



**ORIGINATIONS  
MARKET MONITOR**



# ORIGINATIONS MARKET MONITOR

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## JULY 2021 OVERVIEW

Each month, the Black Knight Originations Market Monitor reviews a series of key market indicators to help provide clarity on mortgage lending activity. By drawing information directly from origination pipelines, we can provide a more comprehensive and timely sense of monthly market trends than has previously been available publicly.

Building upon June's improvement, July's rate lock data showed an increase in refinance activity as interest rates ticked back below 3%. Locks were up 5.5% month-over-month overall, with both rate/term and cash-out refinance locks seeing significant monthly growth, rising 24% and 20% respectively. Refinance volumes were undoubtedly boosted by the mid-month announced repeal of the Adverse Market Refinance Fee on GSE refis as well as rate declines due to falling 10-year treasury yields. Conversely, locks on purchase loans pulled back in July, falling 7% from June as rising home prices and constrained for-sale inventory continue to put downward pressure on purchase-lending volumes. Much more detail on the month's numbers can be found in the following pages.

In producing the Originations Market Monitor, Black Knight aggregates and reports the latest available monthly rate lock data drawn from the company's [Optimal Blue PPE](#) – the most widely used product and pricing engine in the industry. Black Knight's Secondary Marketing Technologies group provides additional market insight by way of dual market-leading hedging platforms. For more information on gaining access to Black Knight's secondary-focused solutions and data assets, please call 844-474-2537 or email [AskBlackKnight@bkfs.com](mailto:AskBlackKnight@bkfs.com).





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## JULY 2021 NATIONAL RATE LOCK METRICS

Here, we look at July's national origination numbers to give a high-level overview of the month's activity. This information is drawn from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.

### JULY NATIONAL STATS



#### RATE LOCK VOLUME

Significant growth was seen in both rate/term (+24%) and cash-out (+20%) refinance locks, though purchase volumes declined 7% in the face of continued constraints on for-sale inventory



#### MARKET MIX

The increase in activity was strong enough to push the refinance share of the market mix back up to 50% for the first time in five months



#### AVERAGE CREDIT SCORE

Average credit scores on locks rose in July as well, as higher-credit borrowers historically tend to react more quickly and strongly to refinance opportunities



#### MONTH-END CONFORMING RATE

Black Knight's [OBMMI daily interest rate tracker](#) showed July's month-end conforming 30-year rate at 2.99%, 17 basis points lower than at the end of June

Market uncertainty around rising Delta variant caseloads, falling 10-year treasury yields and FHFA's repeal of the Adverse Market Refinance Fee on GSE refis all combined to drive down rates and create an environment for increased refinance activity.





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## JULY 2021 TOP 20 METROPOLITAN AREAS

Here we look at July's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from Black Knight's [Optimal Blue PPE](#). Click on the chart to see its contents in high resolution.

Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
<b>NATIONAL</b>	<b>100.0%</b>	<b>5.5%</b>	<b>324,843</b>	<b>3.032</b>	<b>731</b>	<b>73</b>	<b>50%</b>	<b>50%</b>
<b>1 Los Angeles-Long Beach-Anaheim, CA</b>	5.3%	15.5%	566,891	2.980	746	62	36%	64%
<b>2 Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	4.3%	2.6%	449,041	2.890	741	72	48%	52%
<b>3 New York-Newark-Jersey City, NY-NJ-PA</b>	4.3%	9.9%	449,452	2.984	740	71	51%	49%
<b>4 Chicago-Naperville-Elgin, IL-IN-WI</b>	3.6%	5.7%	292,129	2.995	737	76	51%	49%
<b>5 Phoenix-Mesa-Scottsdale, AZ</b>	2.9%	8.0%	331,571	3.115	729	70	43%	57%
<b>6 San Francisco-Oakland-Hayward, CA</b>	2.8%	18.0%	677,905	2.933	759	60	39%	61%
<b>7 Dallas-Fort Worth-Arlington, TX</b>	2.7%	14.7%	317,224	3.020	730	72	51%	49%
<b>8 Seattle-Tacoma-Bellevue, WA</b>	2.6%	4.7%	476,700	3.003	743	68	47%	53%
<b>9 Boston-Cambridge-Newton, MA-NH</b>	2.4%	7.9%	456,235	2.917	746	67	45%	55%
<b>10 Denver-Aurora-Lakewood, CO</b>	2.3%	2.7%	403,910	2.981	743	69	44%	56%





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## JULY 2021 TOP 20 METROPOLITAN AREAS

Here we look at July's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from Black Knight's [Optimal Blue PPE](#). Click on the chart to see its contents in high resolution.

