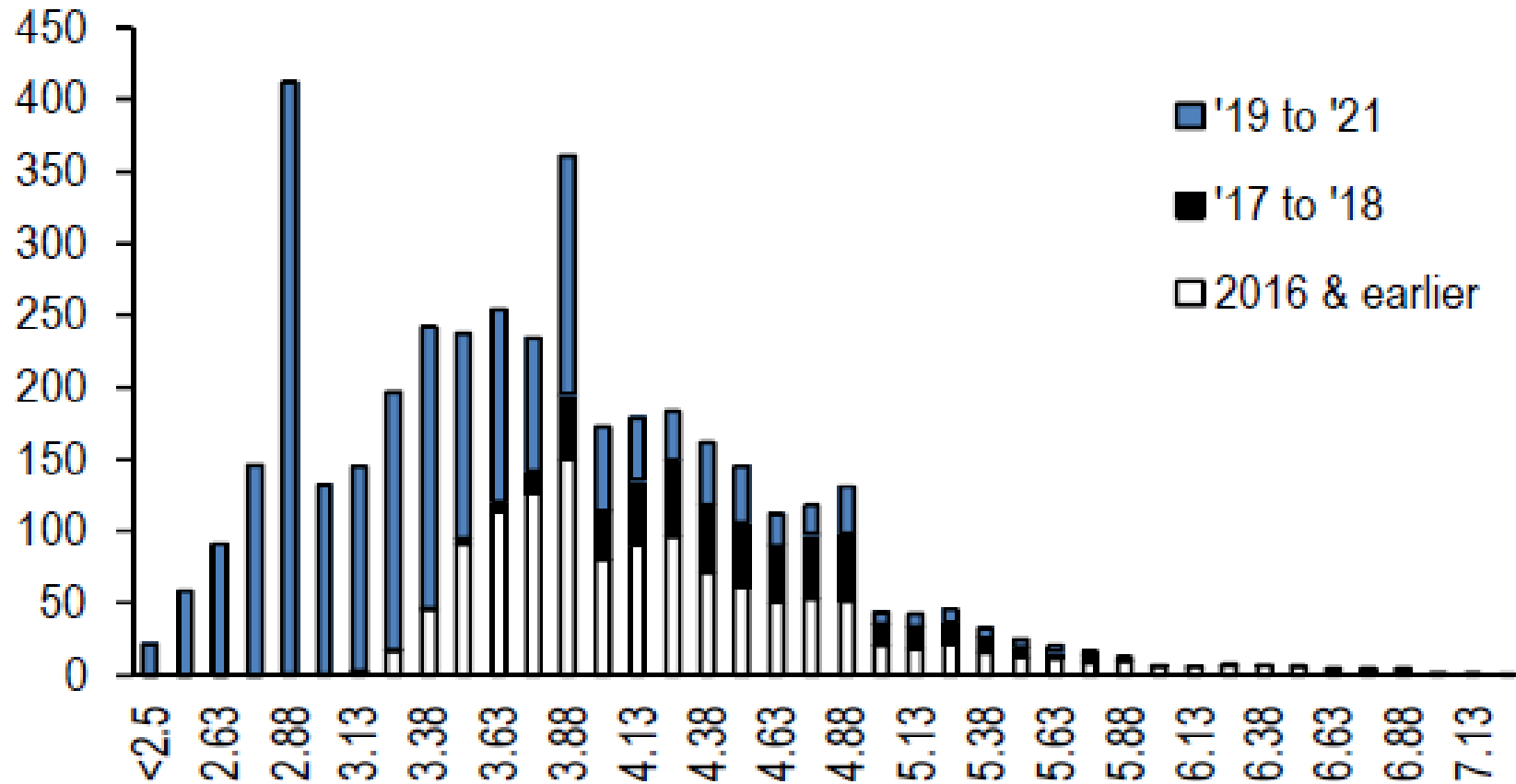


Refi Volume Robust, But Rates Have Turned?



Refi Opportunity...and Impact of Burnout

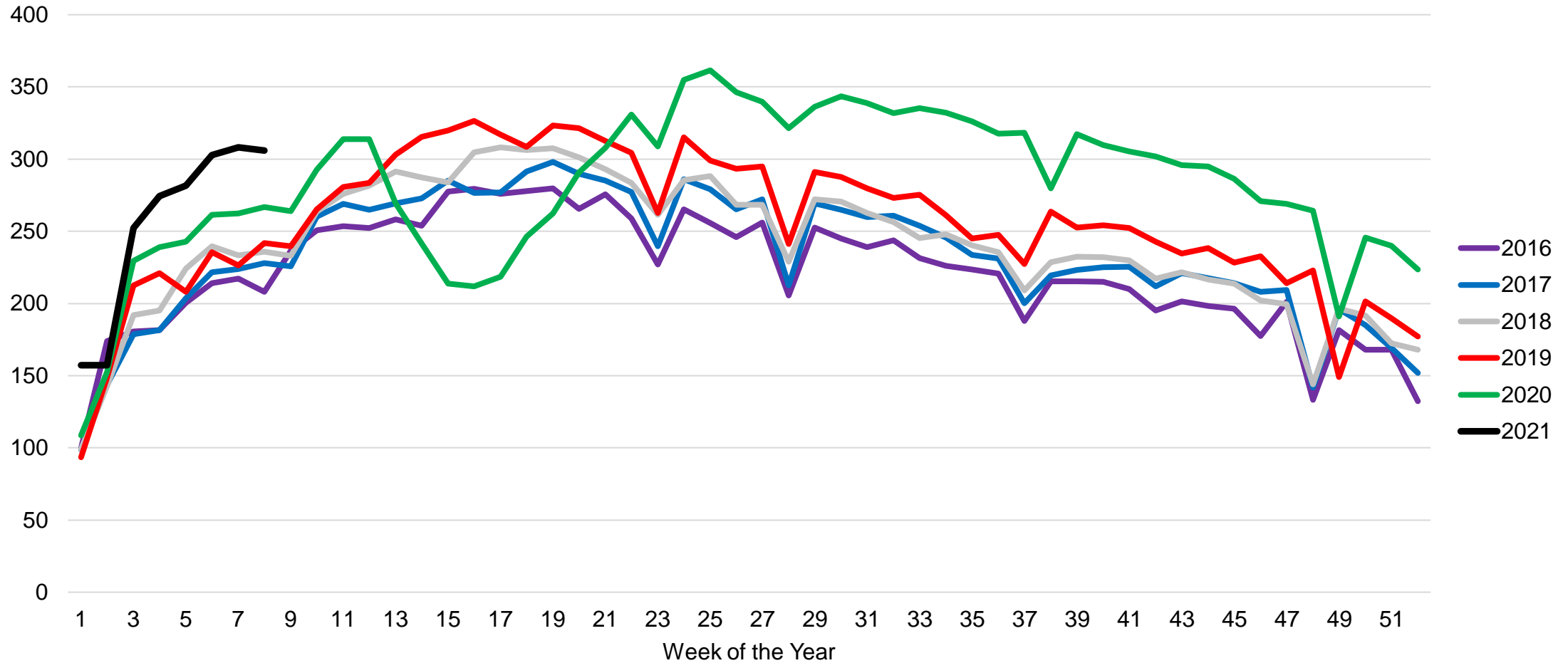
Outstanding conventional 30-year loans by WAC and vintage; borrowers with 50bp or greater rate incentive have refi risk, \$bn



