



# Economic and Mortgage Market Update

February 21, 2007

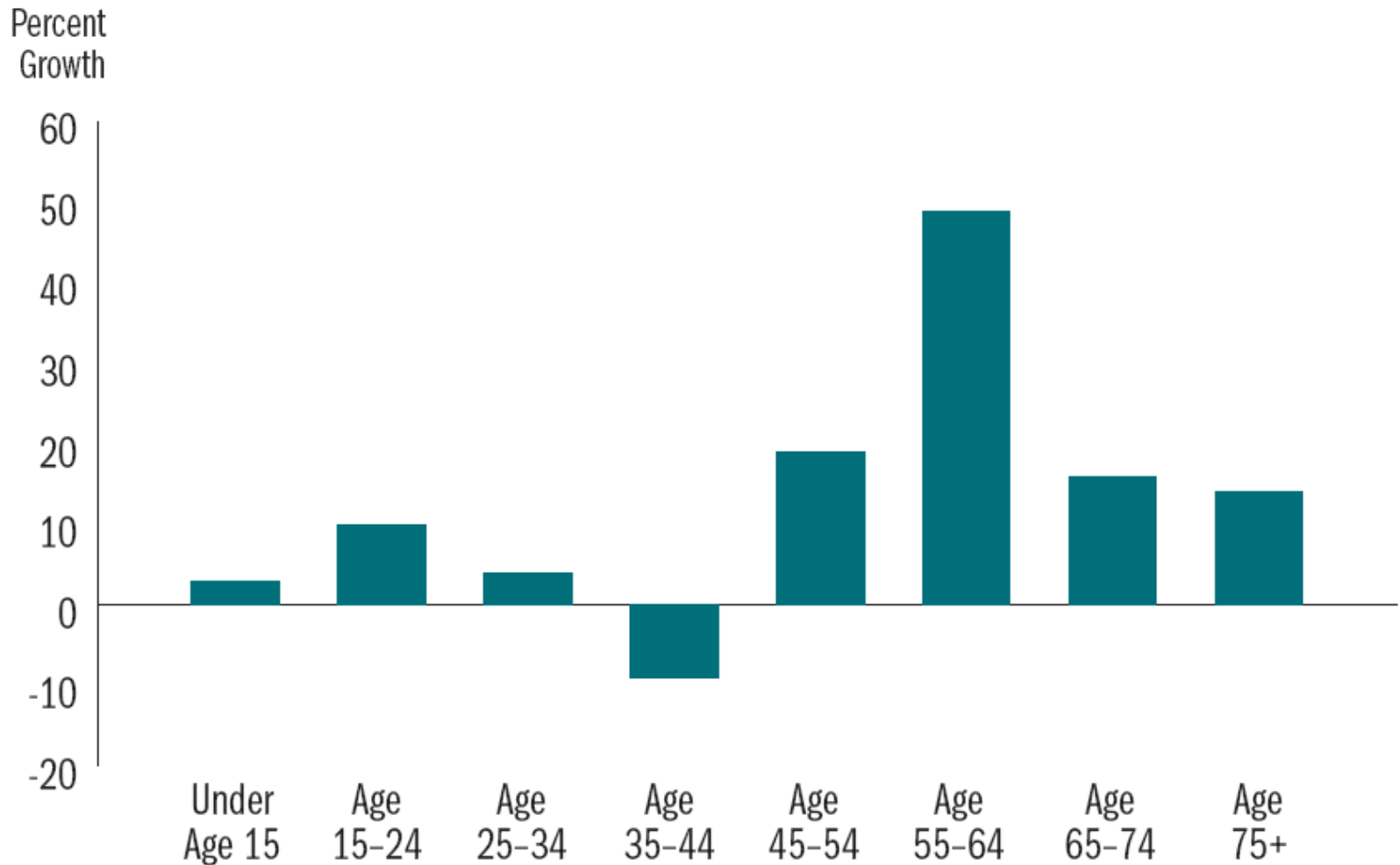
MBA's National Mortgage Servicing  
Conference and Expo

**Mike Fratantoni**

**Mortgage Bankers Association**

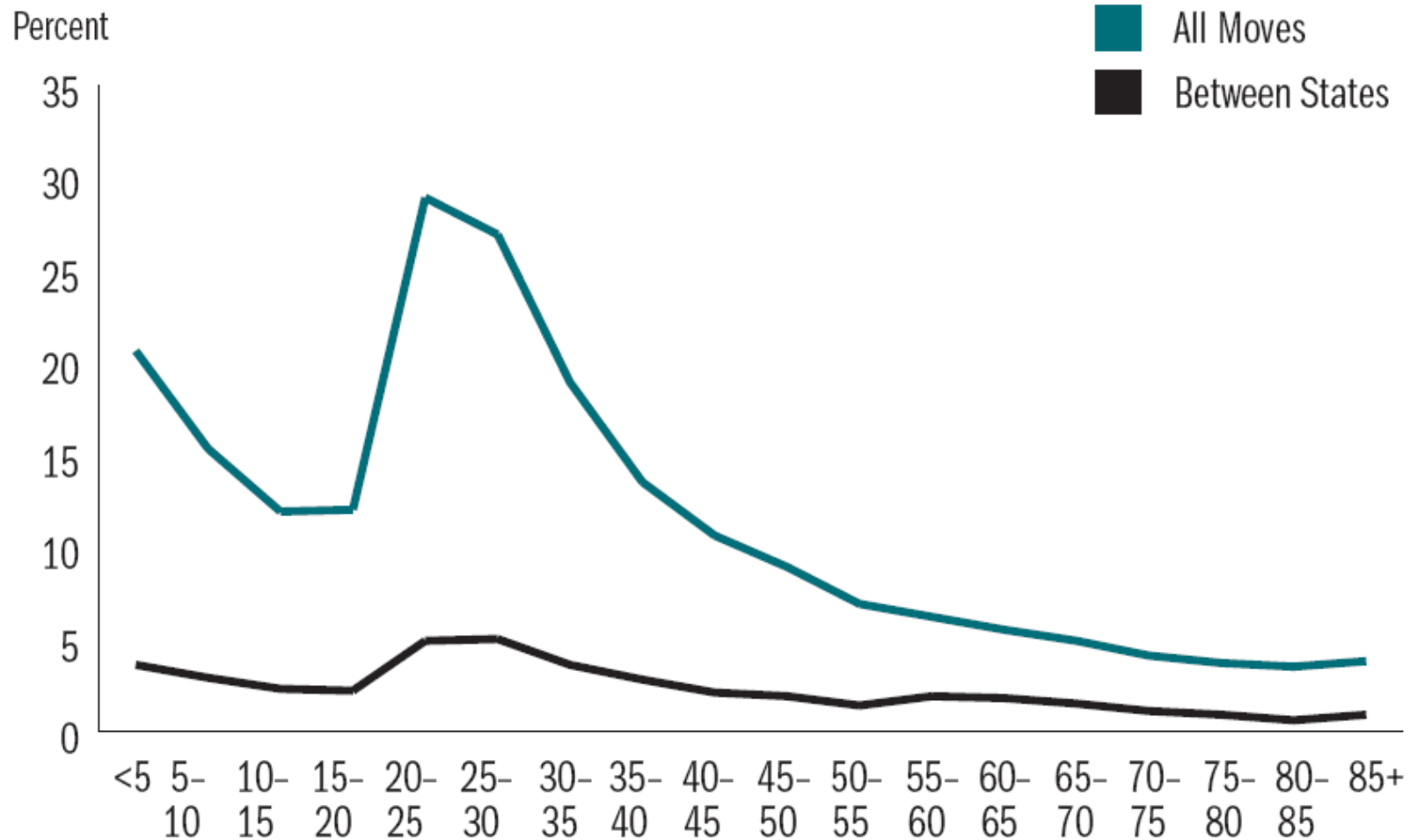
**Senior Director, Single Family Research and  
Economics**

## Population Change by Age, 2000-2010



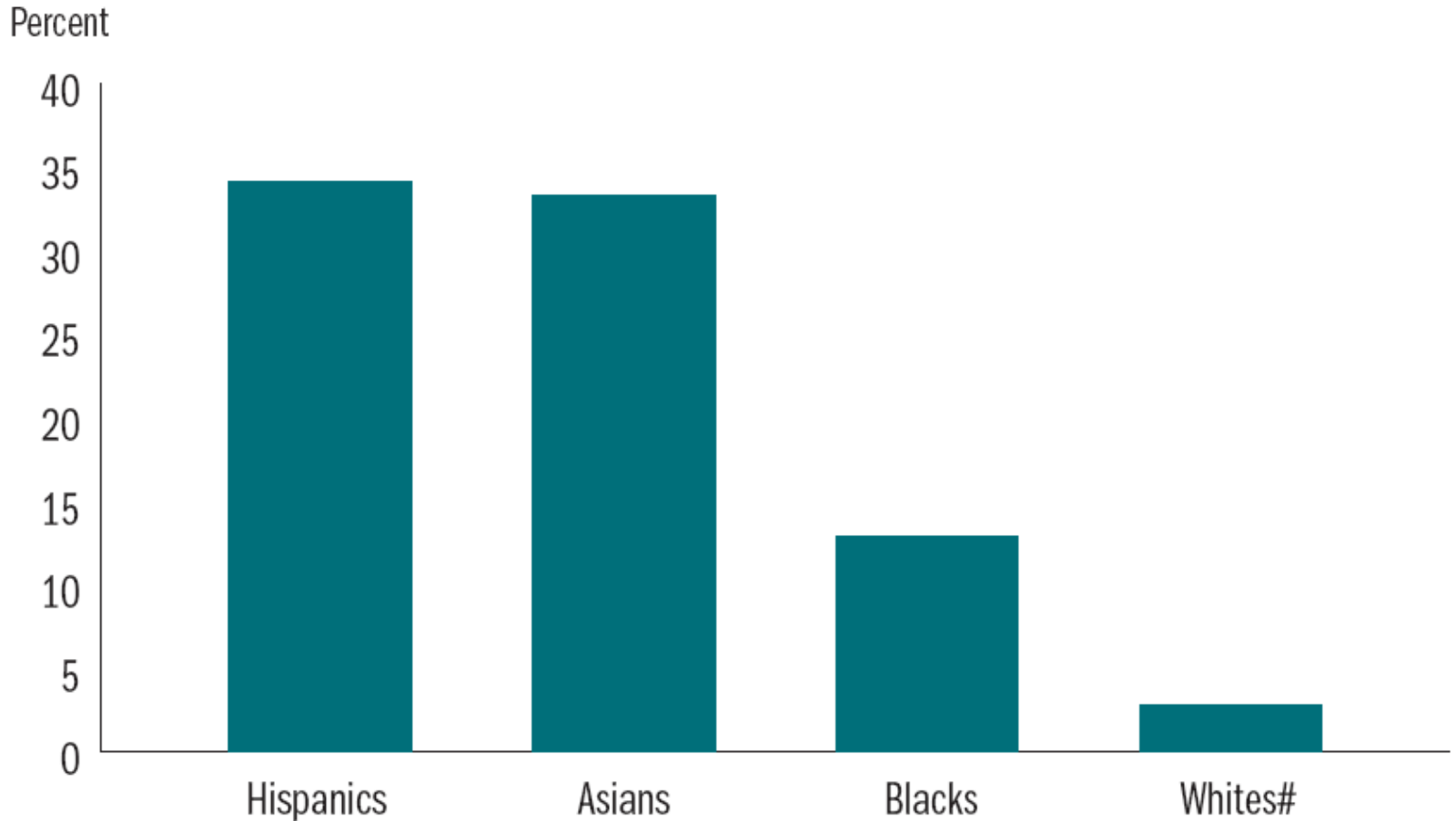
Source: William H. Frey analysis of US Census Sources

