

CAPITAL MARKET TRENDS AND OUTLOOK

NCSHA 2020 ANNUAL
CONFERENCE & SHOWCASE

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 - TBAs
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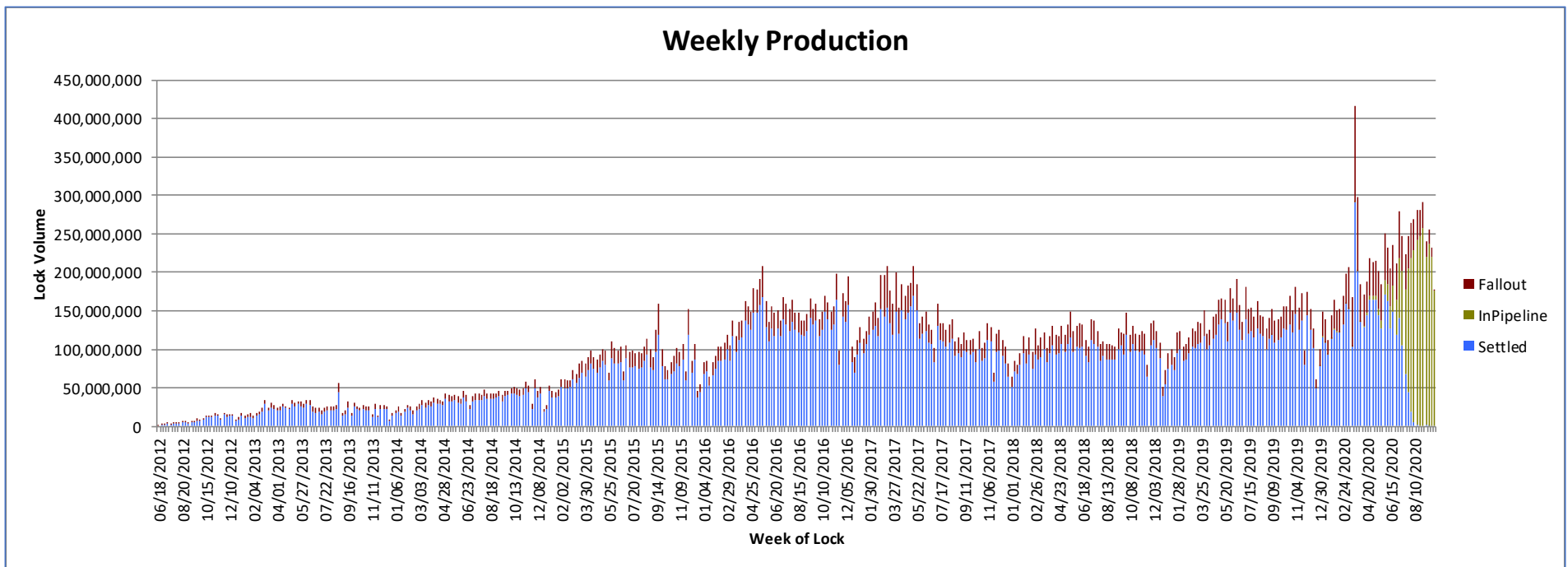
PRODUCTION
TRENDS



Production Trends

- HFAs continue to see robust TBA volume despite increase in MRB issuance
 - Record low mortgage rates
 - Strong home purchase activity
- 2020 another record year in lock volume for HTS clients
 - 2020 locks through September month end \$8.4 billion compared with \$5.3 billion in same period of 2019 – up almost 59% year-over-year
- Since July 2012 represented 18 state programs and over \$45.1 billion in locks with \$33.9 billion in MBS purchases
- 11 out of 18 HTS HFA partners using both MRB and TBA to fund single family activity