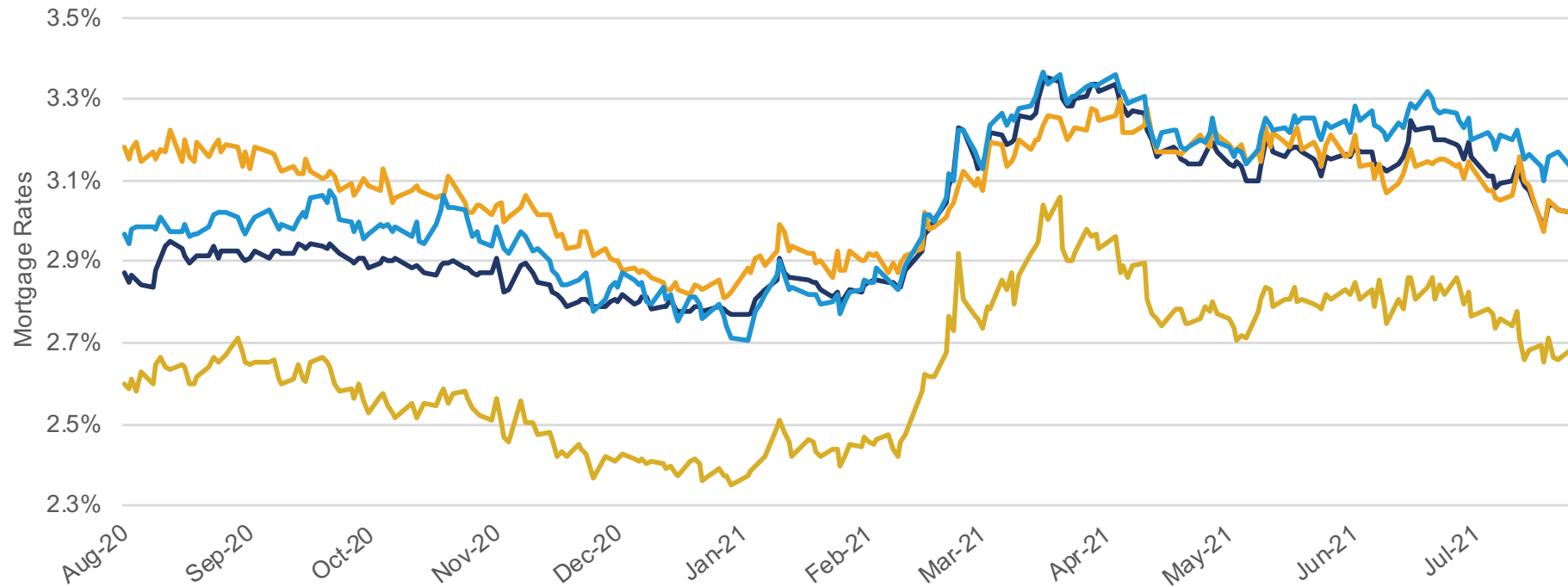
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
<b>11</b> Riverside-San Bernardino-Ontario, CA	2.1%	8.3%	375,715	3.018	724	69	40%	60%
<b>12</b> Atlanta-Sandy Springs-Roswell, GA	2.0%	2.5%	295,027	3.049	722	73	52%	48%
<b>13</b> Houston-The Woodlands-Sugar Land, TX	2.0%	2.3%	286,218	3.052	724	76	61%	39%
<b>14</b> San Diego-Carlsbad, CA	1.9%	15.1%	541,529	2.898	747	65	37%	63%
<b>15</b> Miami-Fort Lauderdale-West Palm Beach, FL	1.7%	-1.4%	360,028	3.155	725	72	55%	45%
<b>16</b> Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	0.7%	296,594	3.005	730	74	52%	48%
<b>17</b> Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	1.4%	306,452	2.966	745	74	52%	48%
<b>18</b> Austin-Round Rock, TX	1.4%	7.5%	374,143	2.976	745	68	55%	45%
<b>19</b> Sacramento--Roseville--Arden-Arcade, CA	1.3%	4.4%	397,049	2.976	741	66	37%	63%
<b>20</b> Baltimore-Columbia-Towson, MD	1.3%	1.4%	341,001	2.997	732	76	51%	49%







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## JULY 2021 MARKET RATE INDICES

Pulling data from Black Knight's [Optimal Blue Mortgage Market Index \(OBMMI\)](#), the chart below shows average 30-year rates across various loan products. Click on each chart to see its contents in high resolution.