## Annual Migration Rates by Age, 2004-2005



Source: William H. Frey analysis of 2005 Current Population Survey

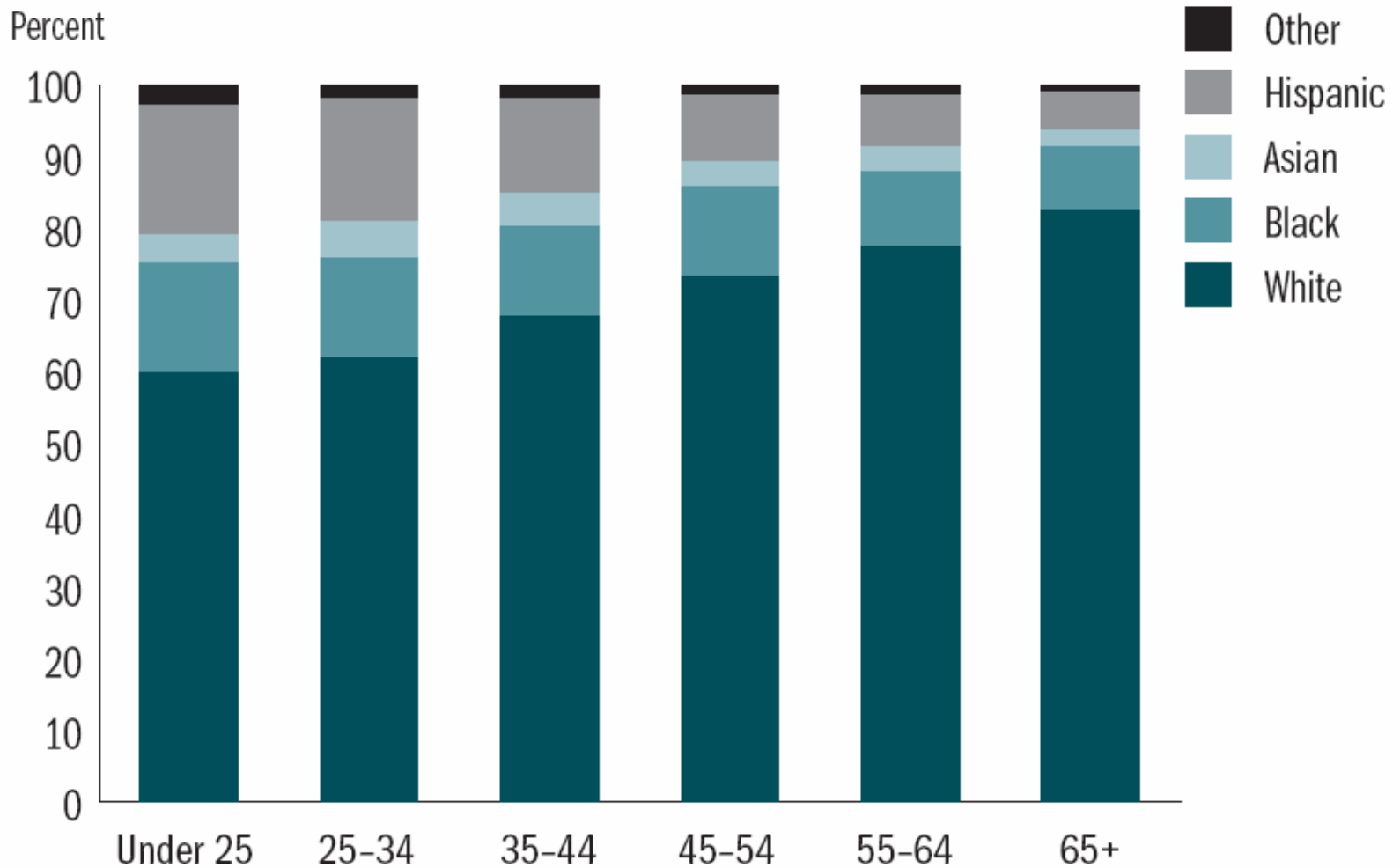
## 2000-2010 Population Growth: Hispanics, Asians, Blacks, Whites



\* Pertains to Non-Hispanic members of racial group

Source: William H. Frey analysis of US Census Sources

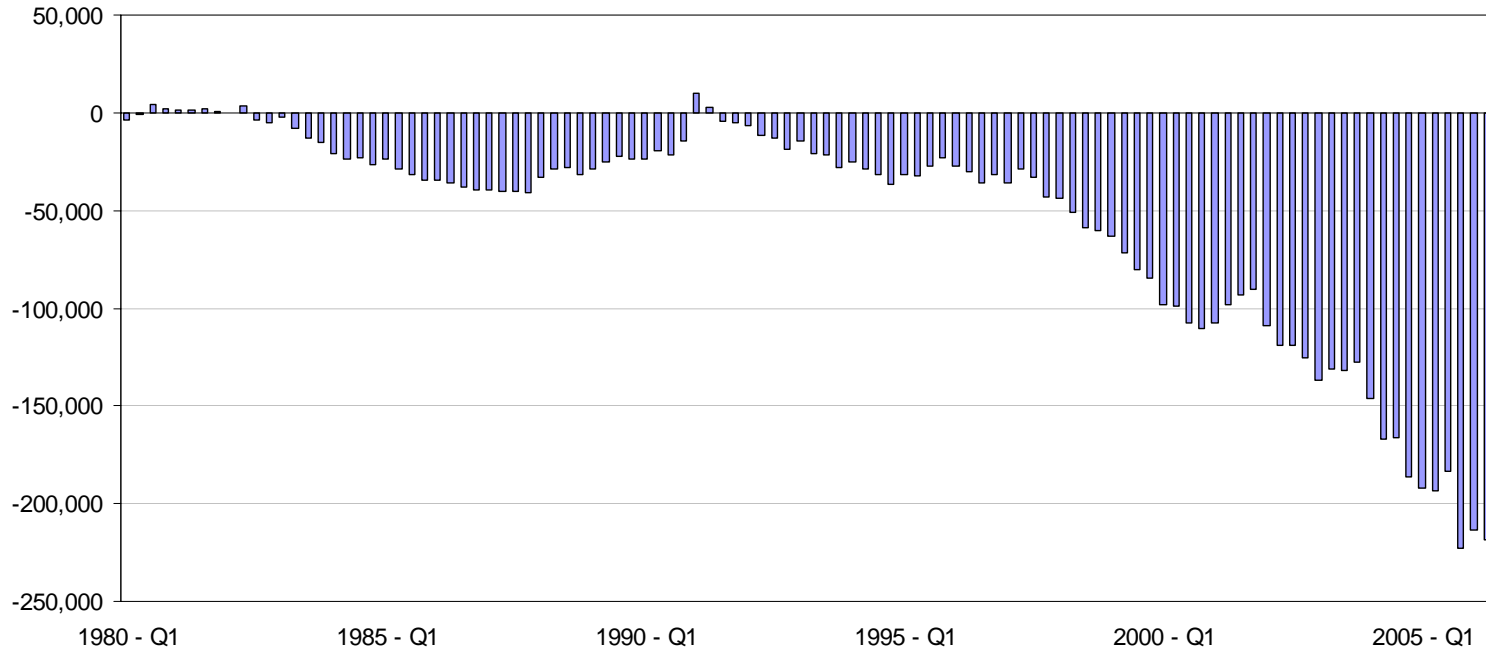
## Race-Ethnic Compositions of Households by Age, 2005