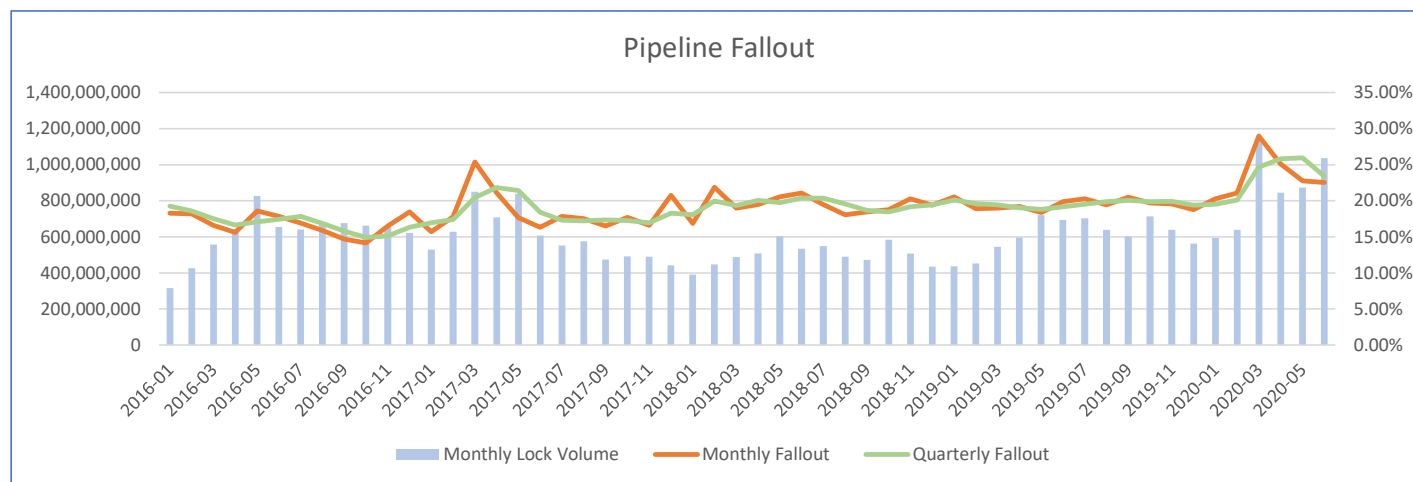
Production Trends (cont..)



Source: Hilltop Securities

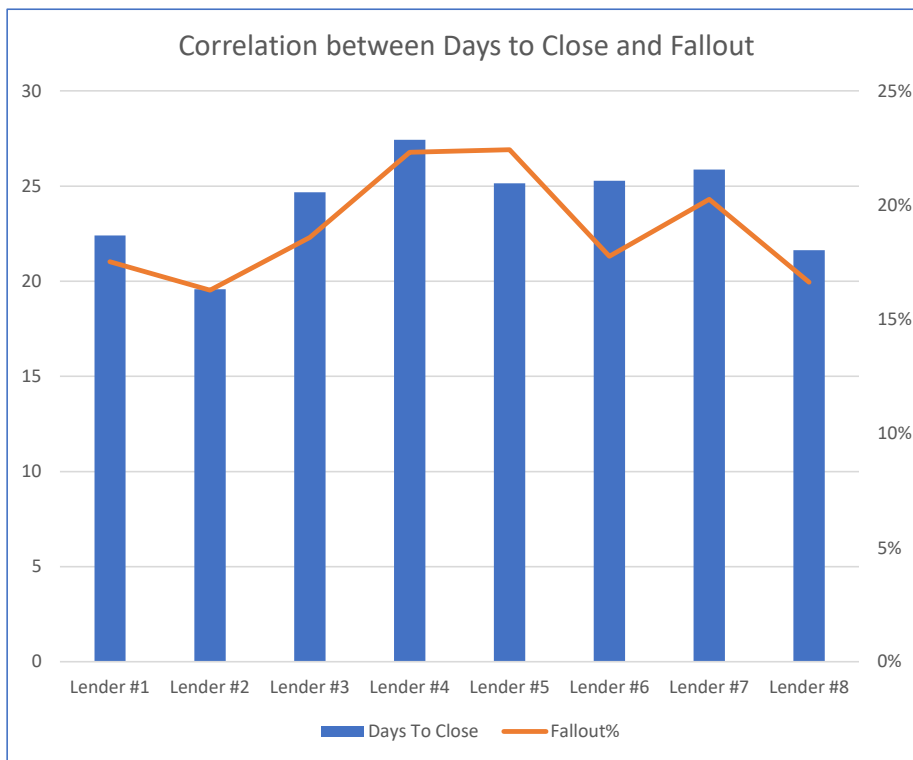
Production Trends (cont..)