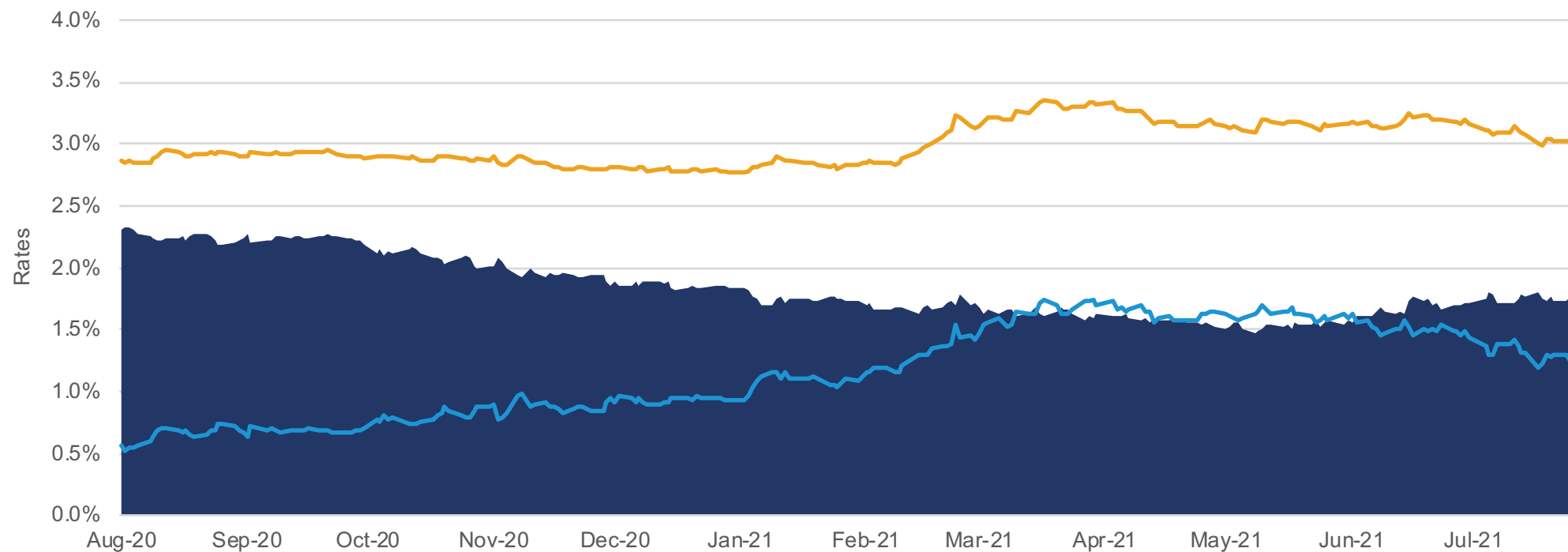
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	2.99%	(17 BPS)	(18 BPS)	10 BPS
	30-Year Jumbo	2.97%	(13 BPS)	(25 BPS)	(22 BPS)
	30-Year FHA	3.10%	(13 BPS)	(10 BPS)	12 BPS
	30-Year VA	2.64%	(16 BPS)	(14 BPS)	5 BPS






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## JULY 2021 30-YEAR TO 10-YEAR TREASURY SPREAD

Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Below, we look at the current spread and trends over the past year. This information is pulled from Black Knight's [secondary market hedging platform](#). Click on each chart to see its contents in high resolution.