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

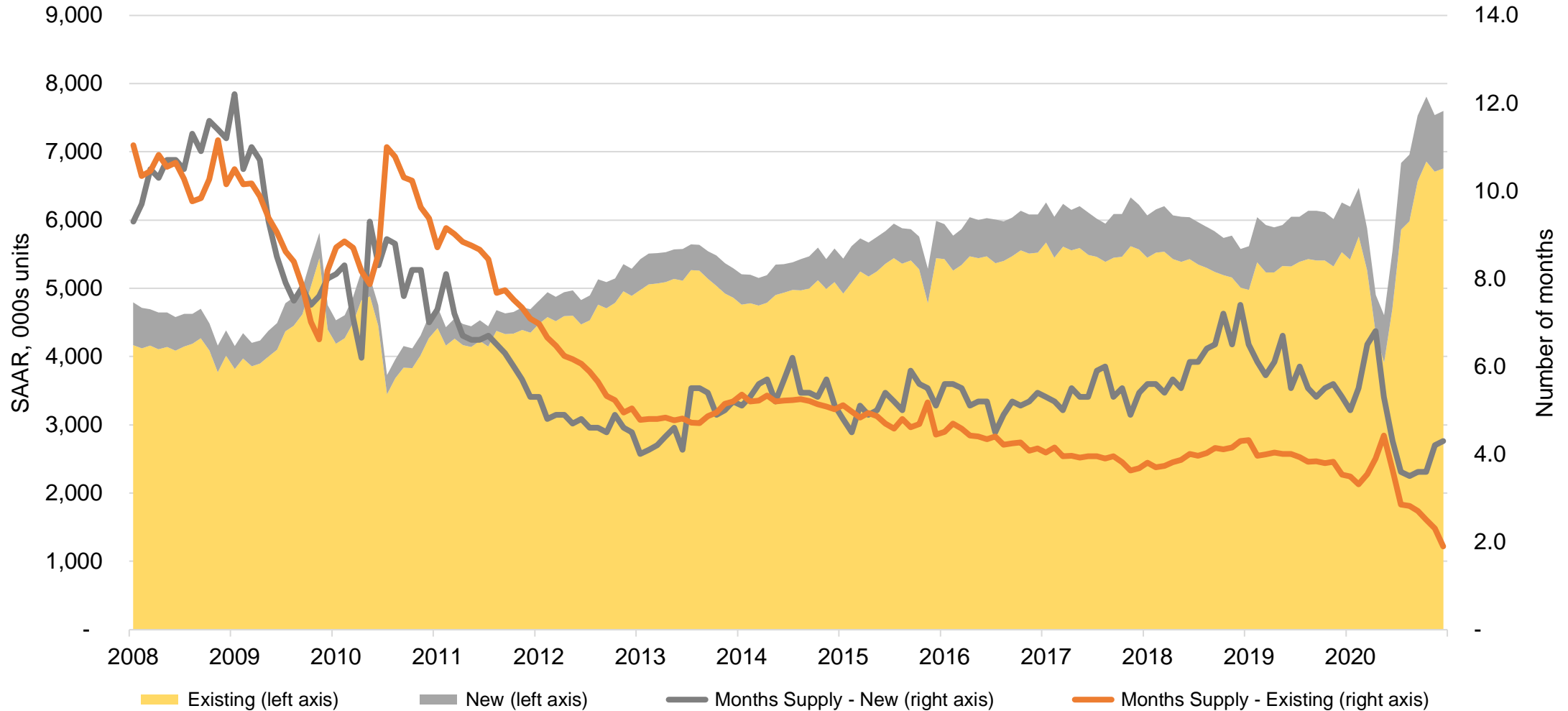
Purchase Applications Continuing Strong Annual Growth

Purchase Mortgage Applications Index
(by week of the year, NSA)



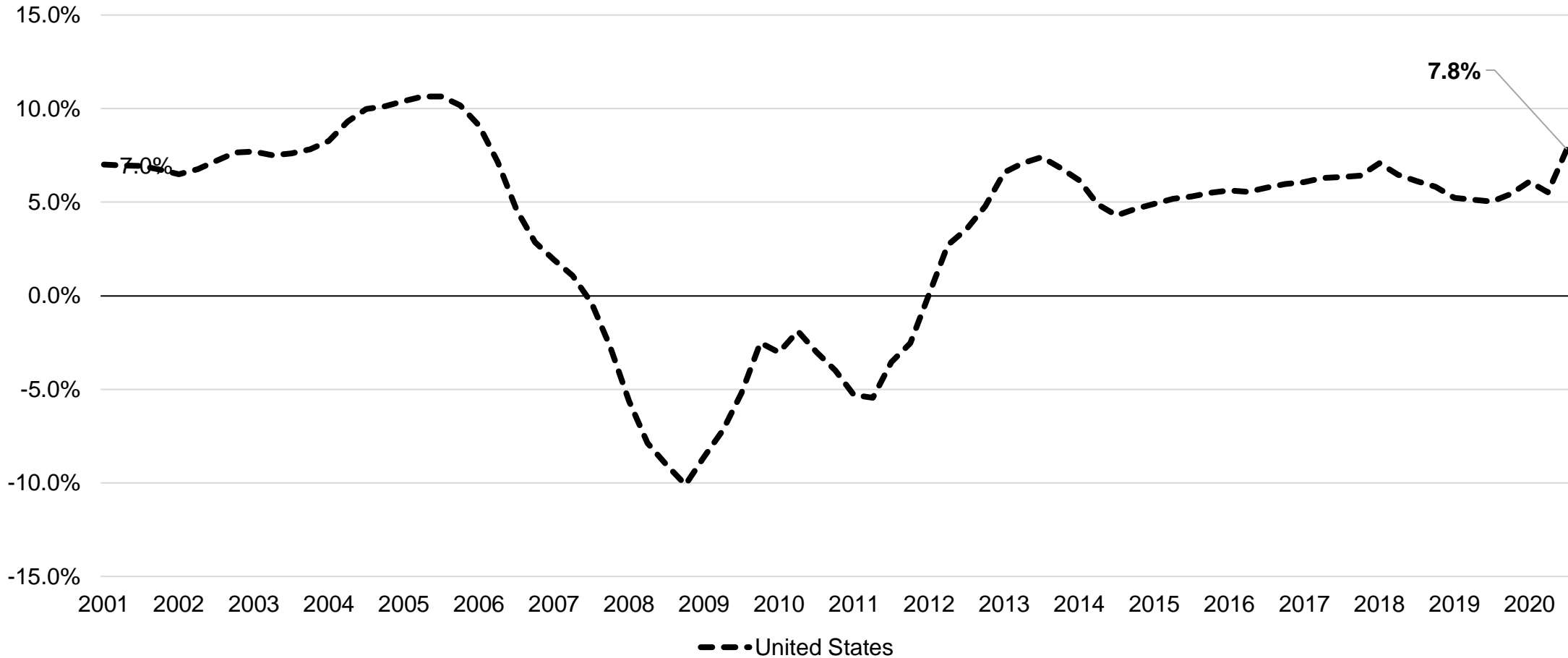
Home Sales Robust, But Inventory is Tight