Source: William H. Frey analysis of US Census Sources

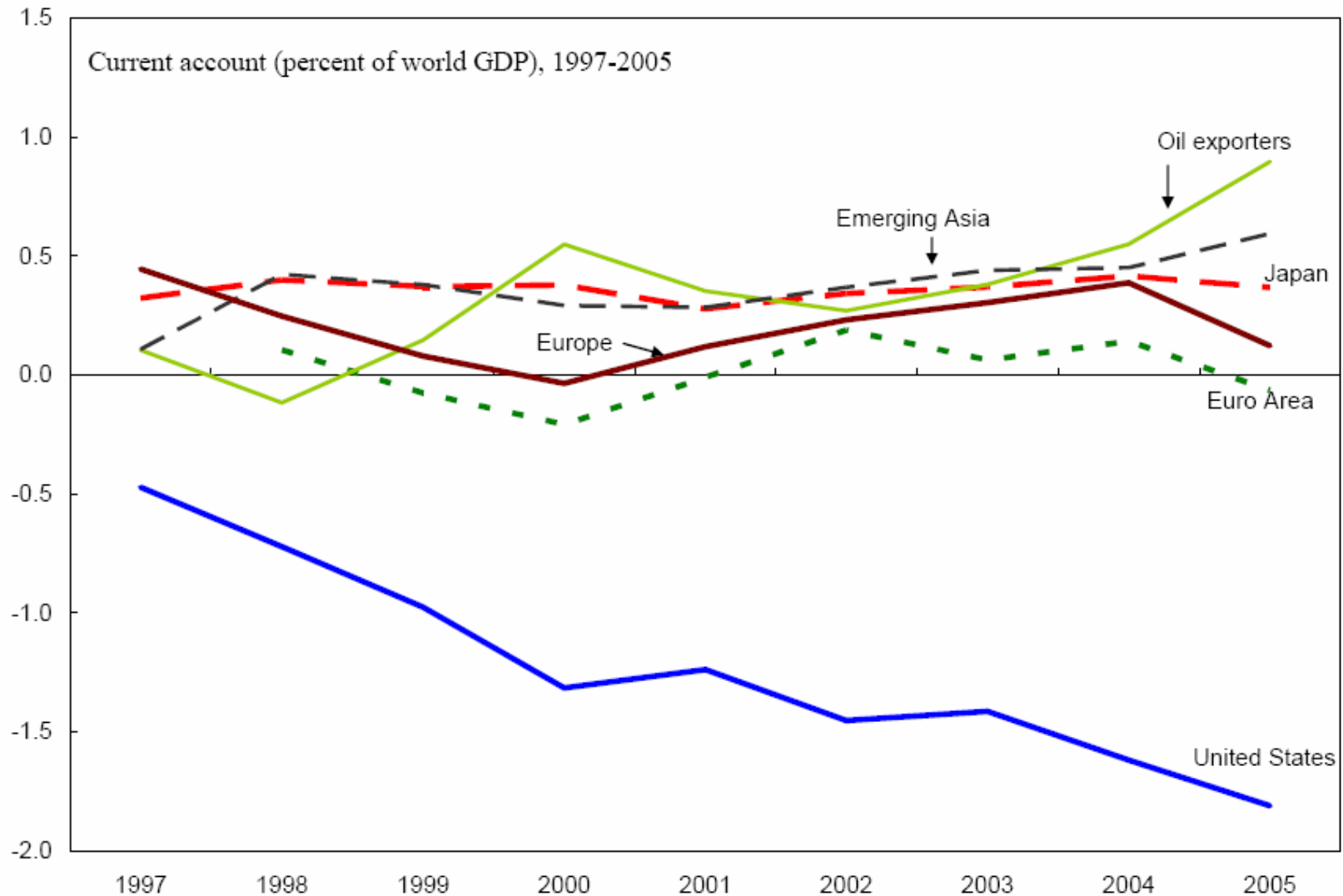
# Global Capital

BOP: Balance on Current Account  
SA, Mil. \$



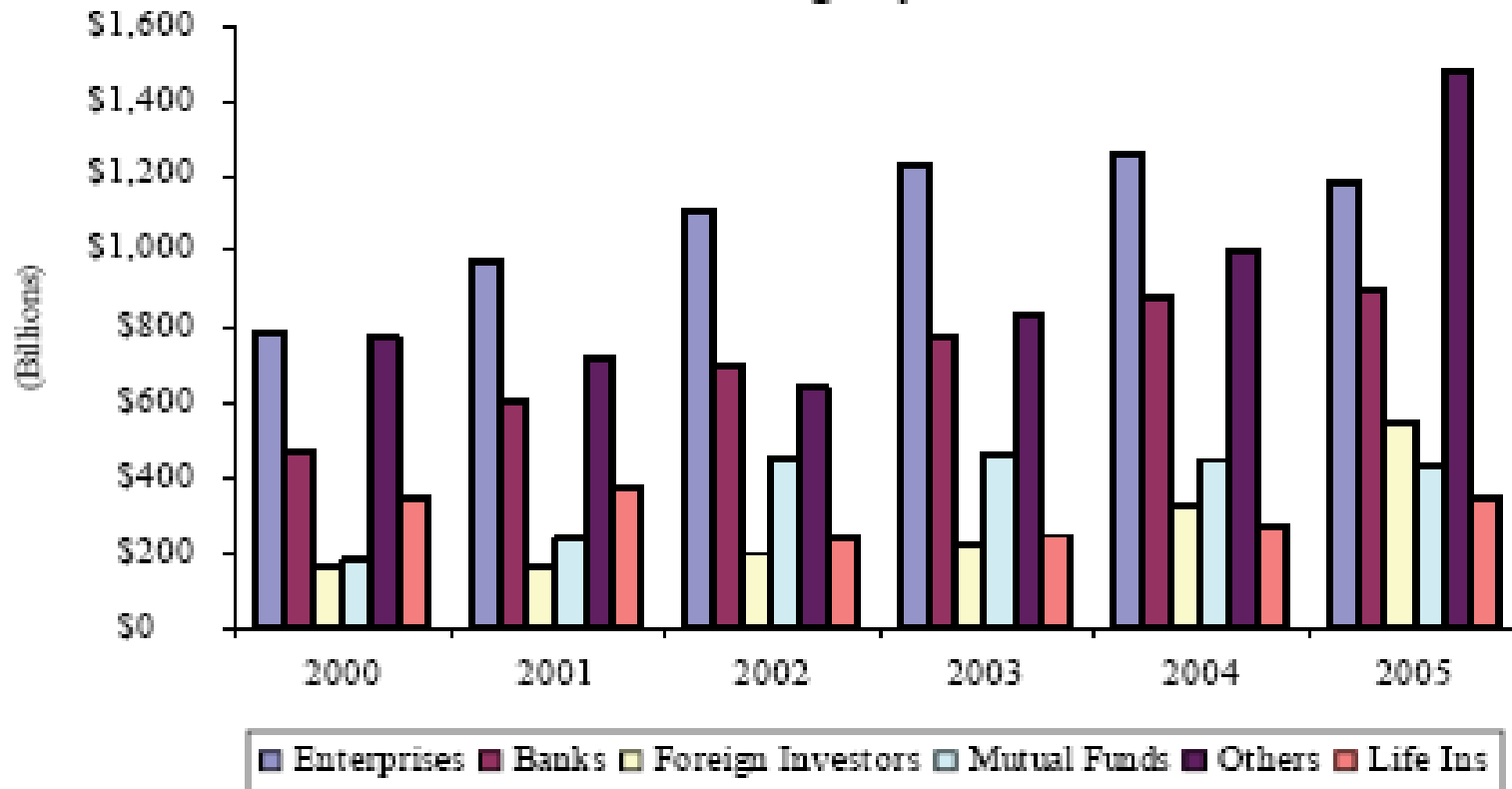
Source: Bureau of Economic Analysis

# Current Account Balances Around the World



Source: "Europe and Global Imbalances." Philip Lane and Gian Maria Milesi-Ferretti

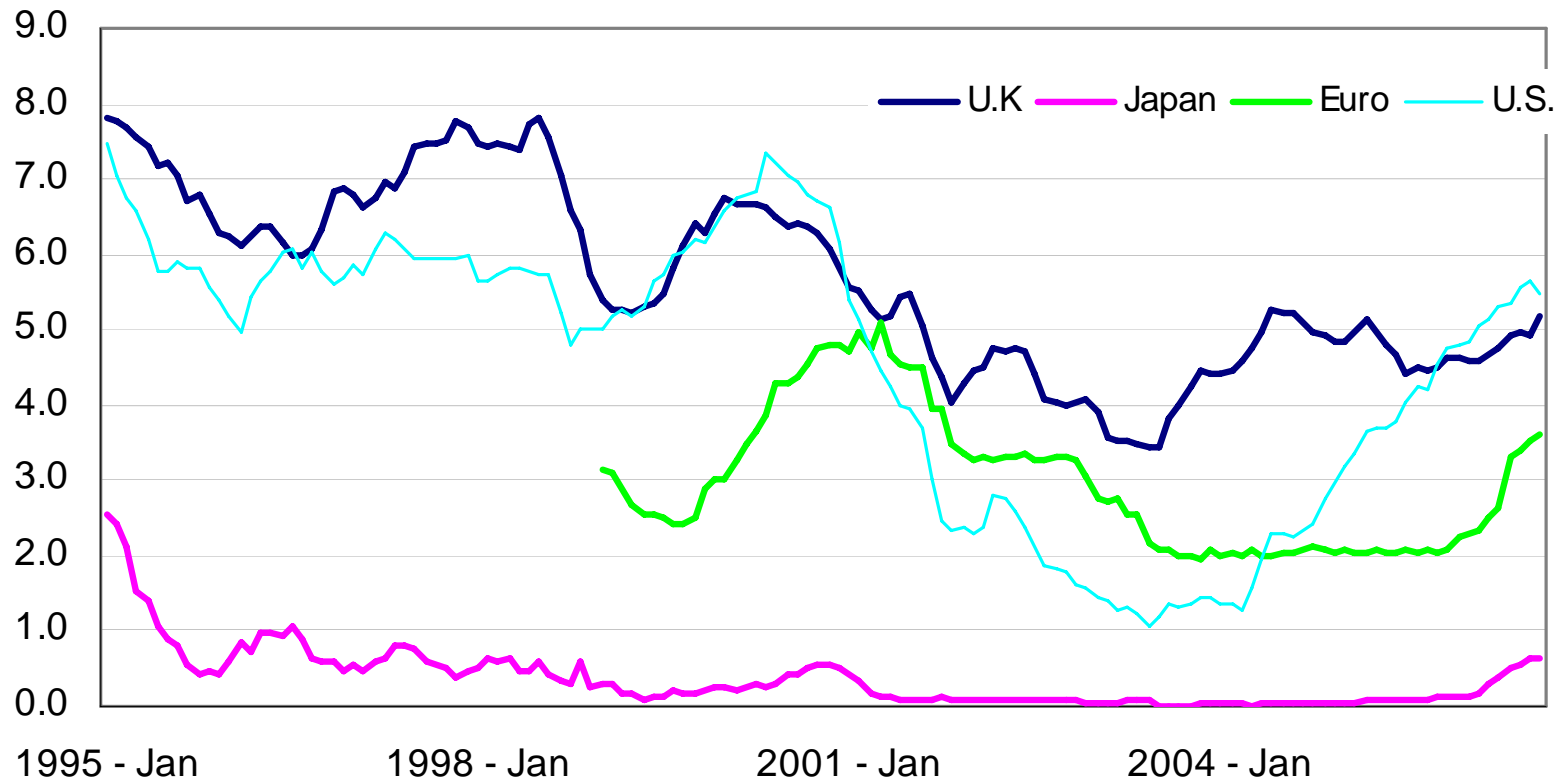
## MBS Holdings by Sector



Source: OFHEO, Inside Mortgage Finance

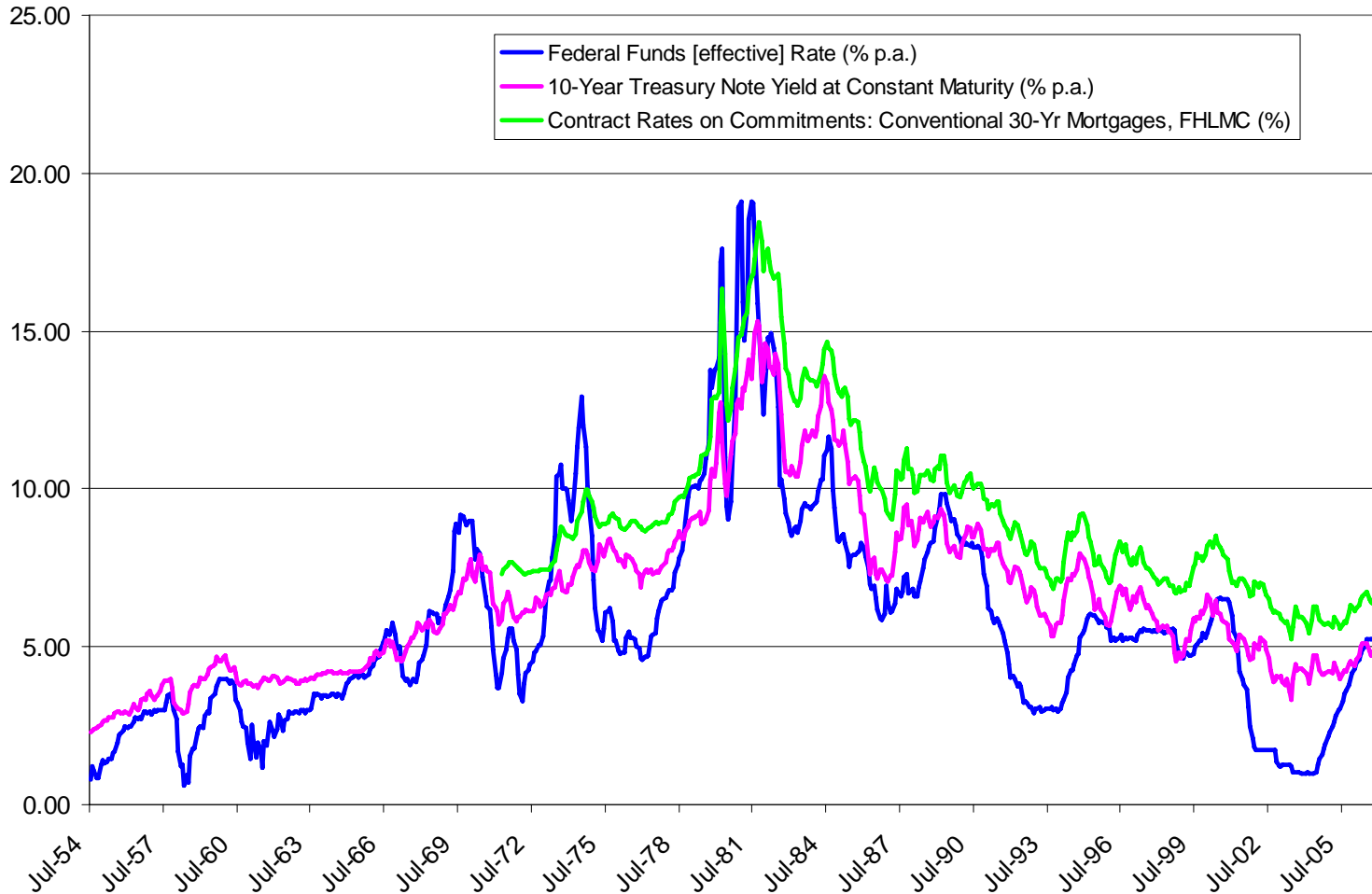
# International Rates Are Rising Relative to U.S. Rates