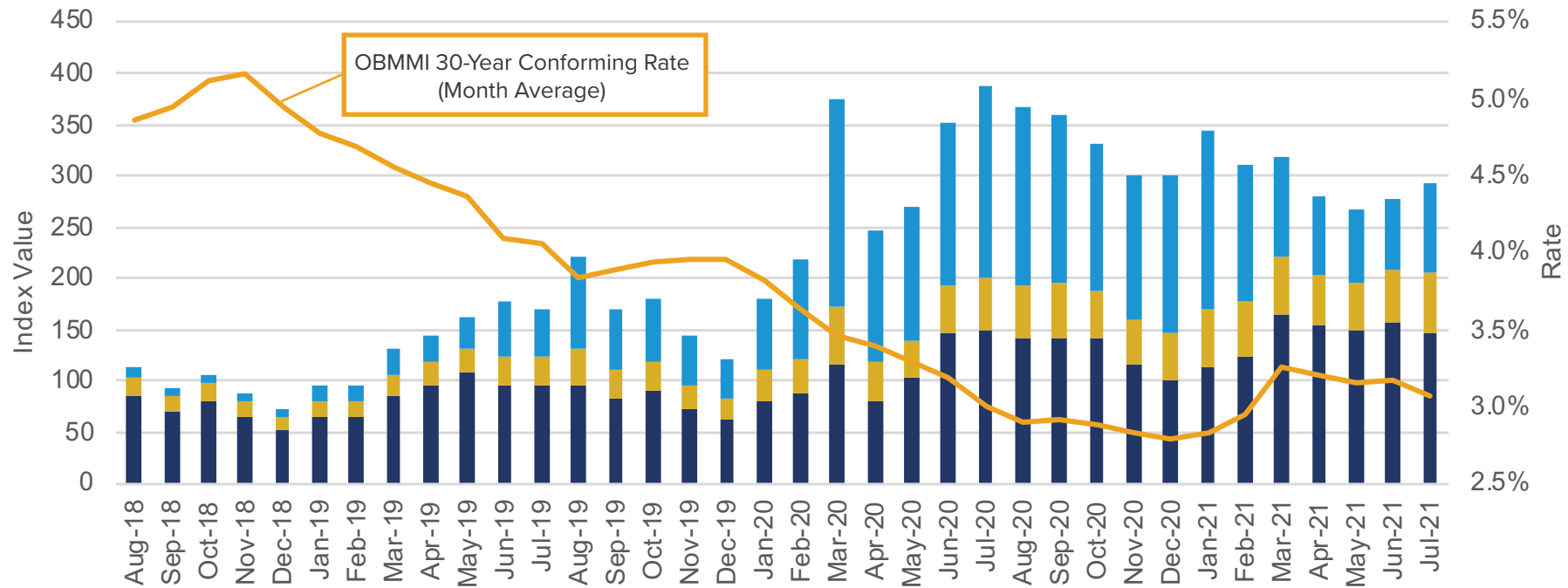
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.24%	(21 BPS)	(41 BPS)	69 BPS
	30-Year Conforming	2.99%	(17 BPS)	(18 BPS)	10 BPS
	10-Year to 30-Year Spread	1.75%	4 BPS	23 BPS	(59 BPS)







# ORIGINATIONS MARKET MONITOR

## JULY 2021 LOCK VOLUME BY LOAN PURPOSE

Here we break down July's rate lock volumes by loan purpose. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



Market Volume Index (Total Volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	147	(7.2%)	(5.1%)	(1.7%)
	Cash-Out Refinance	60	19.5%	26.8%	18.3%
	Rate-Term Refinance	86	24.4%	9.8%	(53.8%)
	Total	293	5.5%	4.4%	(24.1%)
Refinance Share*		50%	686 BPS	504 BPS	(1147 BPS)