Home Sales and Inventory

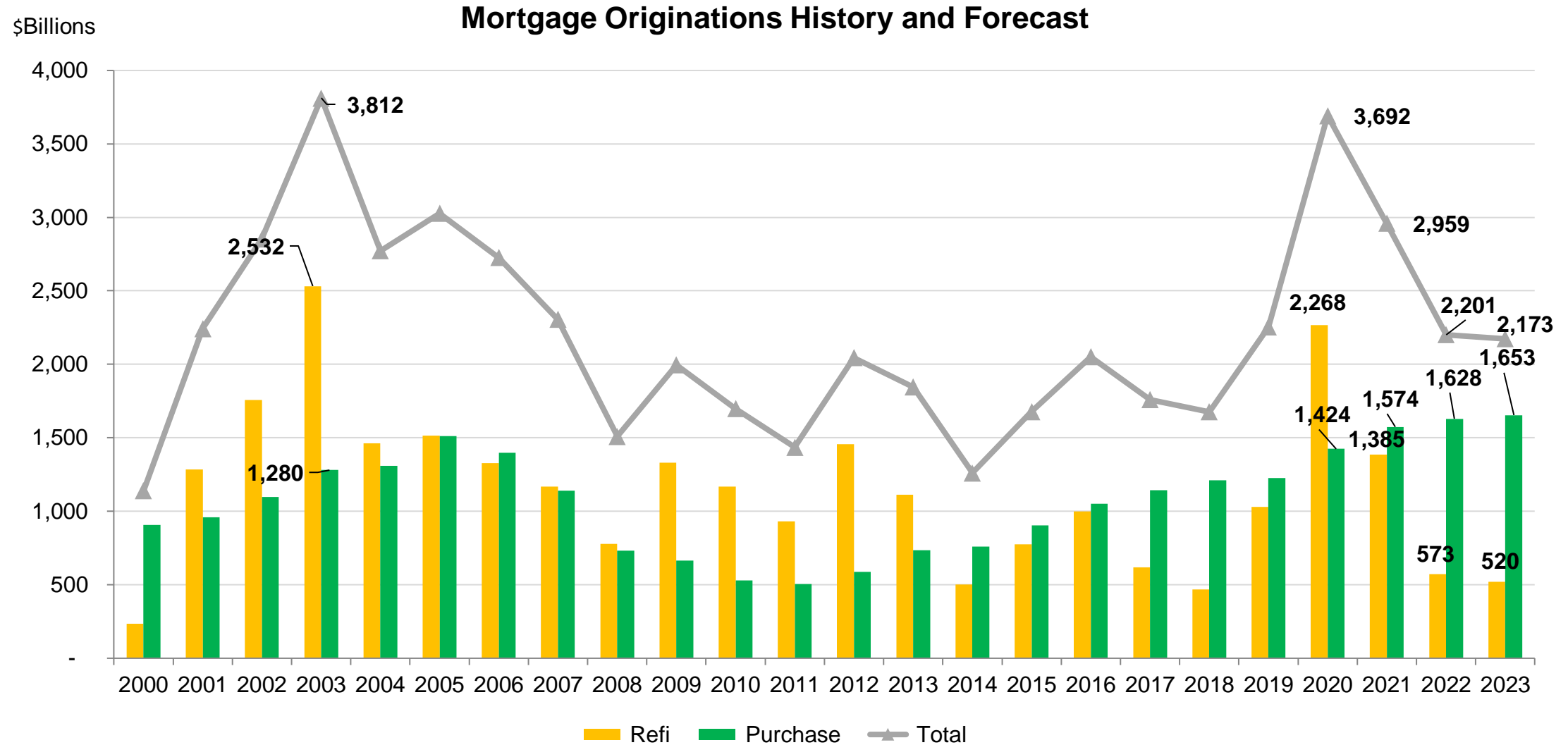


Home Price Growth Accelerated in 2020

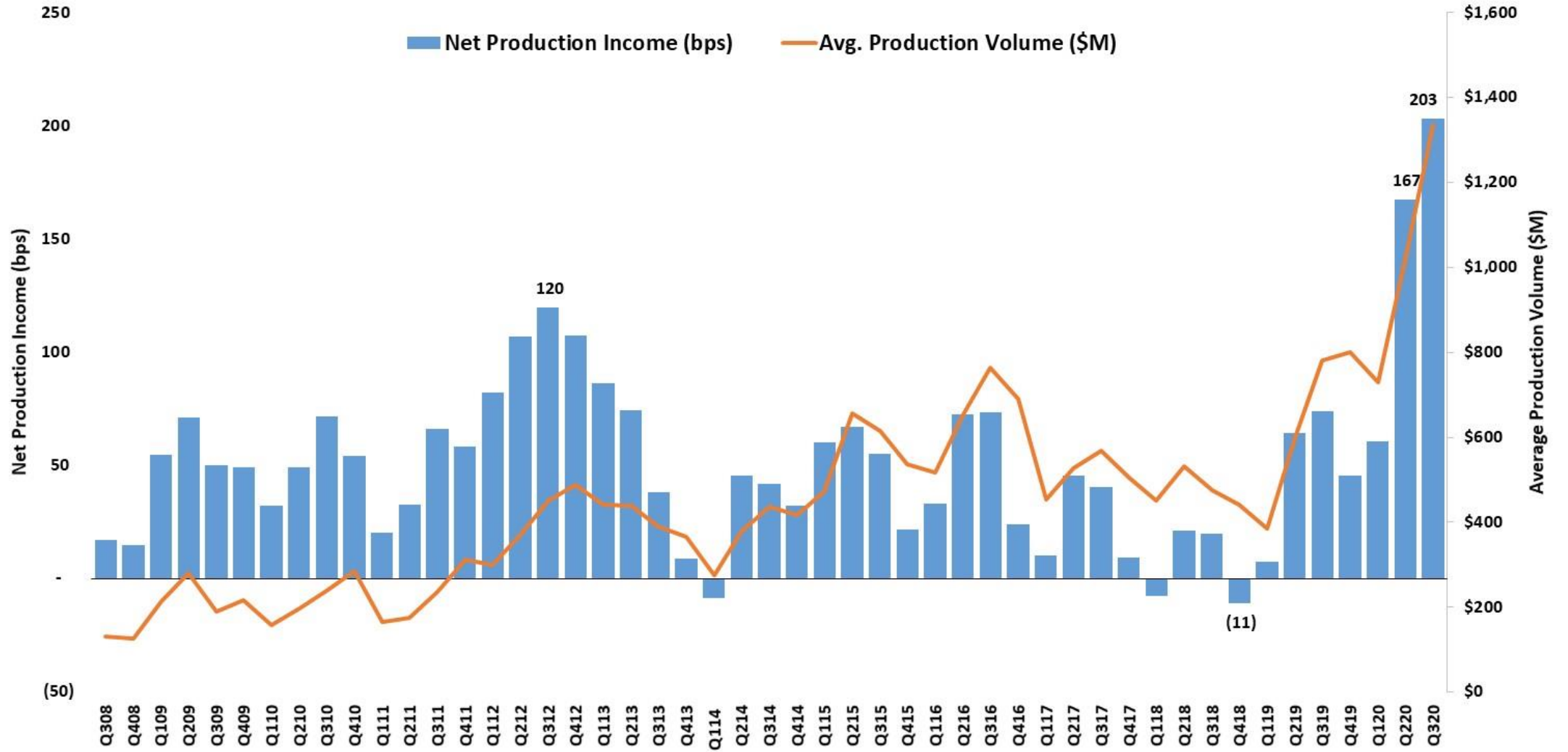