- Under 14% of YTD locks comprise conventional product, down from 36% for the same period of 2019
 - Many HFAs have discontinued offerings conventional products altogether
- Pipeline fallout has increased compared with ~19% long term average



Source: Hilltop Securities

Production Trends (cont..)



Source: Hilltop Securities

- Strong correlation between number of days lender takes to close new lock and that lender's fallout ratio



MARKET
UPDATE



Market Update – TBAs



2.0		2.5		3.0		
Nov	103-16 / 17	2 - 1 + 01	104-11 / 12	1 - 2 - 01+	104-08 / 09	1 - 2 - 03+
Dec	103-09 / 10	1 - 1 + 01	104-04 / 05	2 - 1 - 02	104-06+ / 07+	1 - 1 - 03+
Jan	103-02+ / 03+	1 - 1 + 01	103-30+ / 31+	1 - 2 - 01+	104-06+ / 07+	1 - 1 - 03+
Nov/Dec	07 ³ / ₈ / 07 ³ / ₈	1 - 1 --	06 ³ / ₈ / 06 ³ / ₈	1 - 1 --	01 / 01 ¹ / ₂	1 - 1 - 00 ³ / ₈
Dec/Jan	/	-	05 ⁵ / ₈ / 06	1 - 1 - 00 ³ / ₈	00 ³ / ₈ / 00 ³ / ₈	1 - 1 + 00 ³ / ₈

3.5		4.0		4.5		
Nov	105-17 / 18	1 - 1 - 00+	106-09+ / 10+	1 - 1 - 01	107-07+ / 08+	1 - 1 - 02
Dec	105-15 / 16	1 - 1 - 01	106-12 / 13	1 - 1 - 01	107-09 / 10	1 - 1 - 03+
Jan	105-14 / 15	1 - 1 - 01+	106-15 / 16	1 - 1 - 01	107-10+ / 11+	1 - 1 - 04
Nov/Dec	02 ¹ / ₂ / 02 ¹ / ₂	1 - 1 + 00 ³ / ₈	- 04+ / - 04 ¹ / ₂	1 - 1 - 00 ³ / ₈	- 01+ / - 01 ¹ / ₂	1 - 1 + 01+
Dec/Jan	- 00 ¹ / ₂ / 00	1 - 1 --	- 02 ¹ / ₂ / - 02	1 - 1 --	/	-

Benchmarks		Roll Analysis	
Treas 2Y	99-30 / 30 ¹ / ₂	0.157 / 155	- 00 ³ / ₈
Treas 3Y	99-24+ / 24 ¹ / ₂	0.204 / 202	+ 00 ³ / ₈
Treas 5Y	99-12 / 12 ¹ / ₂	0.378 / 377	- 00 ³ / ₈
Treas 7Y	98-13 / 13+	0.610 / 608	+ 00+
Treas 10Y	97-30 / 30+	0.845 / 843	+ 04
Treas 30Y	93-22+ / 24	1.643 / 641	+ 25

