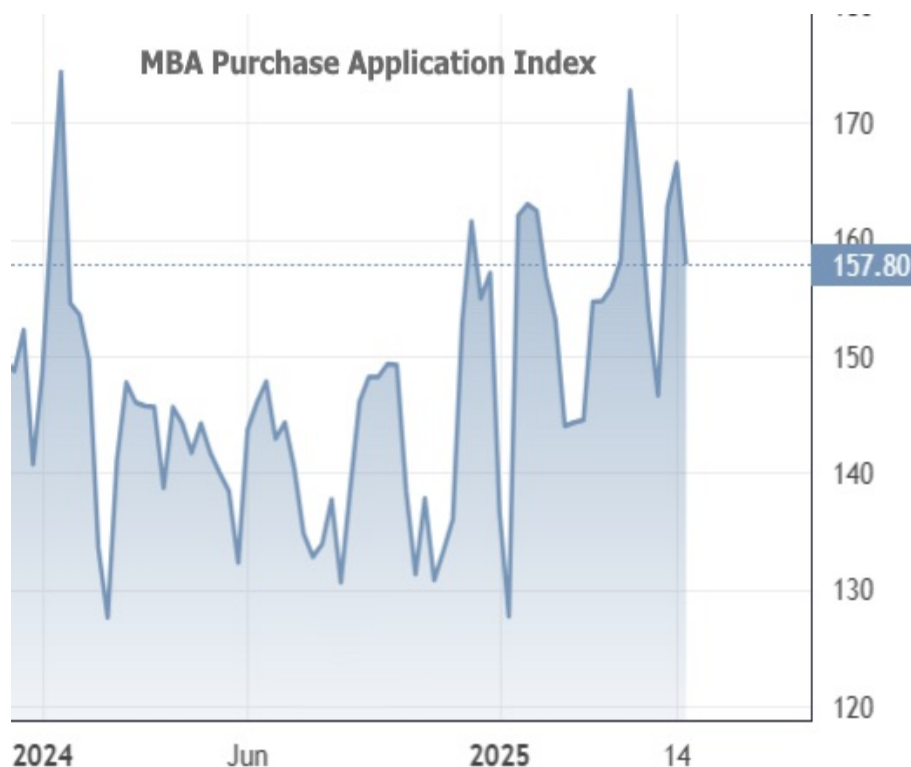




Mortgage Demand Impacted by Rising Rates

The Mortgage Bankers Association's (MBA) weekly application survey has been doing a good job of tracking with the more granular daily rate data from MND. Both are in agreement that rates were on their way up to the highest levels in several months last week--a fact that seems to have taken a toll on both purchase and refinance applications.

"Mortgage rates jumped to their highest level since February last week, with investors concerned about rising inflation and the impact of increasing deficits and debt," said Mike Fratantoni, MBA's SVP and Chief Economist. "Higher rates, including the 30-year fixed rate increasing to 6.92 percent, led to a slowdown across the board. However, purchase applications are up 13 percent from one year ago."



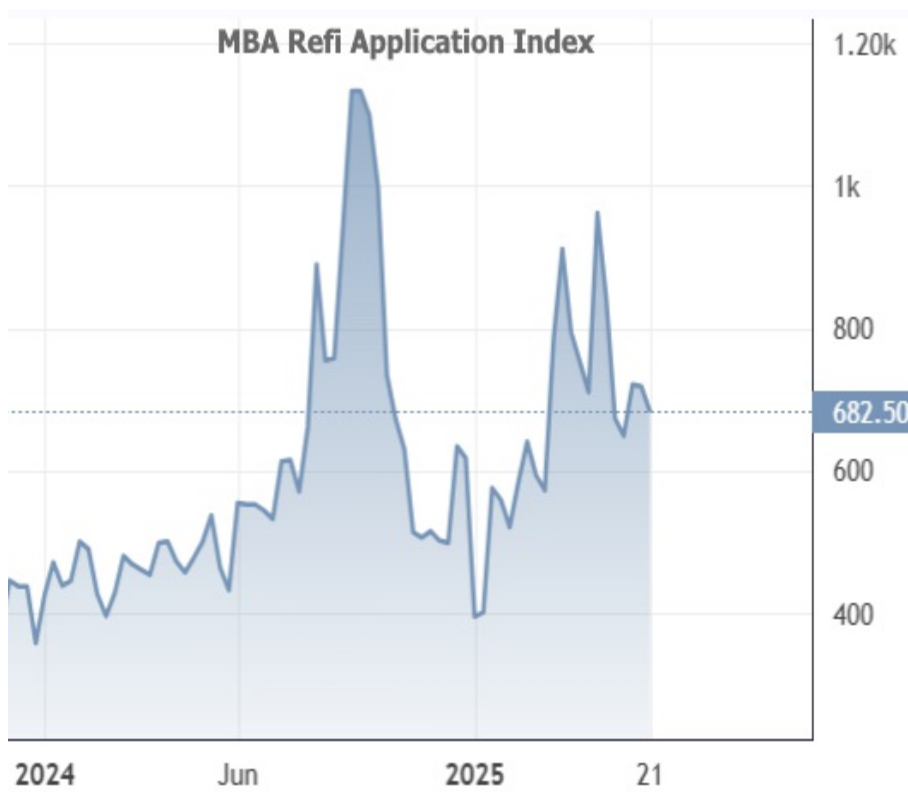
Zachary Kempf

Capital Markets Analyst,
Plains Commerce Bank

plainscommerce.com

P: (605) 271-7939

3905 W 49th St
Sioux Falls SD 57106



Here's the full breakdown on MBA's surveyed rates from last week:

- **30yr Fixed:** 6.92% (+0.06) | Points: 0.69 (+0.01)
- **Jumbo 30yr:** 6.94% (+0.09) | Points: 0.72 (+0.23)
- **FHA:** 6.60% (+0.01) | Points: 0.96 (+0.07)
- **15yr Fixed:** 6.21% (+0.09) | Points: 0.72 (+0.13)
- **5/1 ARM:** 6.16% (+0.07) | Points: 0.36 (-0.38)

MND's daily rate tracking suggests another move higher in next week's survey, which implies additional headwinds for refi demand (purchases tend to be less immediately impacted by short term rate fluctuations).

Breakdown of changes in composition of applications:

- **Refinance Share:** 36.6% (↑ from 36.4%)
- **ARM Share:** 7.1% (↓ from 7.4%)
- **FHA Share:** 17.9% (↑ from 17.4%)
- **VA Share:** 12.6% (↓ from 13.4%)
- **USDA Share:** 0.5% (no change)