Home Price Changes – Purchase Only
Non-seasonally adjusted, year over year percent change



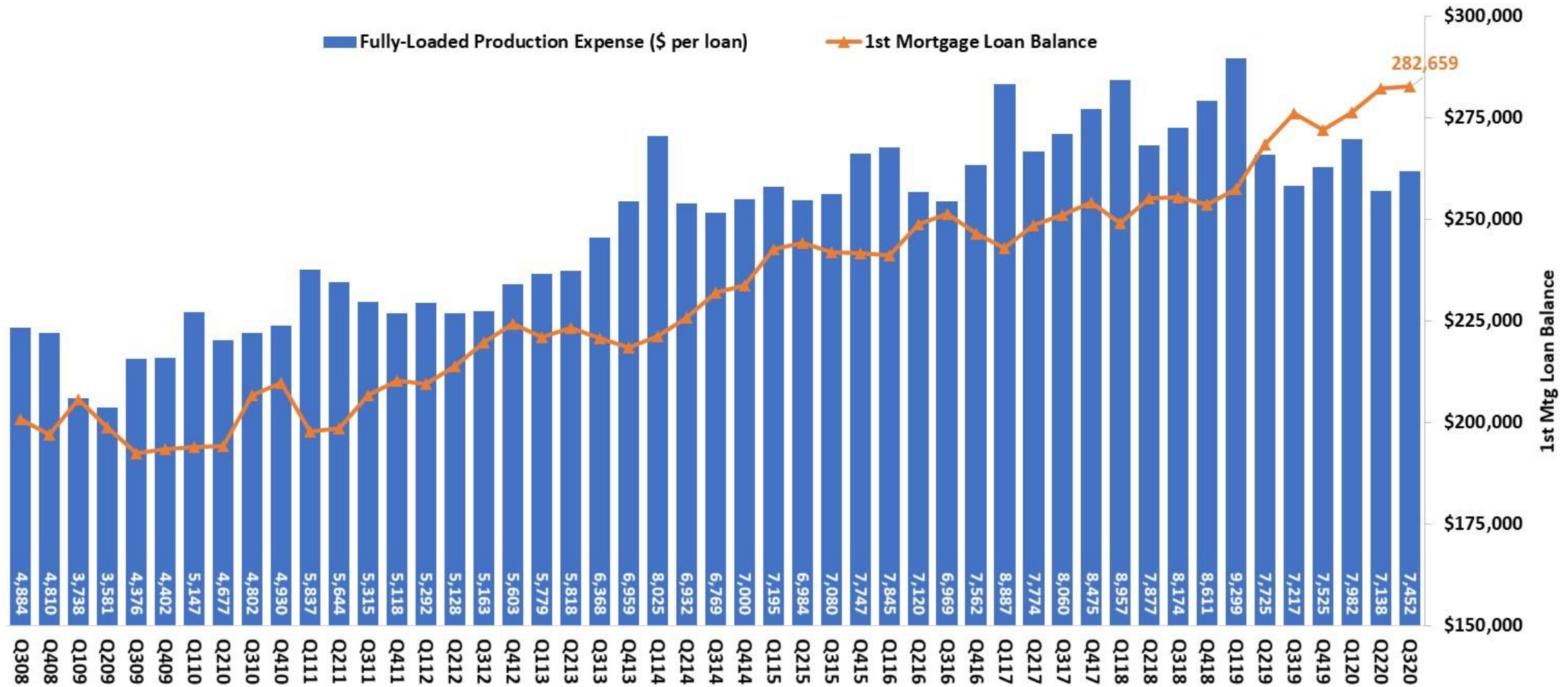
Forecast Purchase Growth, Refinancing to Slow