1-year Eurocurrency rates



Source: Financial Times

## 10-Year Treasury, Fed Funds Rate, and Mortgage Rate



## Volatility of Growth in Real GDP and Its Components

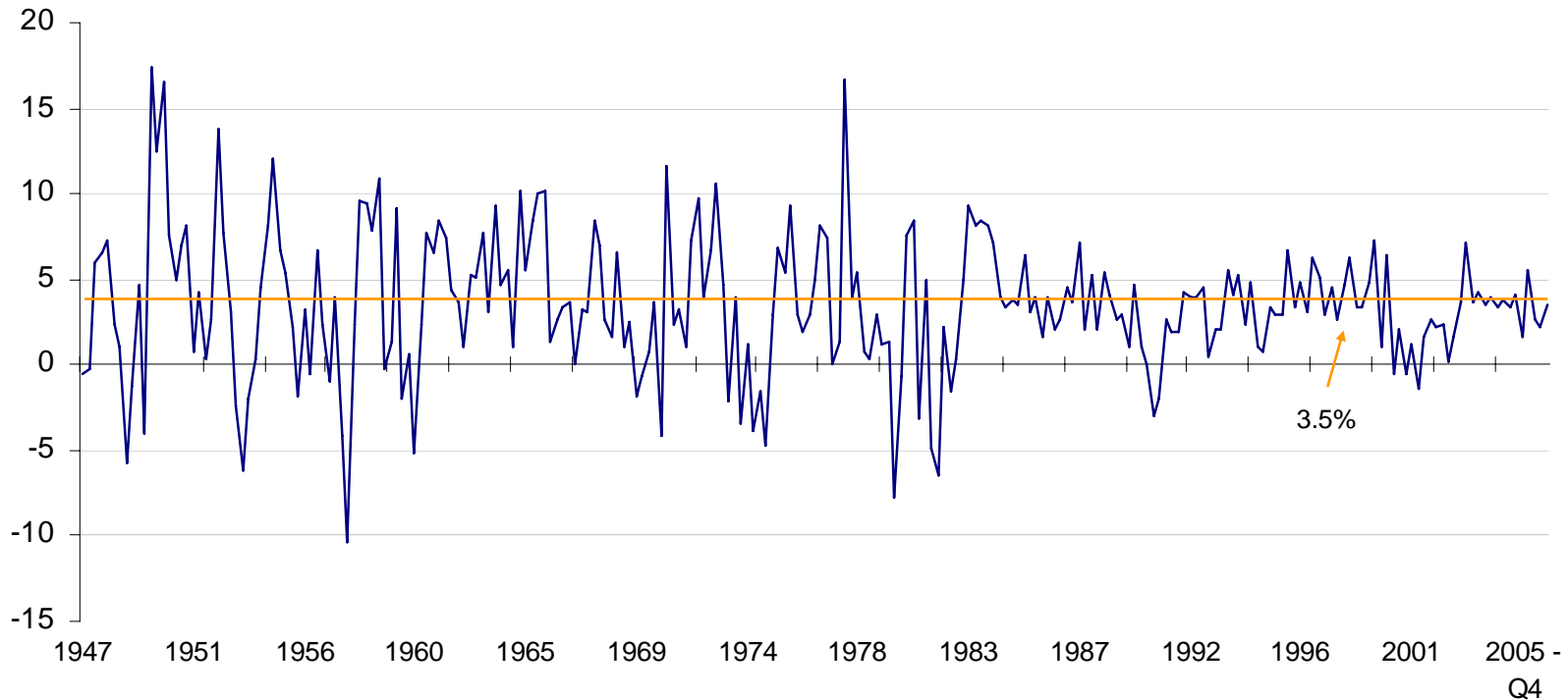
Standard Deviation of Annualized Quarterly Growth Rates

	<u>1959-1975</u>	<u>1976-1989</u>	<u>1990-2005</u>
GDP	4.2	4.0	2.2
Consumption	3.2	3.0	1.9
Durable Goods	14.8	15.2	9.4
Nondurable Goods	3.4	2.4	2.5
Services	1.7	2.1	1.3
Private Investment	21.6	21.2	12.2
Business Fixed investment	10.0	10.7	7.2
Residential Investment	20.7	24.6	9.7
Exports	26.7	11.0	7.9
Imports	21.7	13.4	7.3
Government Spending	5.5	4.1	3.2