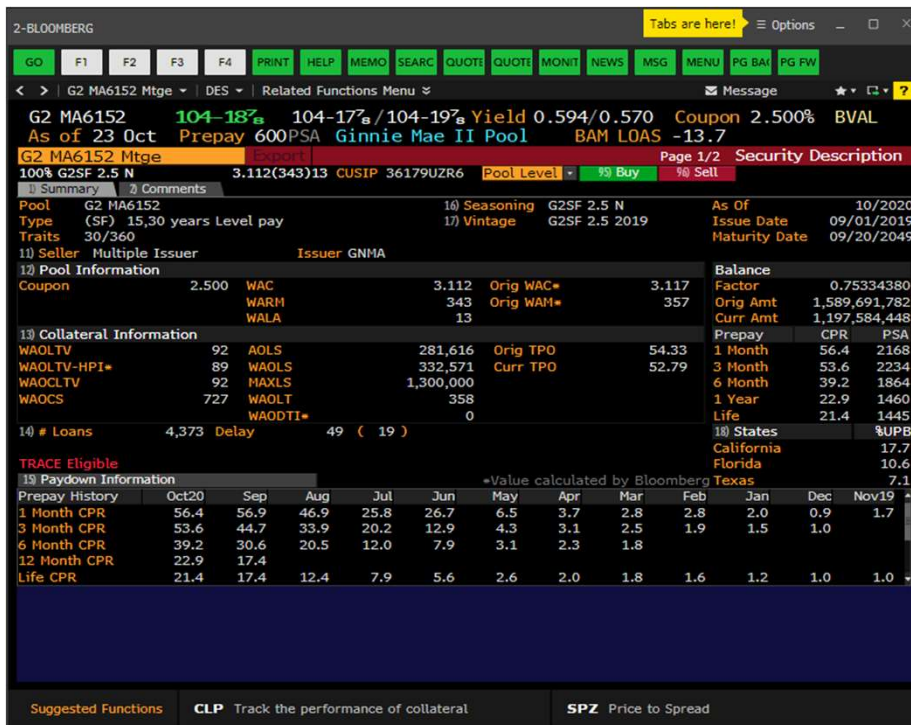
Source: Bloomberg

- TBAs trade based on worst to deliver assumption
- As mortgage rates have continued to hit new lows, 2.5s and higher coupons have sped up
- Fed has been buying ~5bb/day supporting the TBA market
- Fed currently buying 2.0s and 2.5s in G2 TBA space

Market Update – TBAs (cont..)

- In the past you could hedge your long HFA lock/pool risk with short corresponding TBA
- Now duration/convexity profile of TBA are materially different than that of HFA pool. If you hedge your long G2 3.0 pool exposure with G2 3.0 TBA, you will be under-hedged
- Given how integral pay-ups are to lock pricing at origination, it is very important to hedge pay-ups. Otherwise, the negative convexity of the asset class will result in bigger losses
- Making best execution decisions (MRB vs TBA) should consider real “spec” pay-ups and not only screen TBA levels

Market Update – HFA MBS



2-BLOOMBERG

GO F1 F2 F3 F4 PRINT HELP MEMO SEARC QUOTE QUOTE MONIT NEWS MSG MENU PG BAI PG FW

< > G2 MA6152 Mtge DES Related Functions Menu Message

G2 MA6152 104-18³/₈ 104-17⁵/₈/104-19⁷/₈ Yield 0.594/0.570 Coupon 2.500% BVAL
As of 23 Oct Prepay 600PSA Ginnie Mae II Pool BAM LOAS -13.7

G2 MA6152 Mtge 3.112(343)13 CUSIP 36179UZR6 Pool Level Buy Sell

100% G2SF 2.5 N Page 1/2 Security Description

Summary Comments

Pool G2 MA6152 10 Seasoning G2SF 2.5 N As Of 10/2020
Type (SF) 15,30 years Level pay 17 Vintage G2SF 2.5 2019 Issue Date 09/01/2019
Traits 30/360 Maturity Date 09/20/2049

1) Seller Multiple Issuer Issuer GNMA

12) Pool Information

Coupon	2.500	WAC	3.112	Orig WAC*	3.117	Balance	
		WARM	343	Orig WAM*	357	Factor	0.75334380
		WALA	13			Orig Amt	1,589,691,782
						Curr Amt	1,197,584,448

13) Collateral Information

WAOLTV	92	AOLS	281,616	Orig TPO	54.33	Prepay	CPR	PSA
WAOLTV-HPI*	89	WAOLS	332,571	Curr TPO	52.79	1 Month	56.4	2168
WAOLTV	92	HAXLS	1,300,000			3 Month	53.6	2234
WAOC	727	WAOLT	358			6 Month	39.2	1864
		WAODTI*	0			1 Year	22.9	1460
						Life	21.4	1445