IMB Net Production Profits in Q3 2020 Surpasses 200 Basis Points

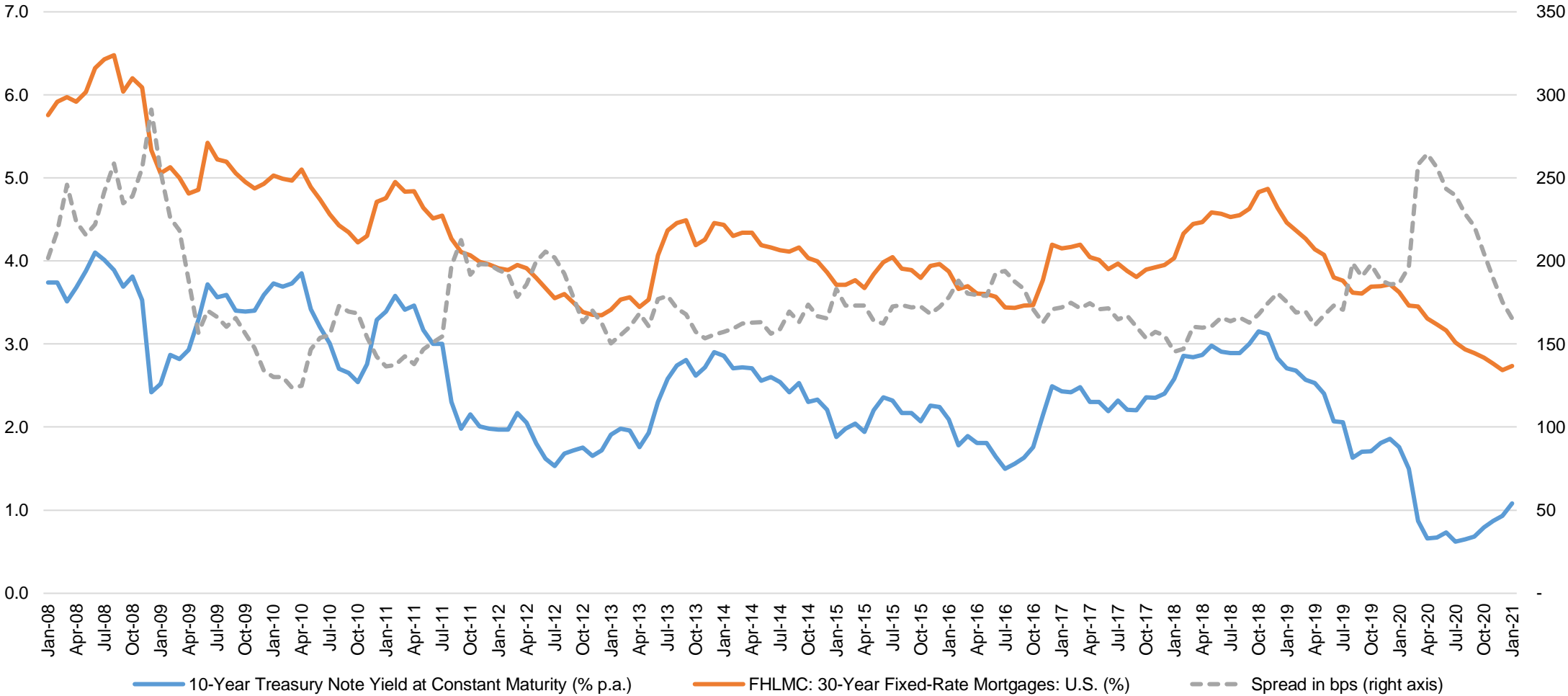


IMB Production Expenses (\$ per loan) Increasing with Higher Loan Balances



Will Production Revenues Hold? Mortgage-Treasury Spreads Have Narrowed

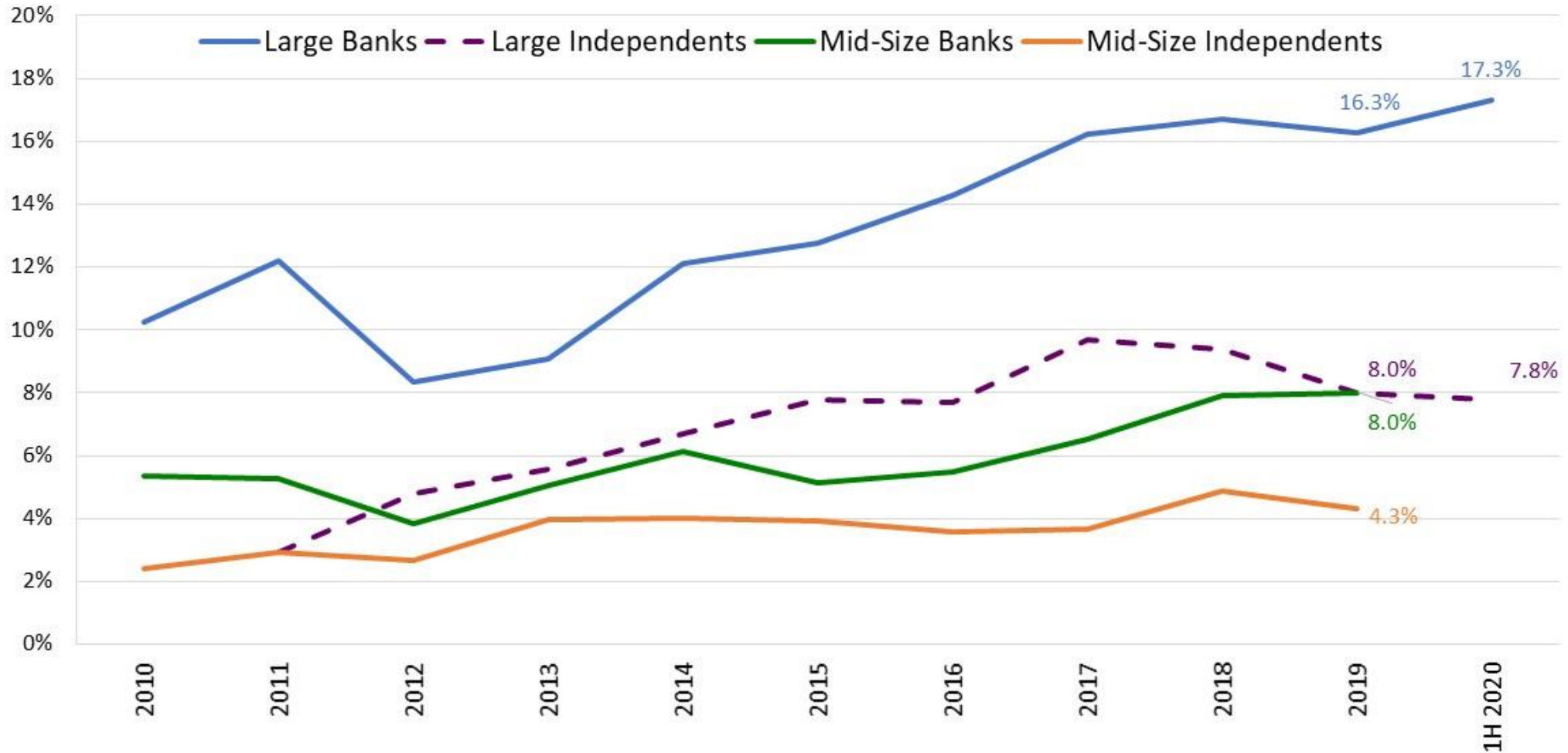
30-Year Fixed Mortgage Rate and 10-Year Treasury Yield