\*Refinance Share changes reflect inter-period delta



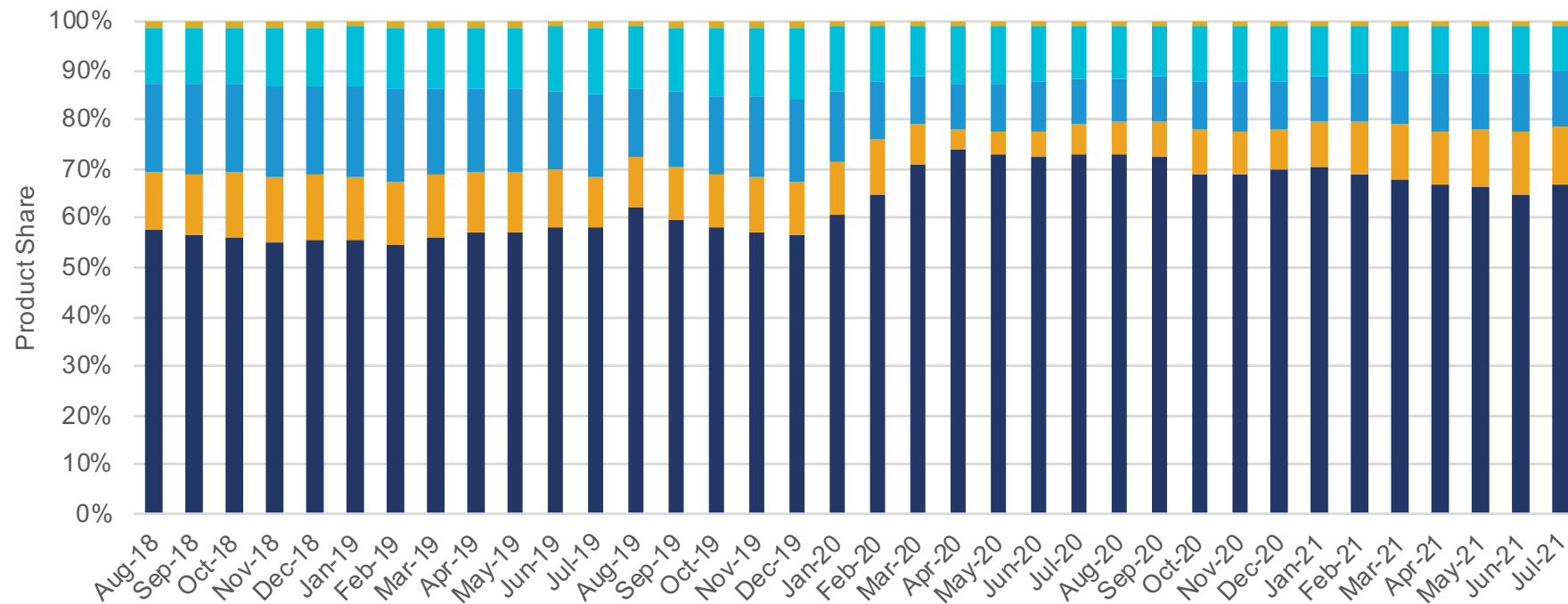









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## JULY 2021 MIX OF BUSINESS BY LOAN PRODUCT

Here we break down July's rate lock volumes by loan product. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	66.6%	162 BPS	(41 BPS)	(661 BPS)
	Non-Conforming	12.0%	(39 BPS)	135 BPS	624 BPS
	FHA	11.0%	(93 BPS)	(65 BPS)	174 BPS
	VA	9.5%	(23 BPS)	(21 BPS)	(126 BPS)
	USDA	0.9%	(7 BPS)	(7 BPS)	(11 BPS)