14) # Loans 4,373 Delay 49 (19)

18) States

California	17.7
Florida	10.6
Texas	7.1
Other	0.6

TRACE Eligible

13) Paydown Information +Value calculated by Bloomberg

Prepay History	Oct20	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov19
1 Month CPR	56.4	56.9	46.9	25.8	26.7	6.5	3.7	2.8	2.8	2.0	0.9	1.7
3 Month CPR	53.6	44.7	33.9	20.2	12.9	4.3	3.1	2.5	1.9	1.5	1.0	
6 Month CPR	39.2	30.6	20.5	12.0	7.9	3.1	2.3	1.8				
12 Month CPR	22.9	17.4										
Life CPR	21.4	17.4	12.4	7.9	5.6	2.6	2.0	1.8	1.6	1.2	1.0	1.0

Suggested Functions CLP Track the performance of collateral SPZ Price to Spread

Source: Bloomberg

- G2 multi issuer pools continue to exhibit streamlined refi behavior
- Involuntary prepays stemming from Bank purchases of seriously delinquent loans have intensified overall prepays further
- Perfect tailwind for HFA Specified pools that have slow empirical speeds, especially nonbank serviced

Market Update – HFA MBS (cont..)

- Factors impacting prepay speeds on HFA Pools
 - DPA format
 - Home Price Appreciation
 - Servicer
- How to maximize execution on HFA Pools
 - Thorough analysis of prepays on production since inception, updated each month as speeds get reported
 - Industry standard MBS valuation models still do not understand HFA pools well, so onus lies on the entity that brings the HFA pools to market
 - Distribution
 - CMO structuring capability

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NCSHA Annual Conference 2020

Capital Market Trends & Outlook

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Financing HFA Programs

Macroeconomic factors are deeply intertwined, and we are in a uniquely uncertain environment. Decisions regarding financing product(s) are specific to each HFA's legacy conditions and goals.

Product Options

Mortgage
Revenue Bonds
(MRBs)

Pass-Through
Bonds

Direct MBS Sales
in TBA Market

MBS Sale + IO
Strip Purchase

Macro Considerations

U.S. Economic
Conditions

Shape of Yield
Curve &
Mortgage Rates

Mortgage
Prepayment,
Delinquency, &
Default Rates

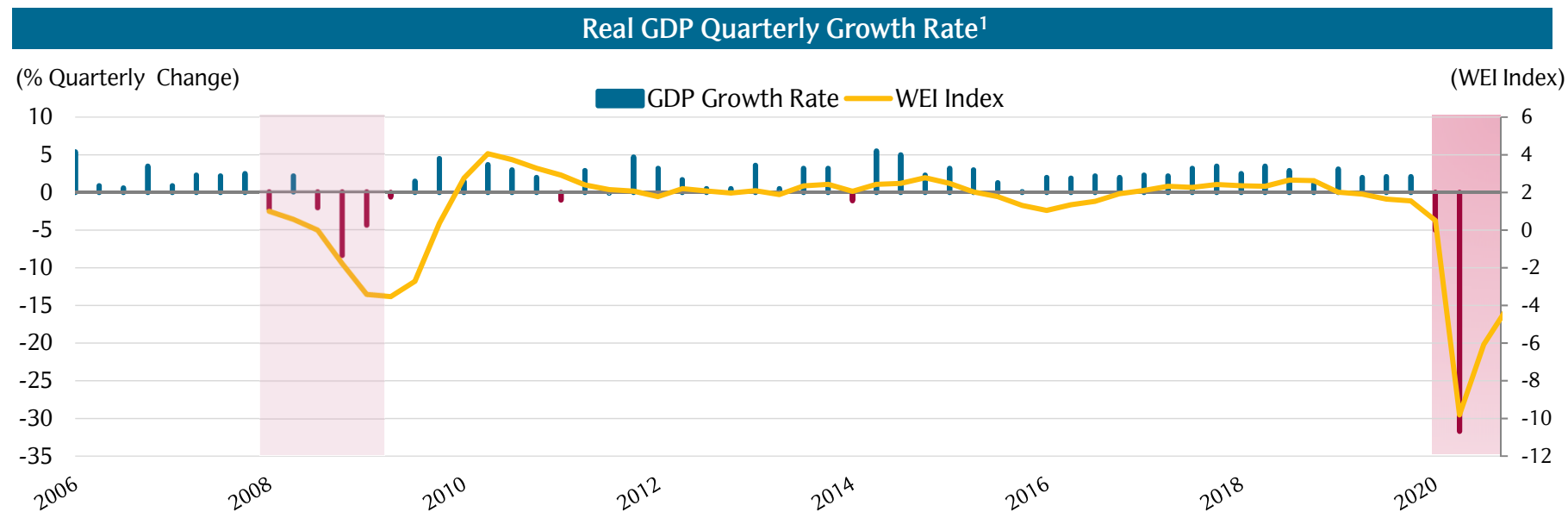
Need for Subsidy
to Achieve
Affordability