Source: BEA

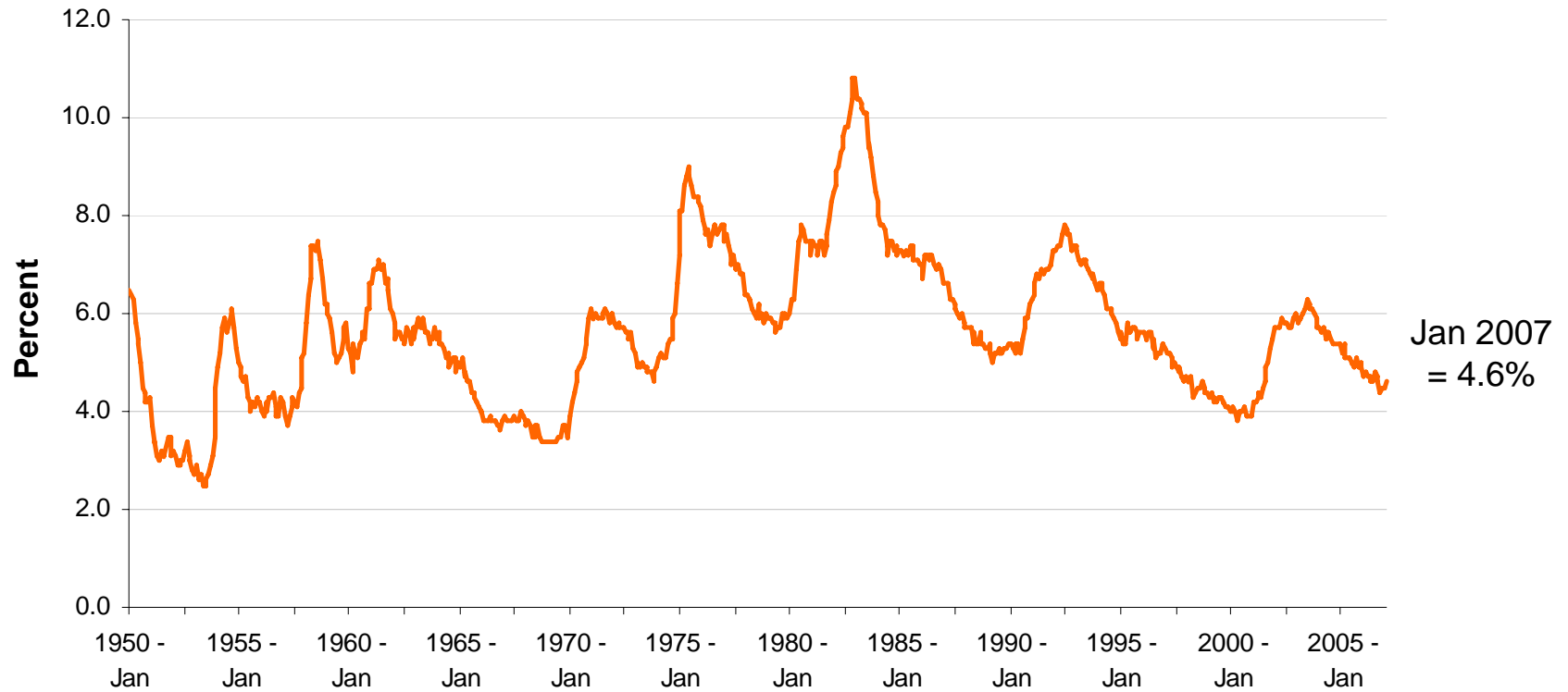
# Real GDP growth

Annualized quarterly growth rates relative to trend



Source: Bureau of Economic Analysis

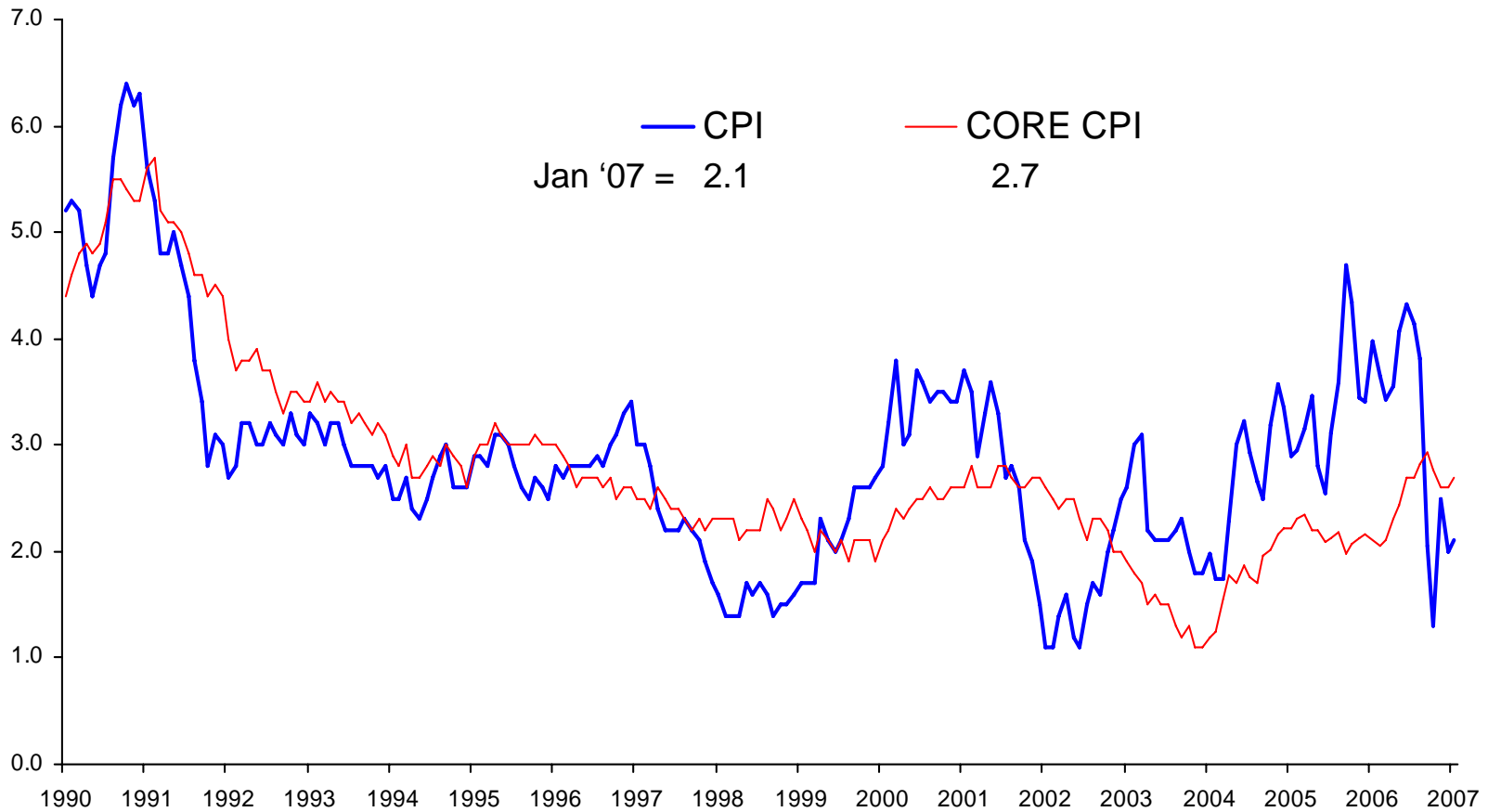
# Unemployment rate



Source: Bureau of Labor Statistics

# Inflation - CPI

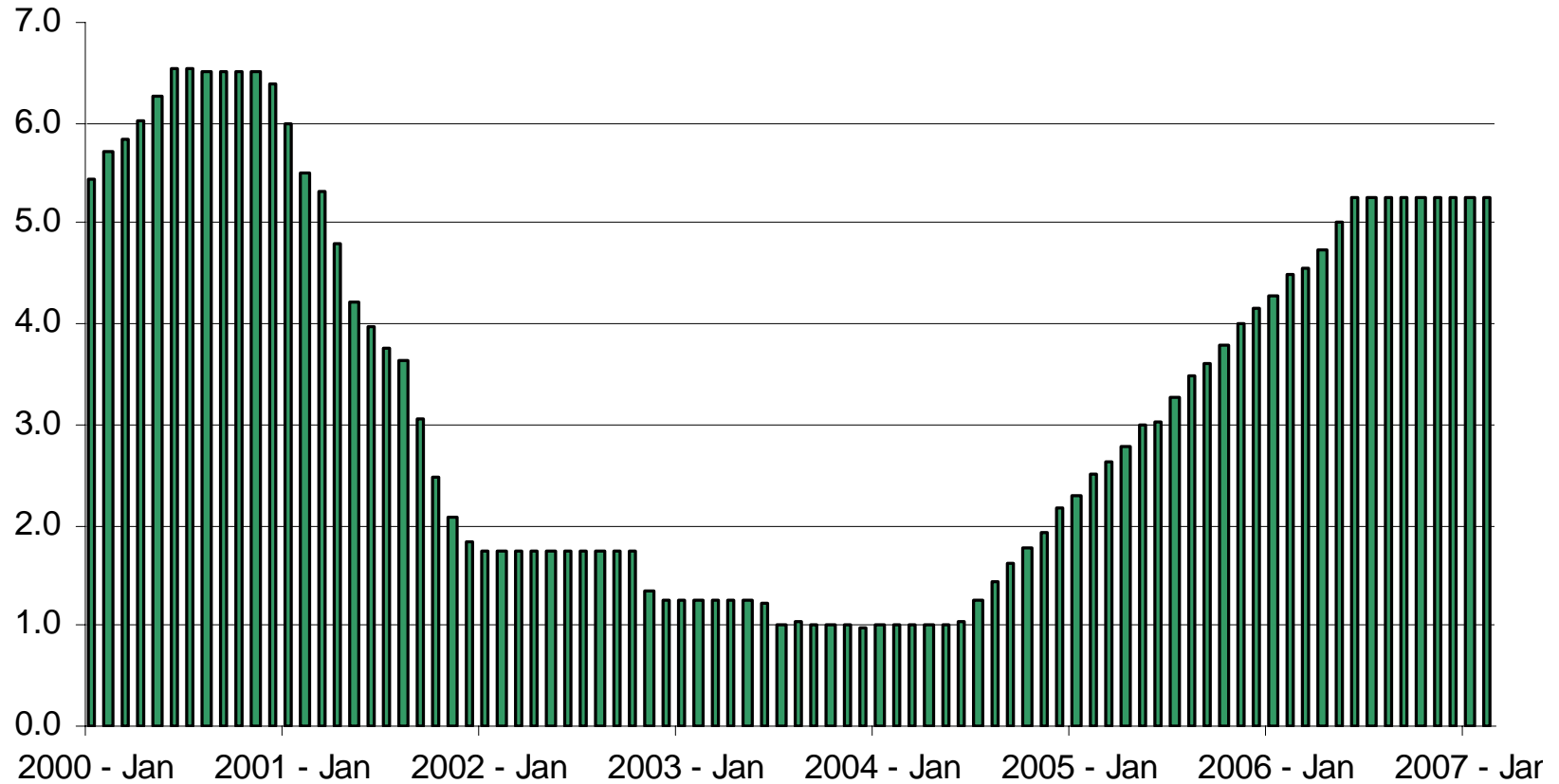
Percent change, Year-over-Year



Source: Bureau of Labor Statistics

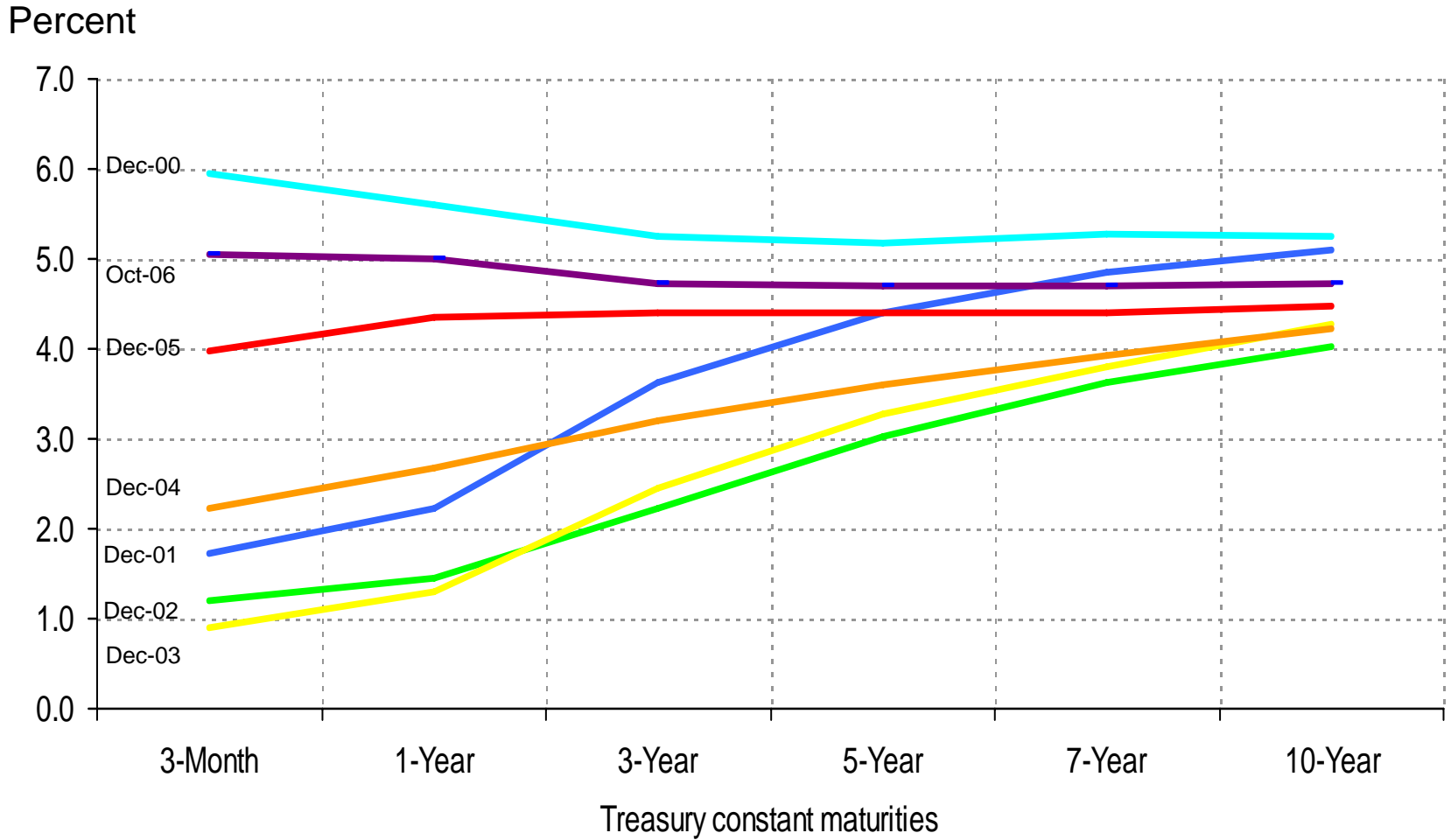
# Target Federal Funds Rate

Percent, End of month



Source: Federal Reserve Board.