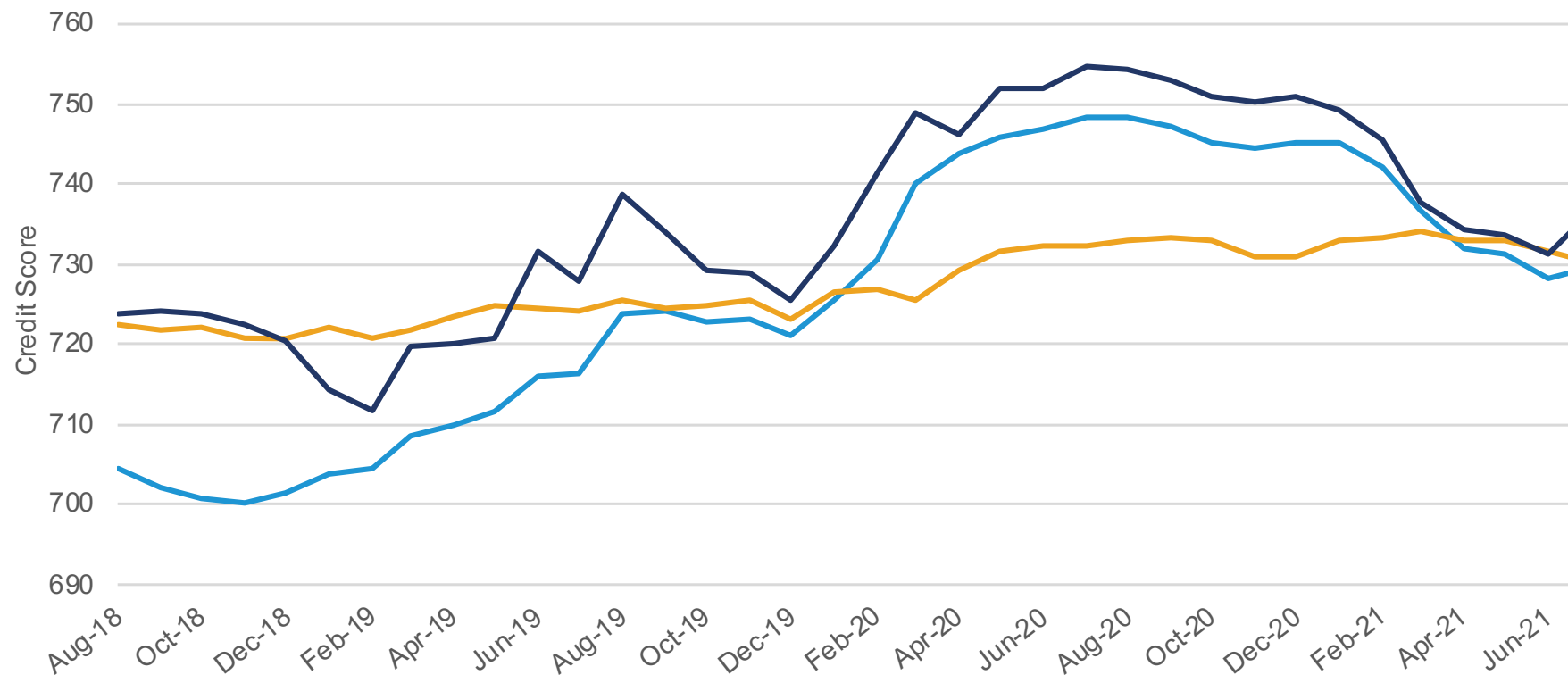







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## JULY 2021 AVERAGE CREDIT SCORES

Here we look at average credit scores by loan purpose. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



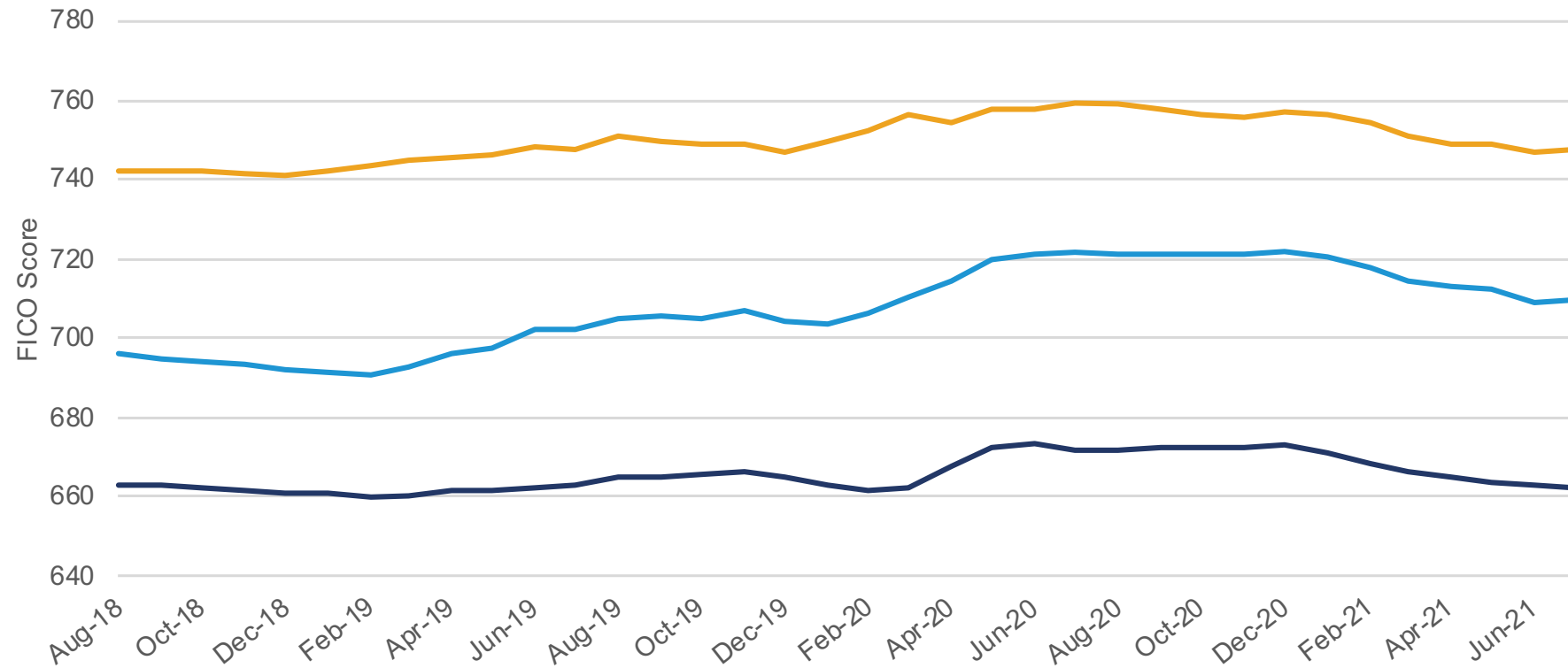
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	730	1	-2	-19
	Purchase	730	-1	-3	-2
	Rate/Term Refi	736	5	2	-18