Consideration: FAIT, Not Fait Accompli

What will happen to the US economy in the coming months and years?

- Flexible Average Inflation Targeting (FAIT)
 - Front-end rates should stay low for next 2-3yrs
- Investors may adjust view of *real* returns to reflect inflation
 - Could make fixed-income less attractive
 - But could make tax-exemption more attractive
- Inflation generally reduces free cash flow in households
 - May put upward pressure on mortgage rates and housing prices
 - Could present a challenge to affordability
- Lackluster economic growth could lead to deflation or stagnation
 - Generally higher delinquencies and defaults could result

2021 GDP Projections Vary Significantly



Forecasted GDP Growth for Next Year^{2,3}

Bank	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021 Average
JP Morgan	34.50%	3.00%	2.00%	2.00%	1.80%	1.50%	2.06%
RBC	35.00%	3.00%	2.50%	3.00%	3.00%	2.50%	2.80%
BofA	33.00%	3.00%	5.00%	3.00%	3.00%	3.00%	3.40%
Barclays	30.00%	2.50%	3.50%	5.00%	4.00%	3.50%	3.70%
UBS	29.70%	2.40%	2.70%	5.40%	5.40%	2.70%	3.72%
Citi	31.00%	6.90%	6.70%	3.90%	1.60%	1.60%	4.14%
Goldman Sachs	35.00%	3.00%	7.00%	7.00%	4.50%	3.50%	5.00%
Average	32.60%	3.40%	4.20%	4.19%	3.33%	2.61%	3.55%

1. Source: FRED As of October 23, 2020.

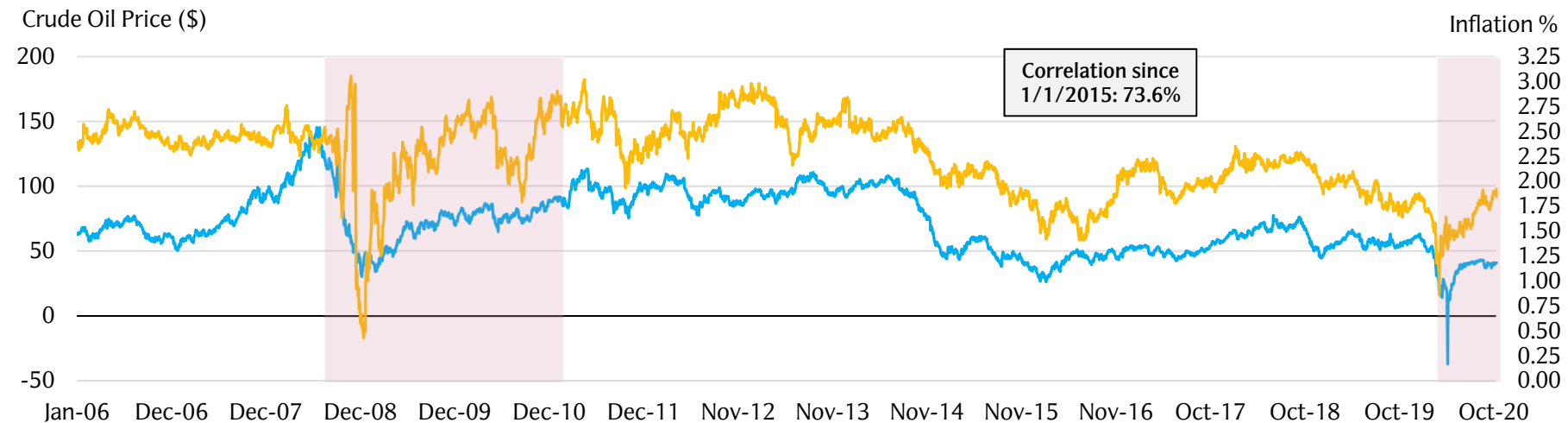
2. Source: Barclays Research. As of October 15, 2020.