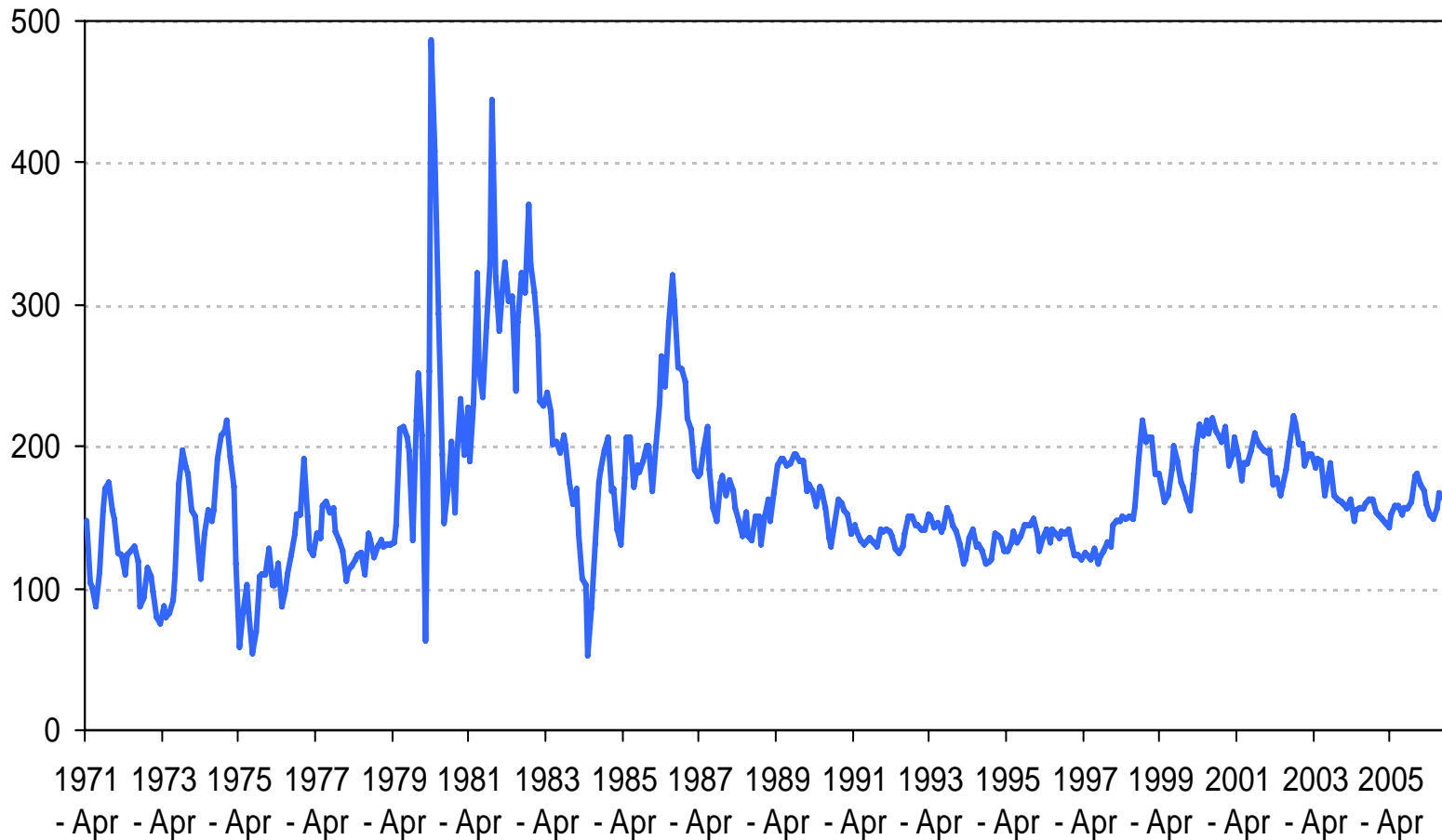
# Treasury yield curve



Source: Federal Reserve Board

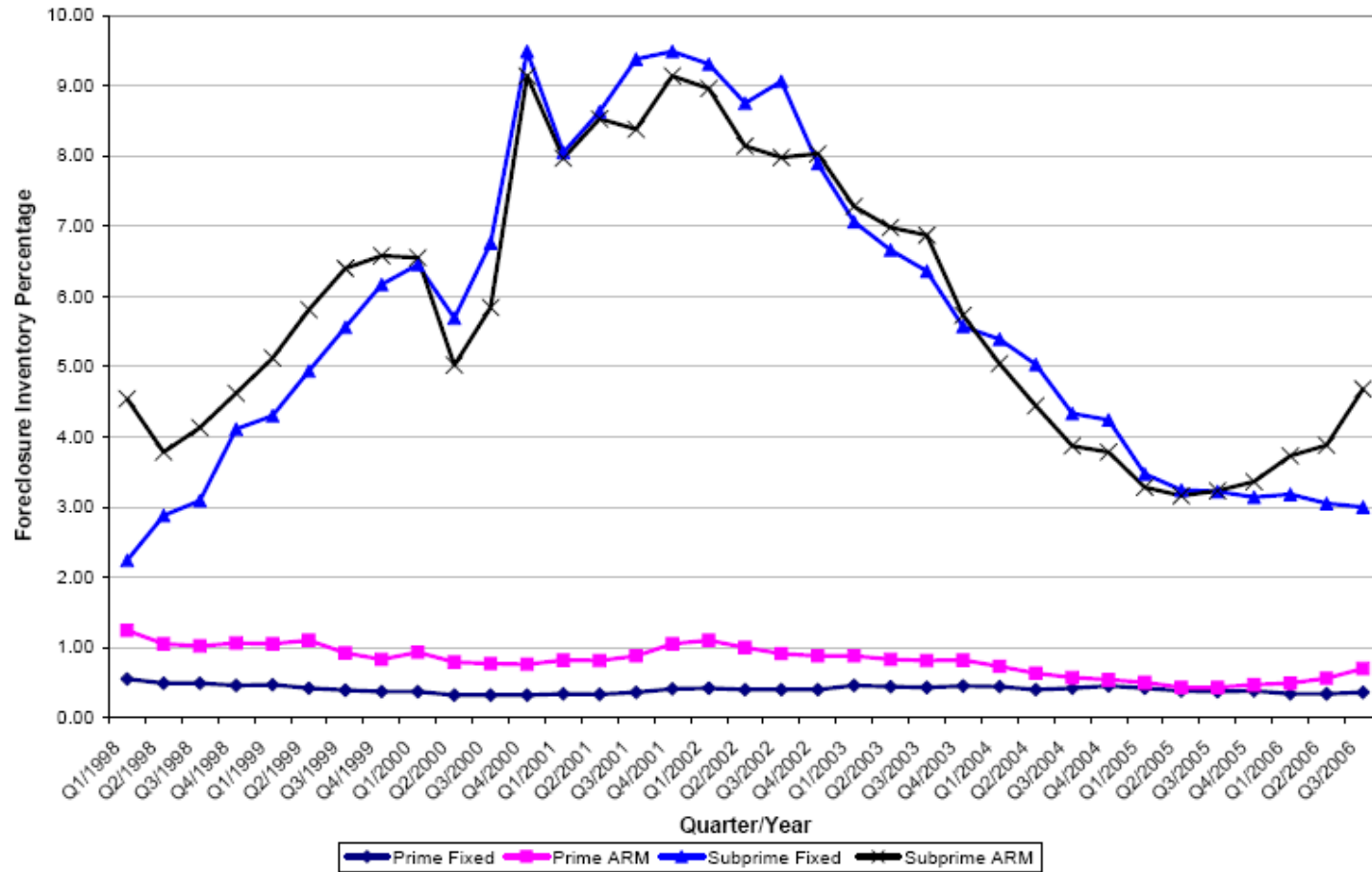
# Yield Spread: 30-Year Fixed Mortgages and 10-Year Treasuries