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## JULY 2021 AVERAGE CREDIT SCORES

Here we look at average credit scores for conforming, FHA and VA loans. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



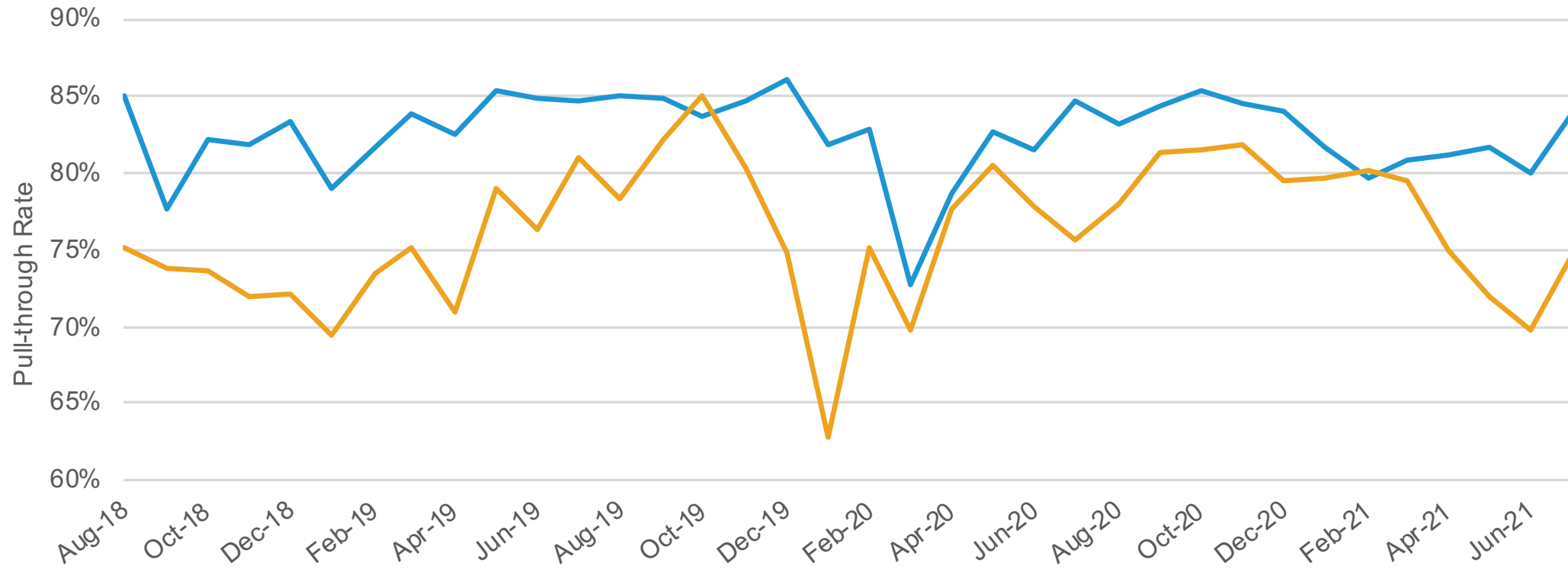
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	747	0	-2	-12
	FHA	662	-1	-3	-10
	VA	710	0	-4	-12