3. Source: Bloomberg. As of October 21, 2020.

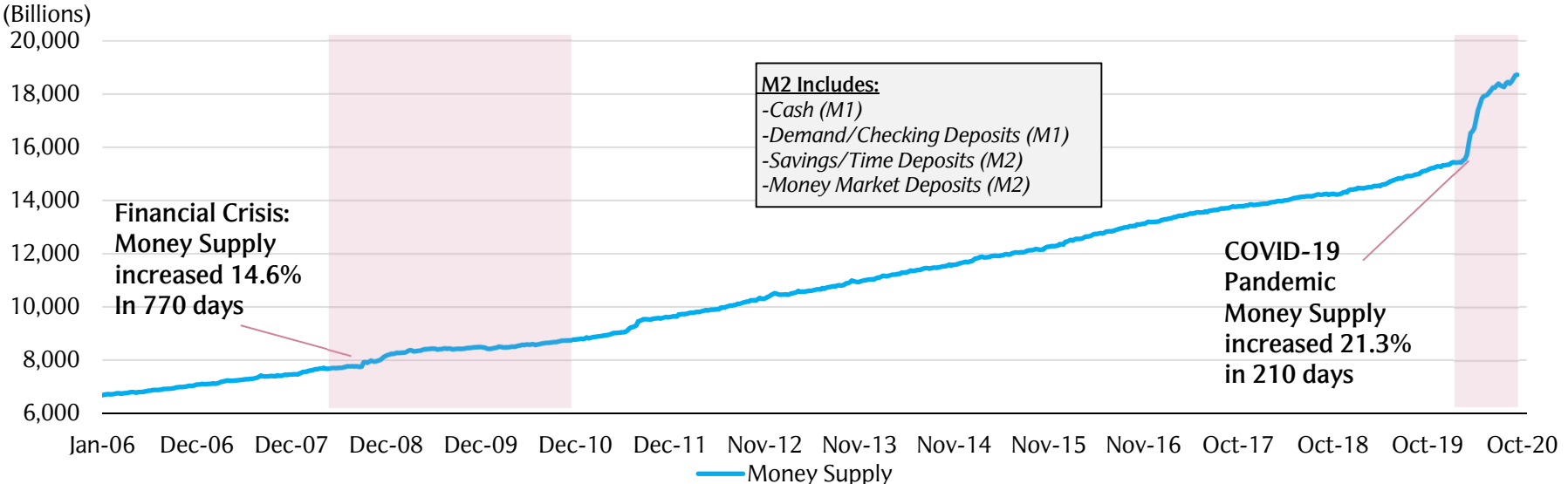
4. WEI Index: Produced by the Federal Reserve Bank of New York, The WEI provides a signal of the state of the U.S. economy based on data available at a daily or weekly frequency