## Basis Points



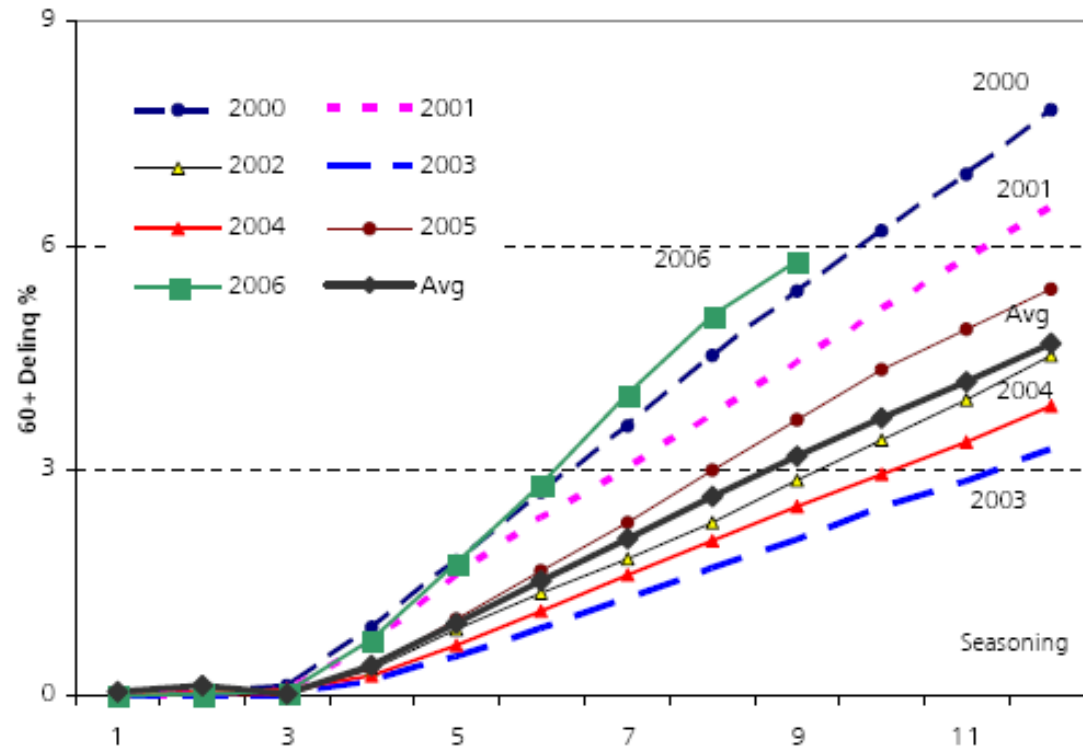
Source: Federal Reserve Board

# Foreclosure Inventory Rate by ARM and Fixed

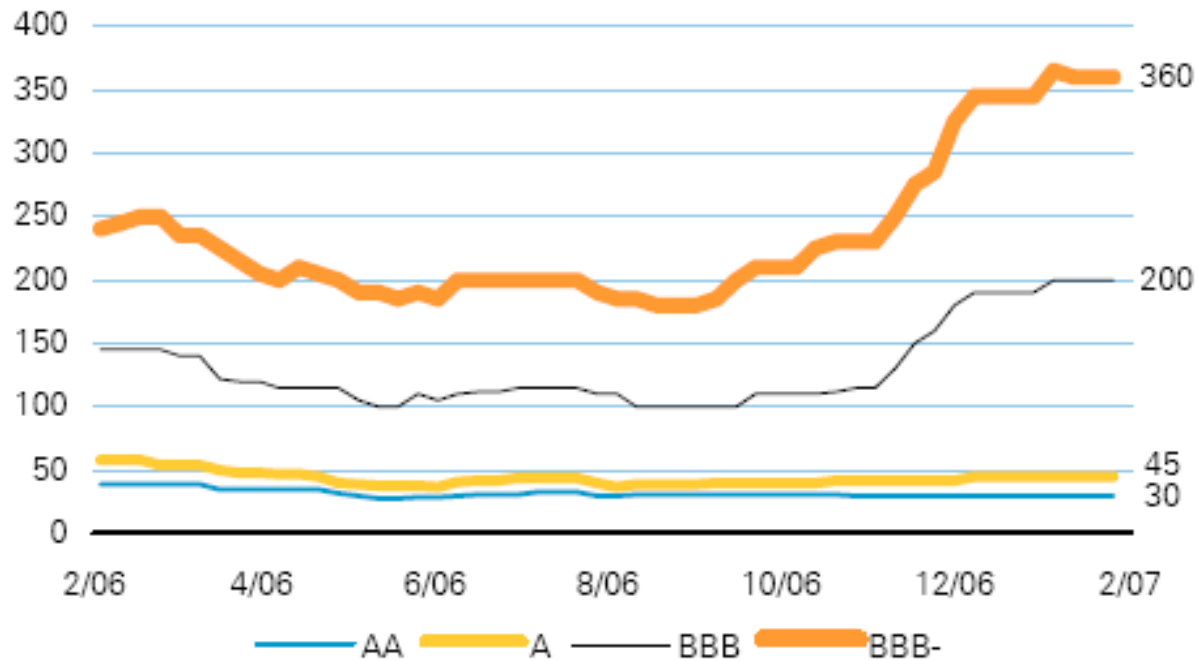


Source: MBA's National Delinquency Survey

# Subprime

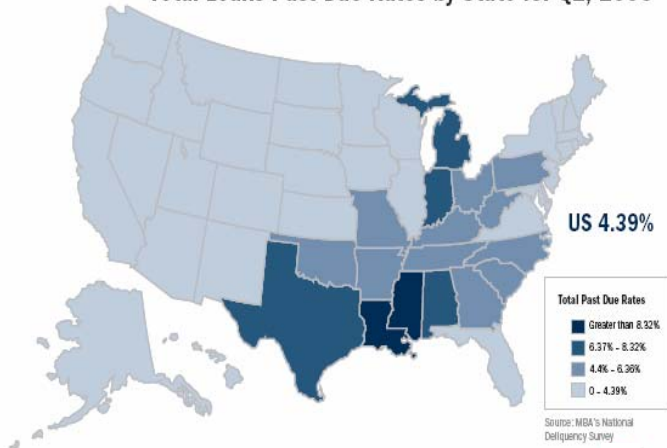


## 5-year HEL floating-rate subordinate spreads (bp)

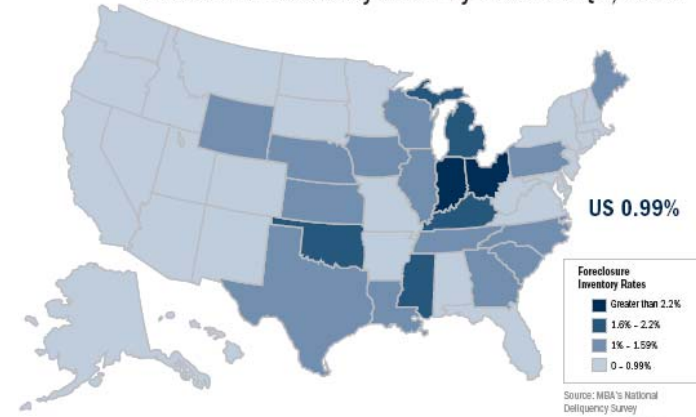


Source: Deutsche Bank

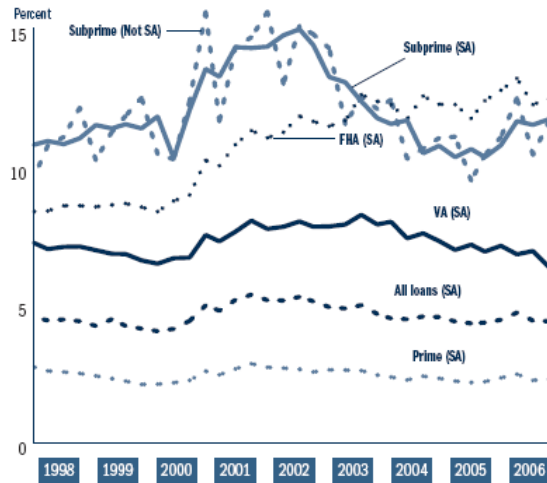
**Total Loans Past Due Rates by State for Q2, 2006**



**Foreclosure Inventory Rates by State for Q2, 2006**

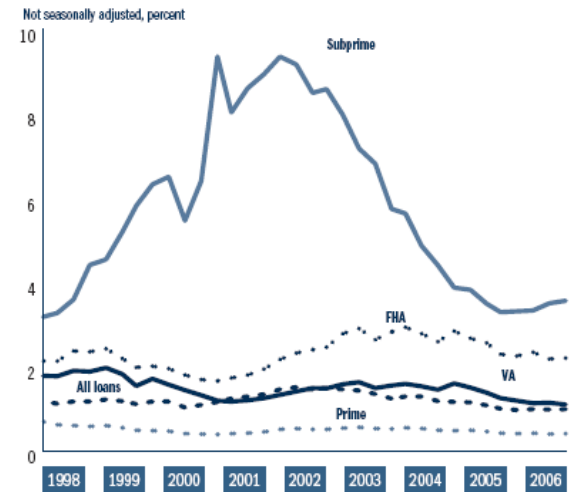


**Total Loans Past Due by Loan Type, Quarterly**



MBA's National Delinquency Survey (Q2, 2006).

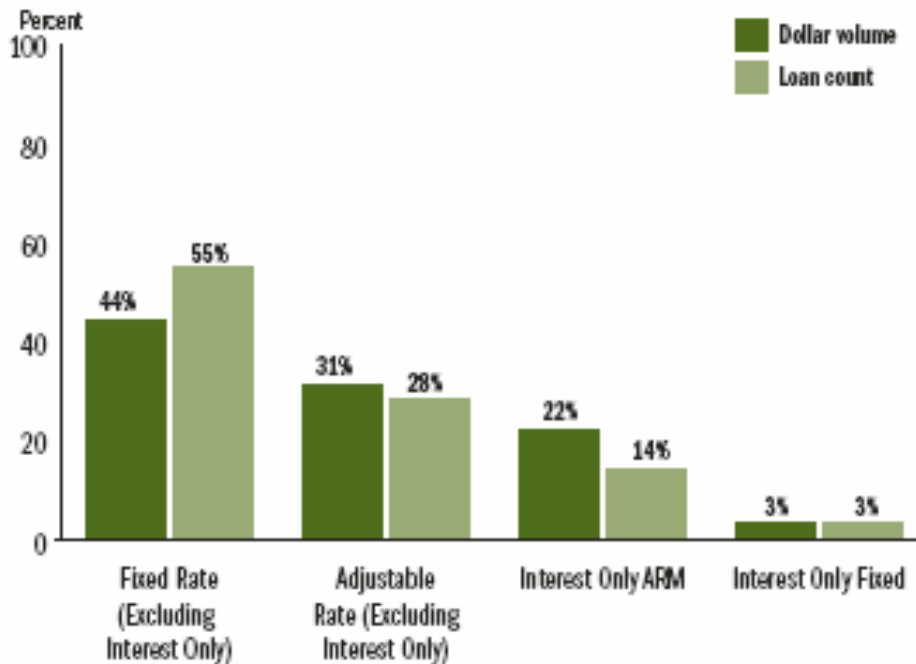
**Foreclosure Inventory by Type, Quarterly**



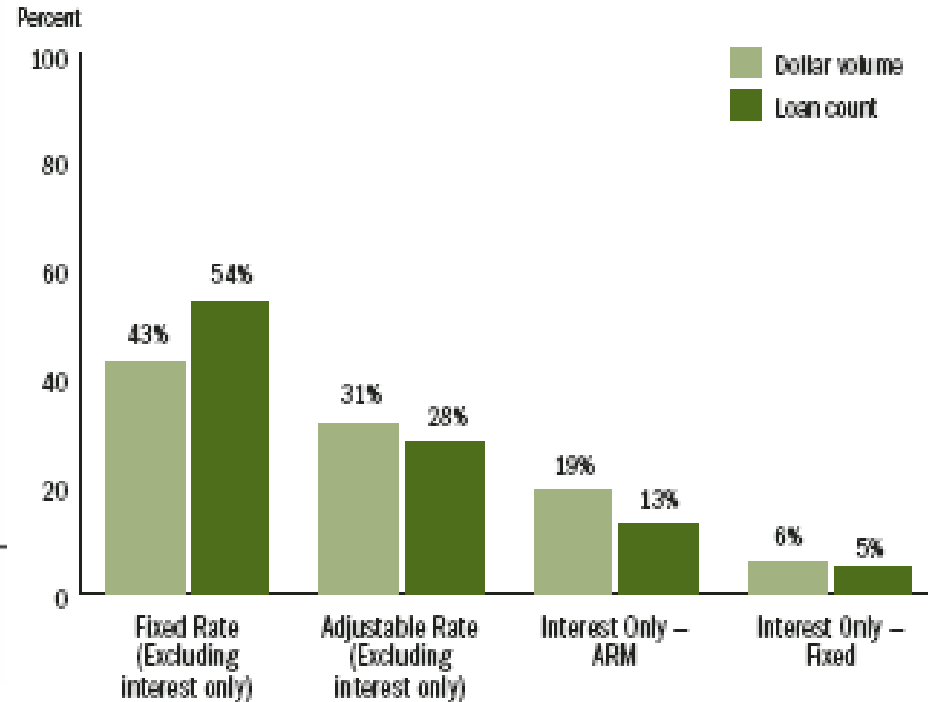
MBA's National Delinquency Survey (Q2, 2006).

# Mortgage Product Choice

Originations by Amortization Type (Second Half of 2005)



