

# MBA.ORG/FORECASTS

## SINGLE-FAMILY MORTGAGE FINANCE AND ECONOMIC FORECAST

### FREQUENTLY ASKED QUESTIONS

#### 1. What types of forecasts does MBA release on the residential side?

MBA's economists forecast a number of measures related to the mortgage industry, as well as indicators which gauge the overall health of the economy. There are two forecast tables that MBA releases each month.

##### **Mortgage Finance Forecast**

The Mortgage Finance Forecast looks at indicators specific to the real estate finance industry. A complete list of included variables can be found on the back page of this document.

##### **Economic Forecast**

The Economic Forecast looks at key macroeconomic variables including GDP, the unemployment rate and interest rates. A complete list of included variables can be found on the back page of this document.

#### 2. How often does MBA release updates to its forecasts?

MBA updates its Mortgage Finance and Economic Forecasts each month, with the release typically in the third week of the month.

#### 3. Can I access historical forecasts?

Yes, [mba.org/Forecasts](http://mba.org/Forecasts) contains an archive section where users can access forecasts and commentaries which were released in previous months. The archive goes back to January 2005, so if you are interested in obtaining MBA's forecasts with "as of" dates prior to 2005, please email [MBAResearch@mba.org](mailto:MBAResearch@mba.org).

#### 4. Can I get updates to the forecast delivered? Is there a fee involved?

MBA offers an electronic delivery service for those interested in staying up to date on MBA's Mortgage Finance and Economic Forecasts. MBA will also send out periodical analyses of significant data releases, including employment, GDP and selected housing indicators. To be added to this list please visit [mba.org/Forecasts](http://mba.org/Forecasts) and click on the link in the red box.

#### 5. I notice that you forecast Mortgage Originations in \$'s. Does MBA forecast number of originations? Why not?

MBA forecasts mortgage originations in terms of \$ volumes. Users can quickly estimate the number of units by dividing by the average loan size from either HMDA or MBA's Weekly Applications Survey.

#### 6. What inputs go into your origination estimates?

MBA uses Macroeconomic Advisors' model for the macroeconomic forecast, and the originations estimates are generated by a proprietary auxiliary model. In addition to the economic variables, various housing and mortgage market metrics are inputs to the origination estimates. These include Housing Starts, Residential Housing Permits, Home Prices, Interest Rates and Home Sales. MBA also uses data from other industry sources, including MBA's Weekly Applications Survey, which provide a timely and accurate gauge of short-run originations trends.

#### 7. Can I obtain historical origination estimates?

Yes — a historical spreadsheet containing MBA's origination estimates through the current quarter can be accessed by visiting [mba.org/Forecasts](http://mba.org/Forecasts) and click on the "Quarterly Origination Estimates."

#### 8. Do the numbers in this historical originations file change?

Yes, if MBA revises past origination estimates for quarters that have already occurred, this change will be reflected in the historical file available on the forecast web page.

#### 9. I notice that every October there seems to be a substantial revision to the previous year's origination numbers. Why does this happen?

Every September, as part of reporting requirements set forth by the Home Mortgage Disclosure Act (HMDA), regulators publicly release an annual data set of actual loan originations for the previous calendar year. In lieu of actual data on all loans for all lenders, this data set comes close to providing industry analysts with "actual" figures for the previous year. Since there is a nine-

month lag between close of calendar year and data release, MBA's economists do not have data on "actuals" for the current year until this data becomes available in September. Once this annual data set has been made available, MBA economists revise previously released originations estimates accordingly. This is why you may notice that some of the most major revisions to the forecast are made in the month of October.

### **10. I want to understand the factors driving the path of MBA's forecast — does MBA provide any sort of color on its current forecast?**

Along with monthly updates to the Mortgage Finance and Economic Forecasts, MBA's economists usually provide commentary surrounding the most recent forecast. The commentary typically goes through what factors are driving changes to the forecast — as well as items that may be of interest to forecast users.

### **11. I hear a lot about the MBA National Delinquency Survey, which provides measures of delinquency and foreclosure — does MBA forecast these measures in its Mortgage Finance Forecast?**

No, MBA does not currently forecast delinquencies or foreclosures. For more information about the National Delinquency Survey (NDS). Please visit [mba.org/NDS](http://mba.org/NDS).

### **12. Does MBA forecast any information at the state level? County? Metro?**

MBA only provides a national forecast, which does not include any state and/or local forecasts. MBA does have a plethora of state-specific reports on applications, originations and delinquency/ foreclosure metrics — please contact [MBAResearch@mba.org](mailto:MBAResearch@mba.org) to learn more.

### **13. Can I use MBA's forecast figures in a chart or book?**

Please email [MBAResearch@mba.org](mailto:MBAResearch@mba.org) for questions regarding republishing and redistribution guidelines.

### **14. I'm a member of the media and would like to better understand what MBA is forecasting and why. Who should I contact?**

Press inquiries should be directed to the MBA Public Affairs group. Dial (202) 557-2727 for the press coordinator, or dial the main switchboard at (202) 557-2700 and ask for the public affairs group.

### **15. I have a question that is not addressed in this document, who do I contact?**

Please contact [MBAResearch@mba.org](mailto:MBAResearch@mba.org) for information not discussed in this document and someone will assist you as best as they can.

## **16. What specific variables do the Mortgage Finance and Economic Forecasts examine?**

### **Mortgage Finance Forecast**

The Mortgage Finance Forecast examines the following variables:

#### HOUSING MEASURES

- Housing Starts (SAAR, Thous.)
  - + Single-Family
  - + Two or More
- Home Sales (SAAR, Thous.)
  - + Total Existing Homes
  - + New Homes
- FHFA US House Price Index (YOY % Change)
- Median Price of Total Existing Homes (Thous. \$)
- Median Price of New Homes (Thous. \$)

#### INTEREST RATES

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

#### MORTGAGE ORIGINATIONS

- Total 1-to-4-Family Originations (Bil, \$)
- Purchase Originations (Bil, \$)
- Refinance Originations (Bil, \$)
- Refinance Share

### **Economic Forecast**

The Economic Forecast examines the following variables:

- Real Gross Domestic Product
  - + Personal Consumption Expenditures
  - + Business Fixed Investment
  - + Residential Investment
  - + Govt. Consumption and Investment
  - + Net Exports (Bil. Chain 2005\$)
  - + Inventory Investment (Bil. Chain 2005\$)
- Consumer Prices
- Unemployment Rate
- Federal Funds Rate
- 10-Year Treasury Yield