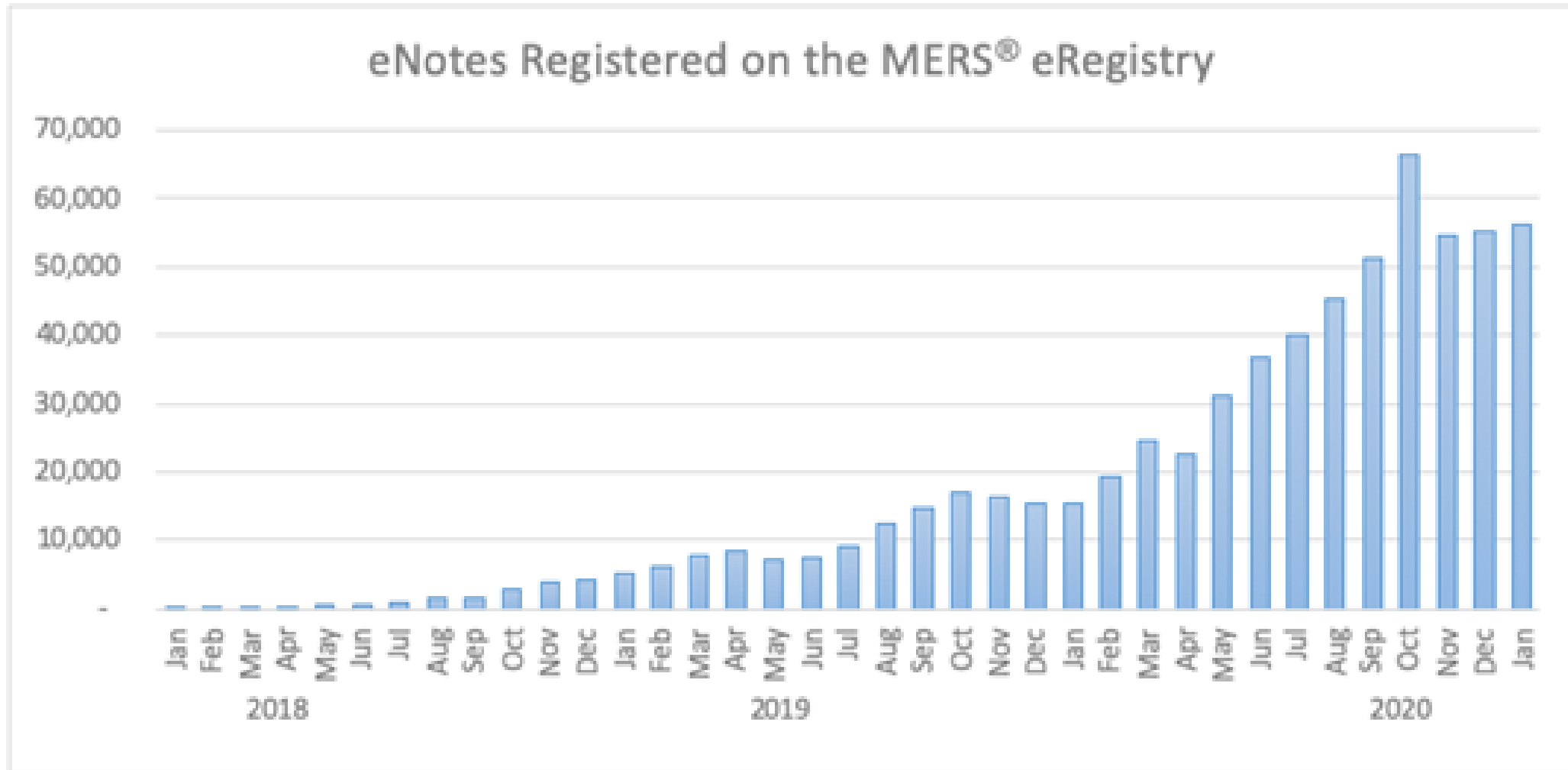
Source: Federal Reserve and Freddie Mac



Technology Expense as % of Total Mortgage Company Costs

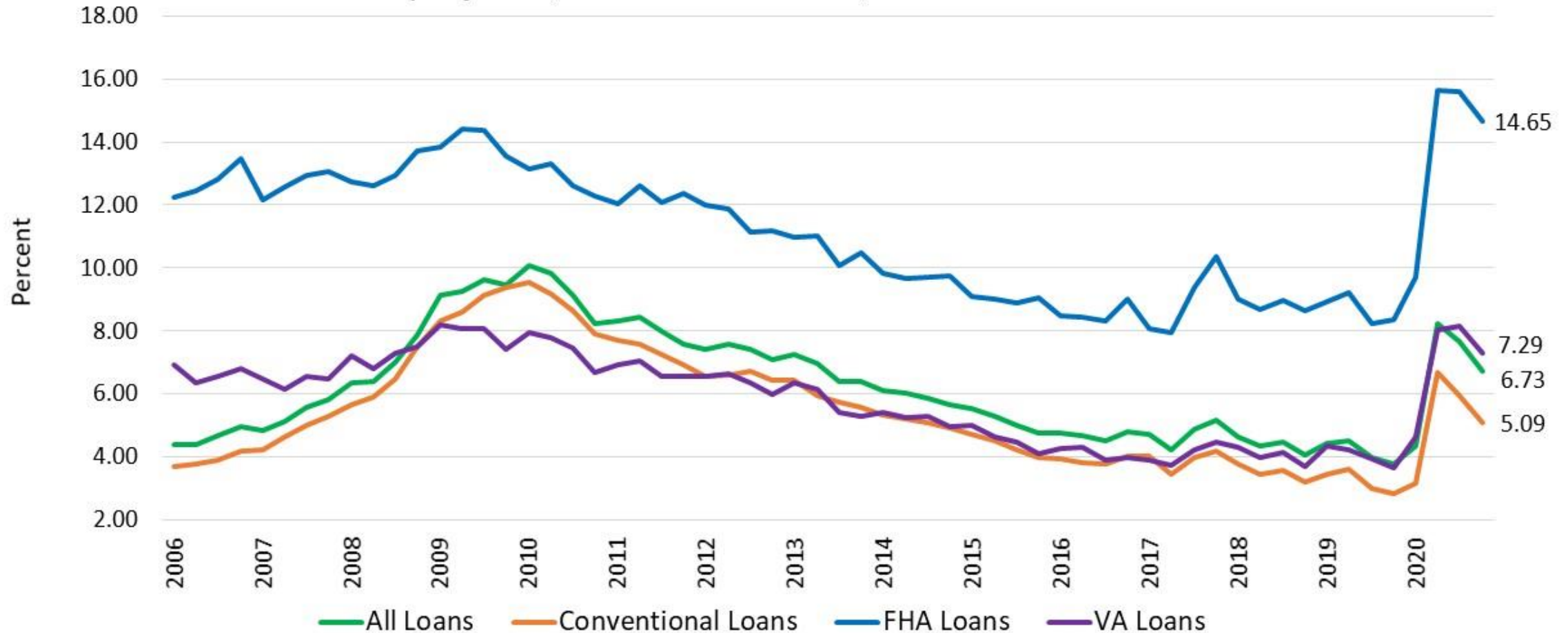


eNote Adoption Growing Rapidly



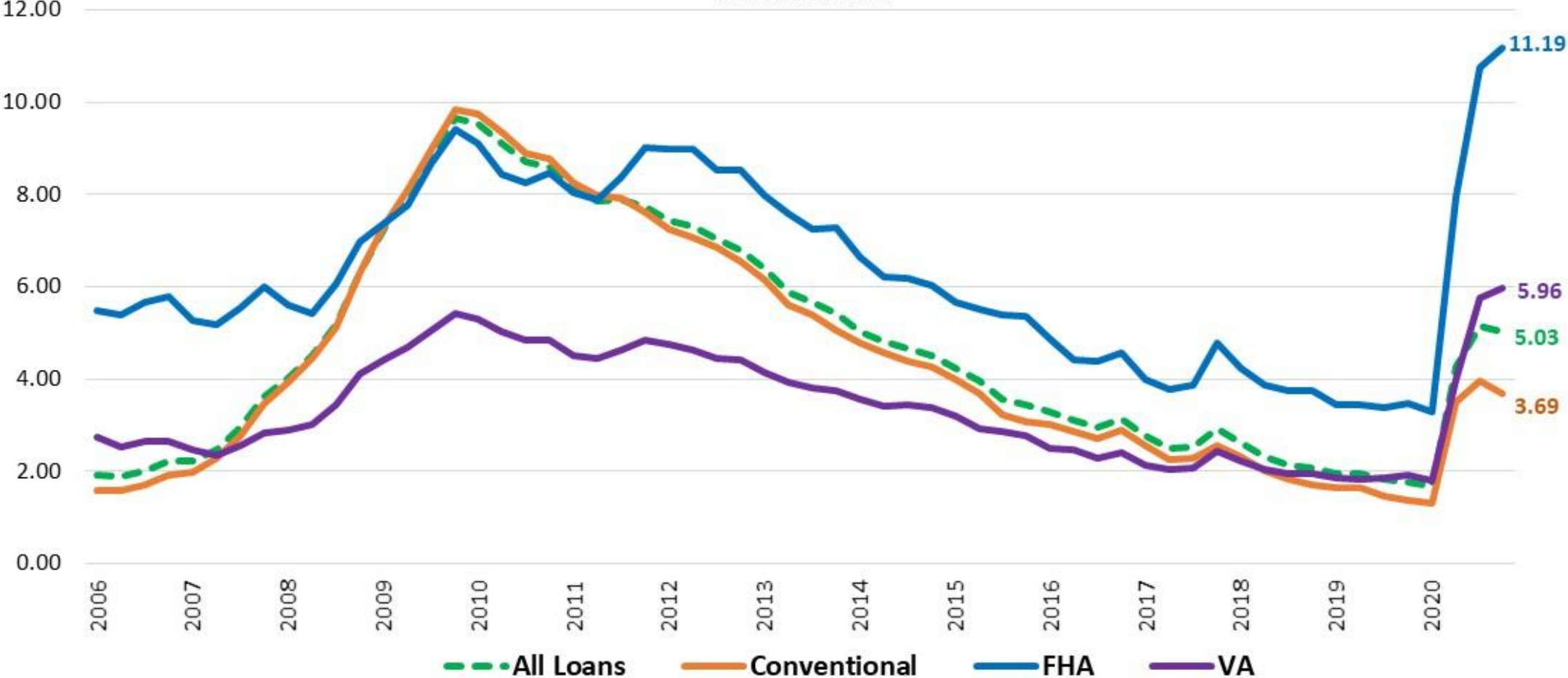
Mortgage Delinquency Rates by Loan Type