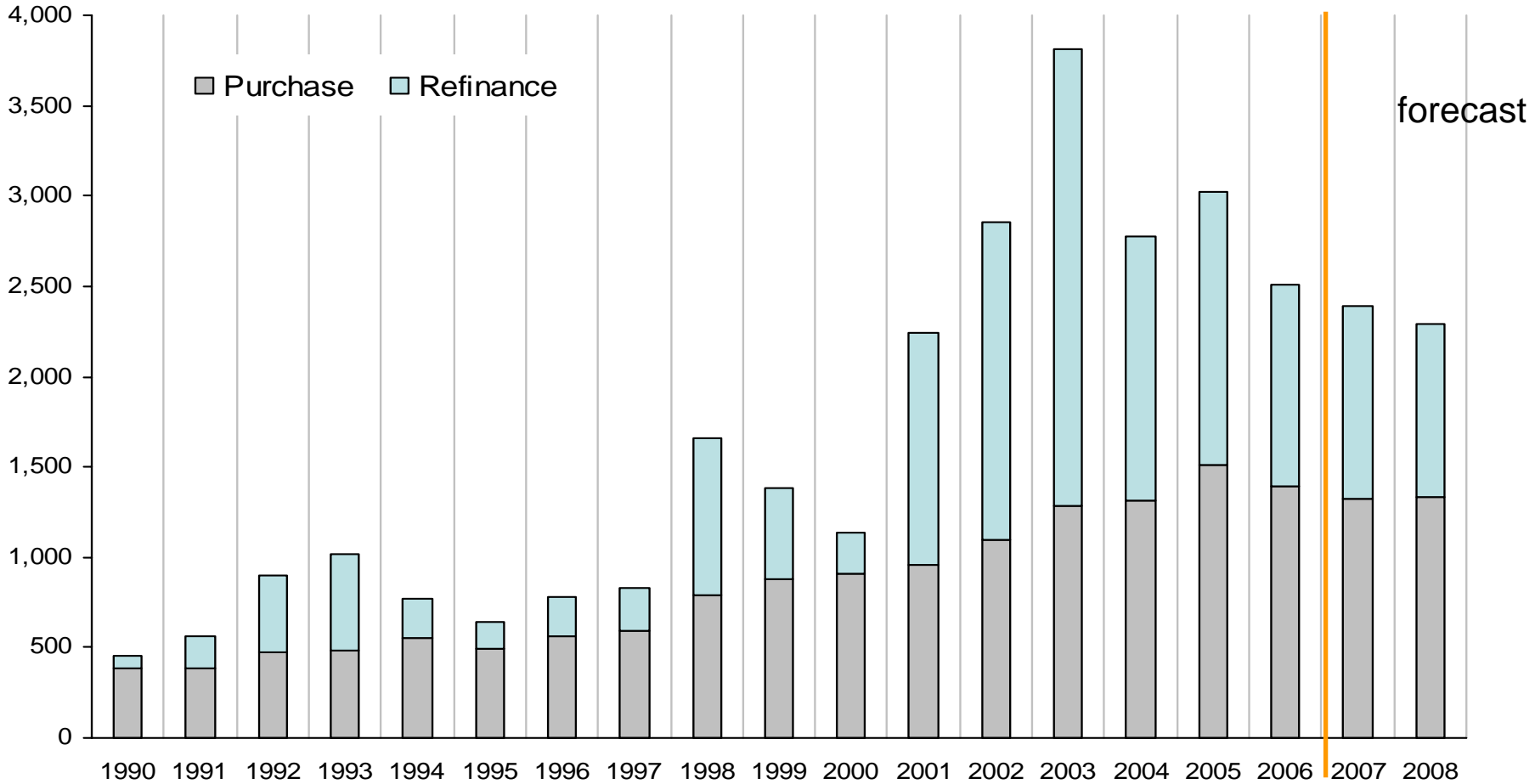
Originations by Amortization Type (First Half of 2006)



Source: MBA's 2006 Mortgage Originations Survey (Midyear).

# Annual mortgage production

Billions of Dollars



Source: Mortgage Bankers Association and Department of Housing and Urban Development

## Contact Information/Resources

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**1919 Pennsylvania Ave - Washington, DC 20006**

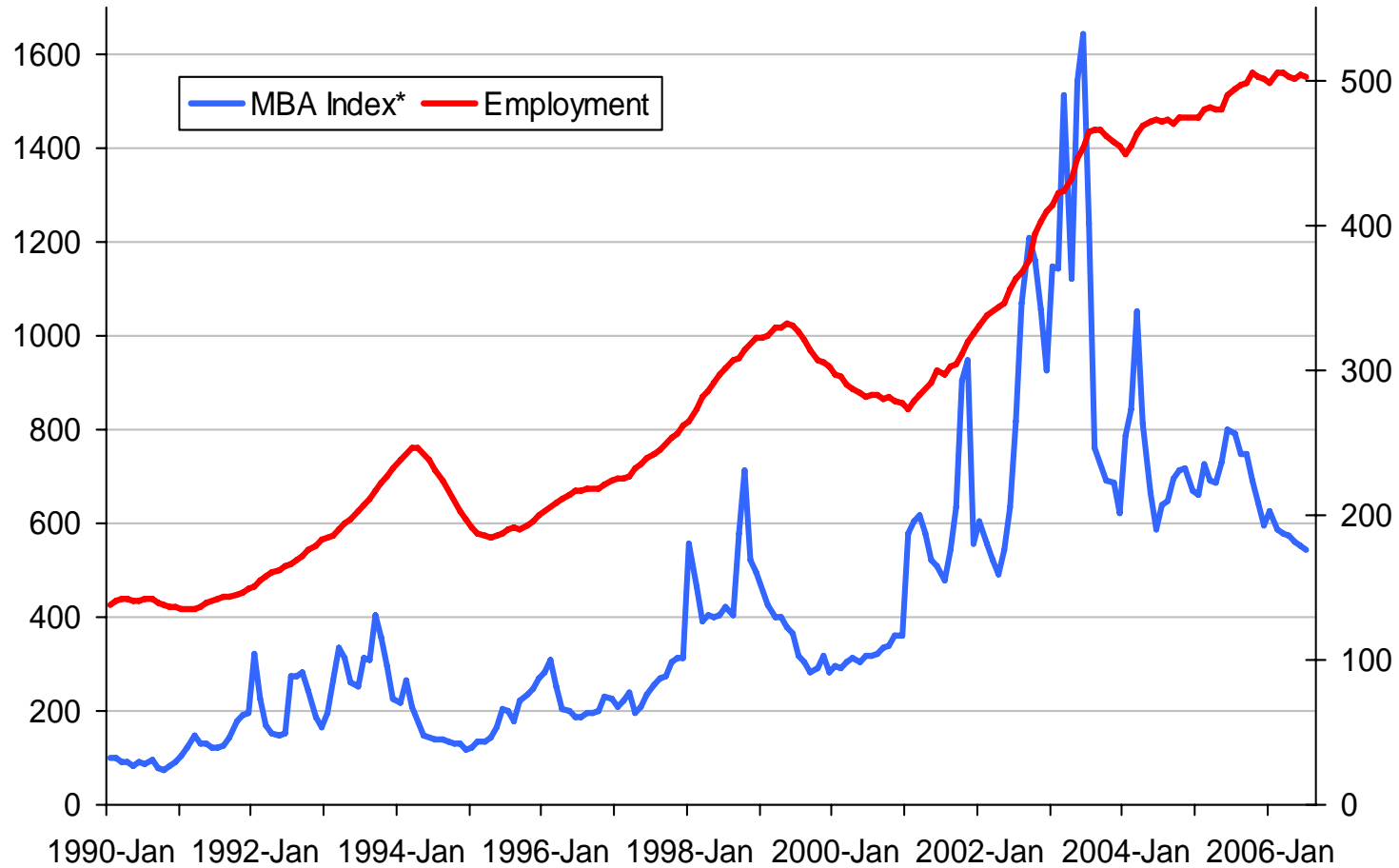
**202-557-2818**

- **MBA Homepage:**  
[www.mortgagebankers.org](http://www.mortgagebankers.org)
- **Forecasts:**  
<http://www.mortgagebankers.org/marketdata/forecasts/index.html>
- **Research data:**  
<http://www.mortgagebankers.org/marketdata/>
- **RIHA:**  
<http://www.housingamerica.org/sitemap.html>
- **White Paper Series:**  
[http://www.mortgagebankers.org/news/2005/MBA\\_Monograph\\_No1.pdf](http://www.mortgagebankers.org/news/2005/MBA_Monograph_No1.pdf)
- **MBA Newslink:**  
<http://www.mortgagebankers.org/MBANewsLink/>
- **Home Loan Learning Center:**  
<http://www.homeloanlearningcenter.com>

# Trends in Industry Employment

Index 1990 = 100

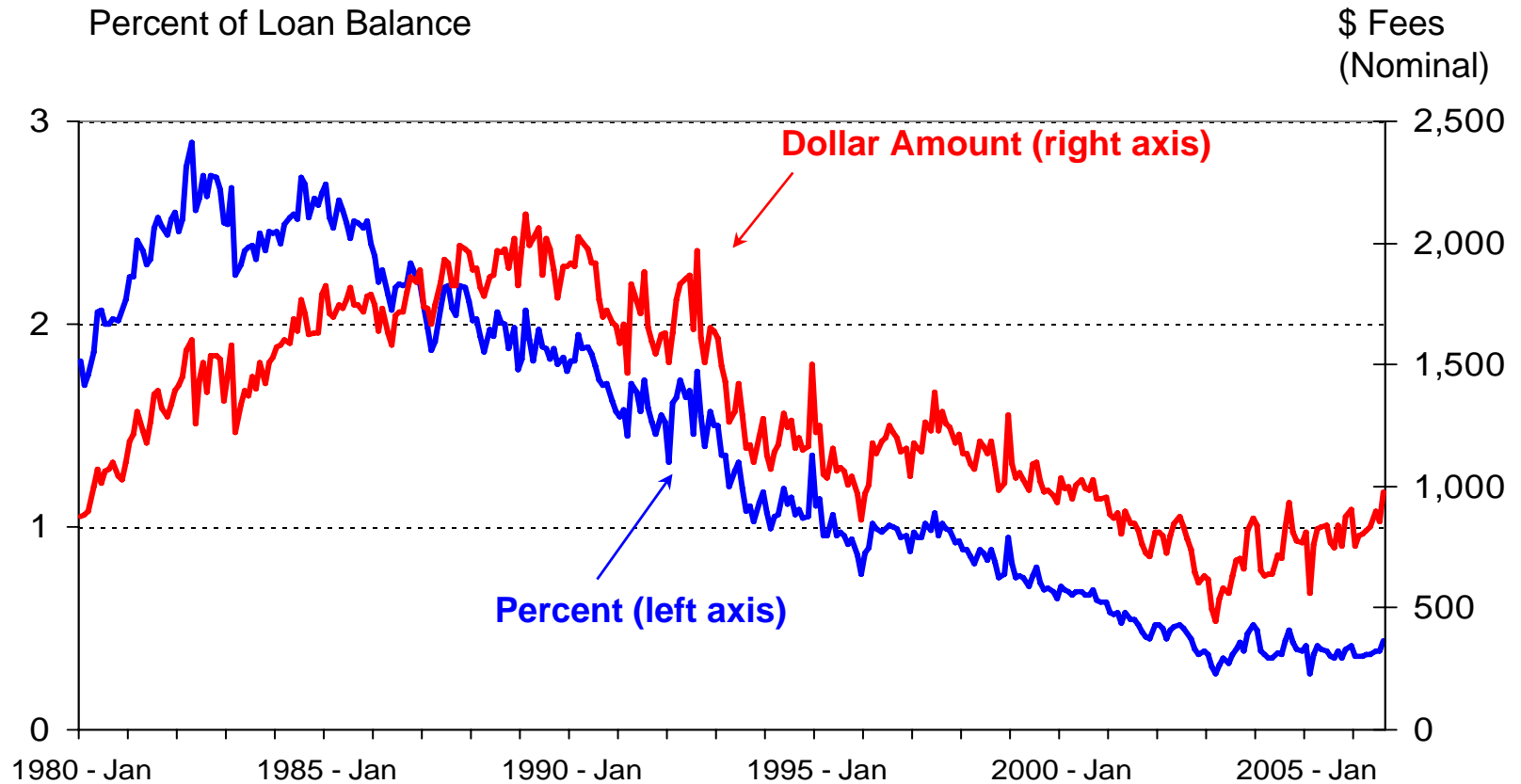
Thousands



\*Average monthly total application index

Source: Mortgage Bankers Association and the Bureau of Labor Statistics

## Initial Fees and Charges on Conventional Purchase Mortgage Loans



Source: Federal Housing Finance Board