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## JULY 2021 PURCHASE & REFI PULL-THROUGH

Below, we look at pull-through rates – the percentage of locks that become funded loans. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



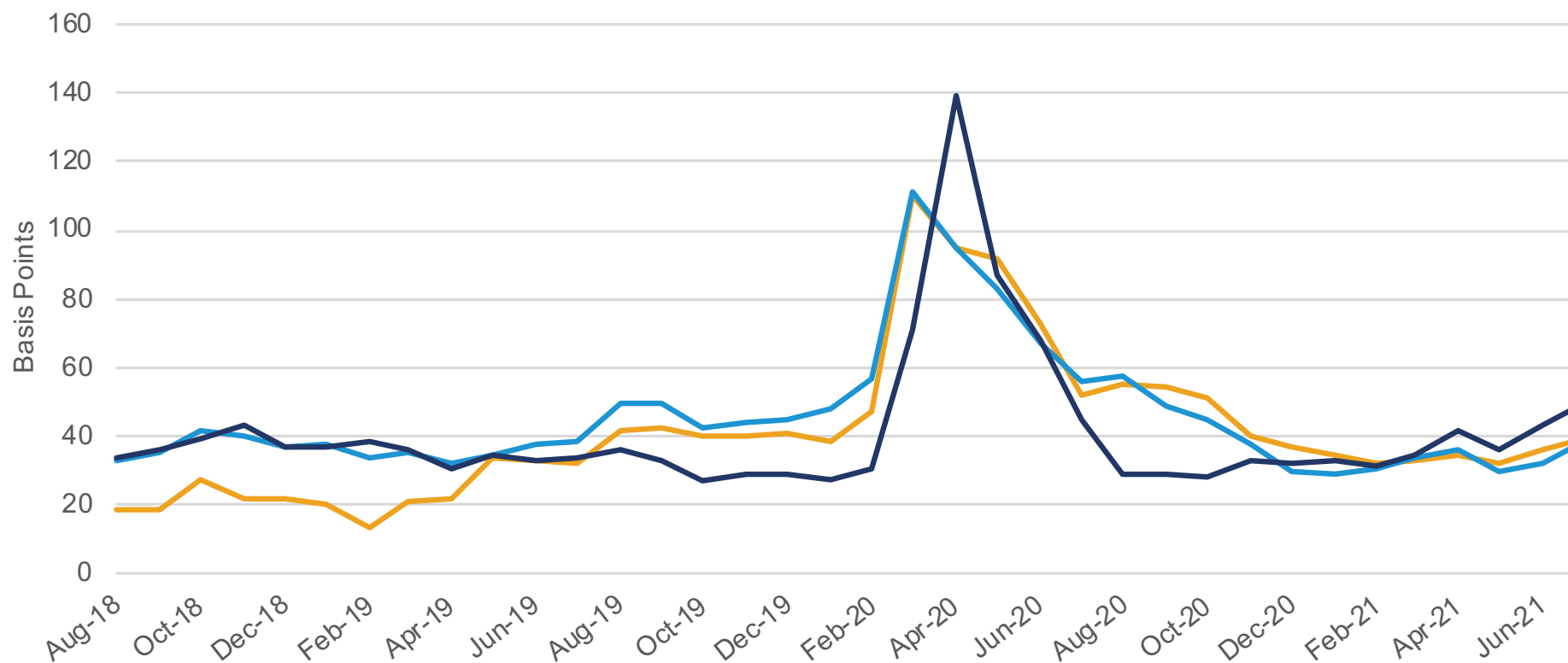
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	83.9%	399 BPS	275 BPS	(79 BPS)
	Refinance Pull-Through	74.7%	486 BPS	(32 BPS)	(87 BPS)






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## JULY 2021 BEST EFFORTS TO MANDATORY SPREAD

A lender will typically see greater yields by selling loans via mandatory delivery, while best efforts delivery carries less risk. Below, we look at the current margin spread between the two. This information has been pulled from Black Knight's [secondary market hedging platform](#). Click on each chart to see its contents in high resolution.



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	38 BPS	6 BPS	2 BPS	(18 BPS)
	15-Year Conforming	39 BPS	3 BPS	4 BPS	(13 BPS)
	30-Year Government	50 BPS	6 BPS	8 BPS	5 BPS