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

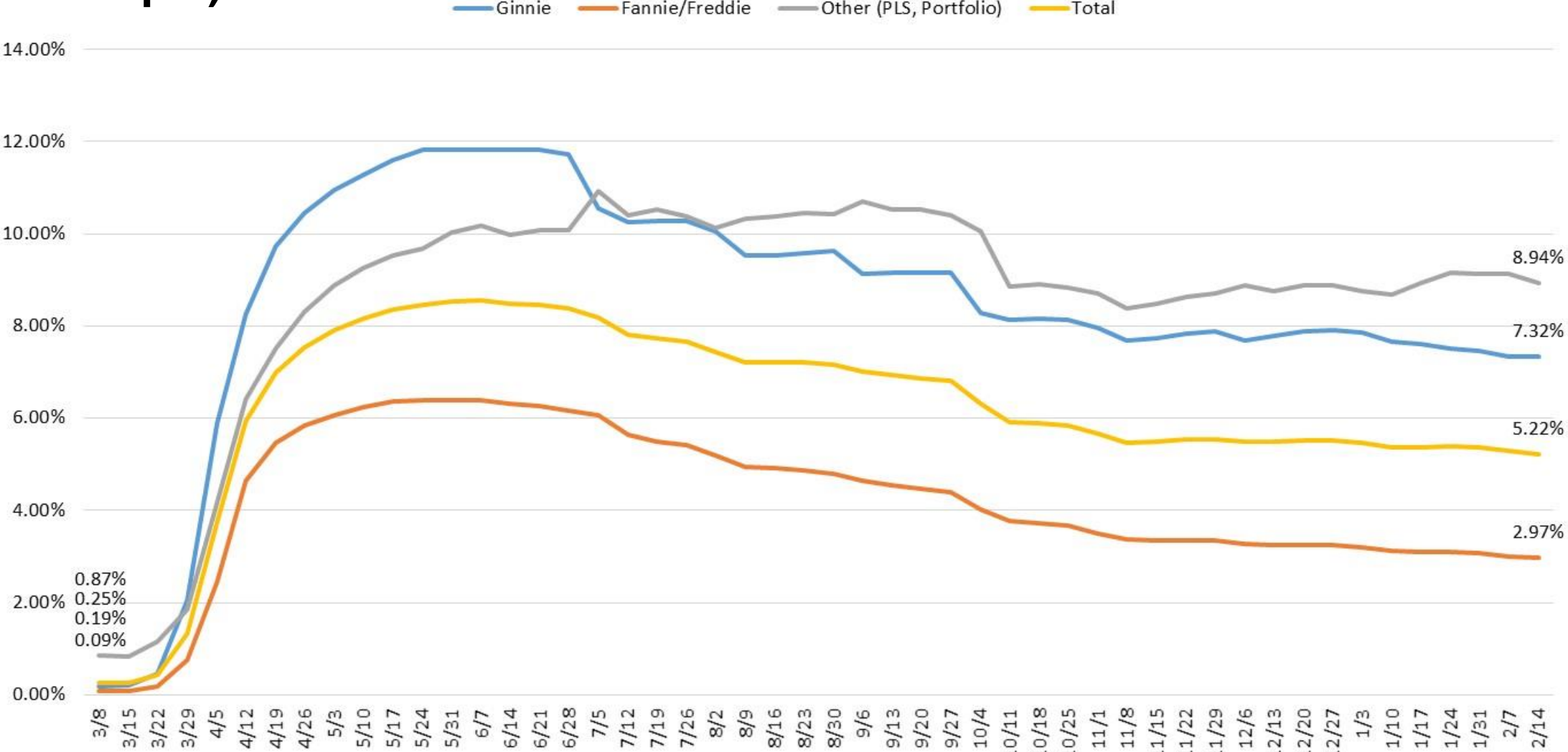


Seriously Delinquent Rate by Loan Type

Non-seasonally adjusted, based on loan count, includes 90+ days dlq and loans in foreclosure



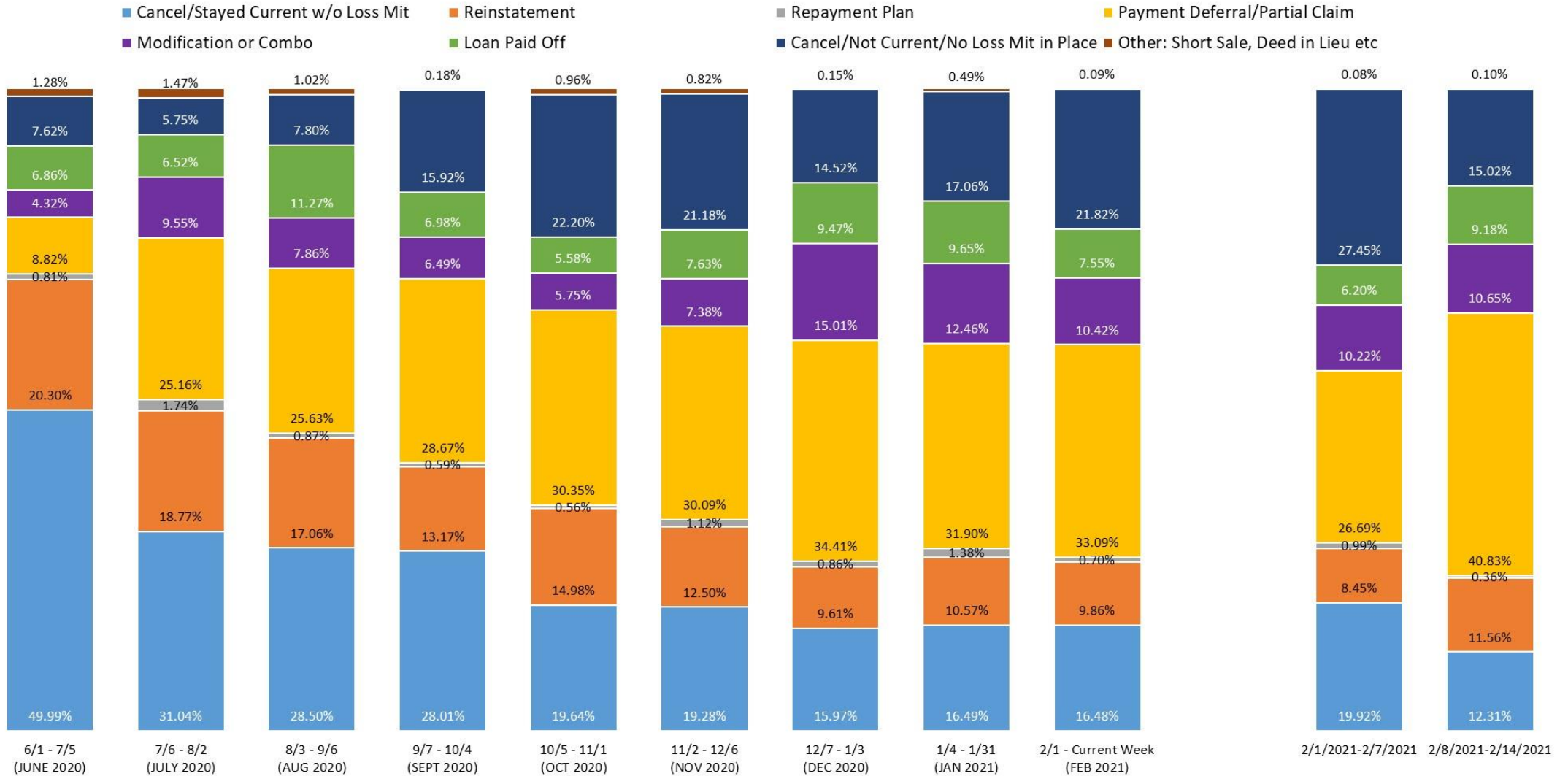
% of Servicing Portfolio Volume in Forbearance by Investor Type over Time (Full Sample)



Source: MBA's Weekly Forbearance and Call Volume Survey, as of 2/14/21
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% of Total Weekly Forbearance Exits by Reason



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