Inflation: Mixed Signals

Crude Prices vs. 5 Year Inflation Rate¹



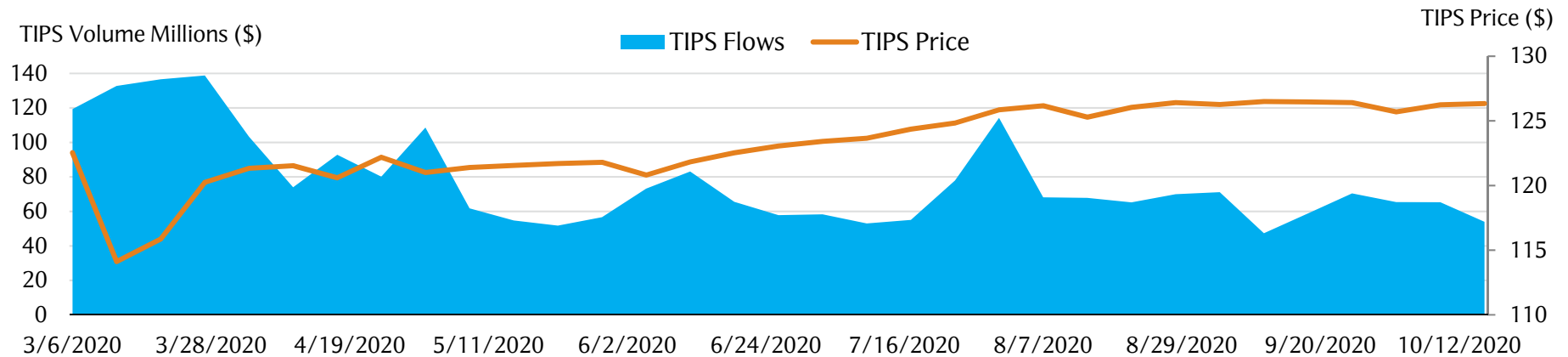
Money Supply (M2)¹



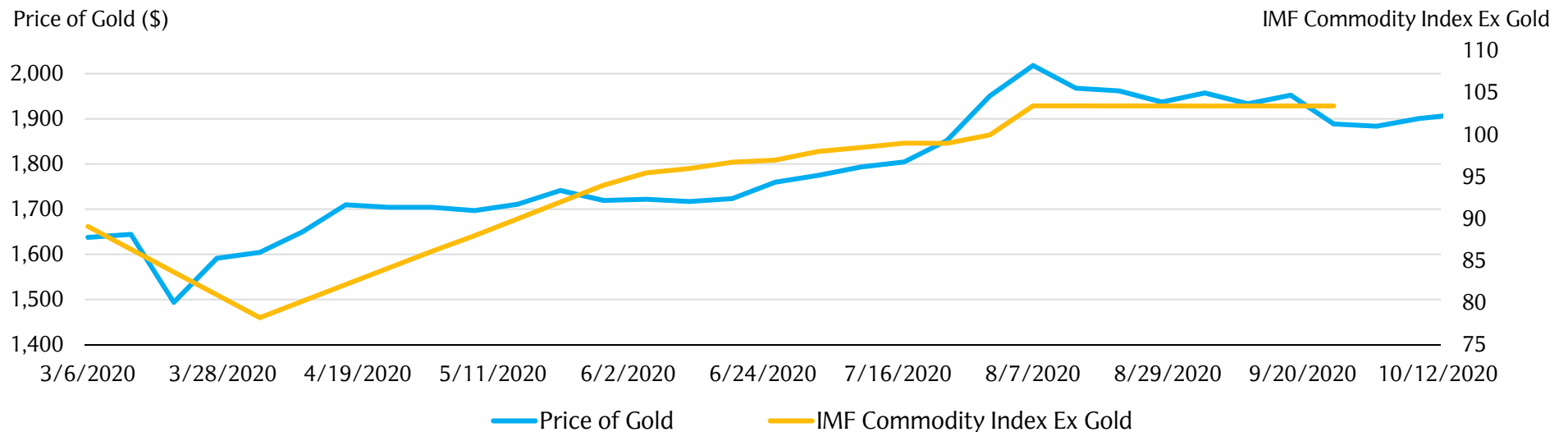
¹ Source: FRED As of October 23, 2020.

TIPS flows have been muted, and the price of gold has been similar to the change in commodity prices broadly

TIPS Flows and Price Since Declaration of State of Emergency U.S. ^{1,2}



Gold vs IMF Commodity Index Since Declaration of State of Emergency U.S. ^{3,4}



1. Source: FINRA TRACE Treasury Aggregates: As of October 16, 2020.

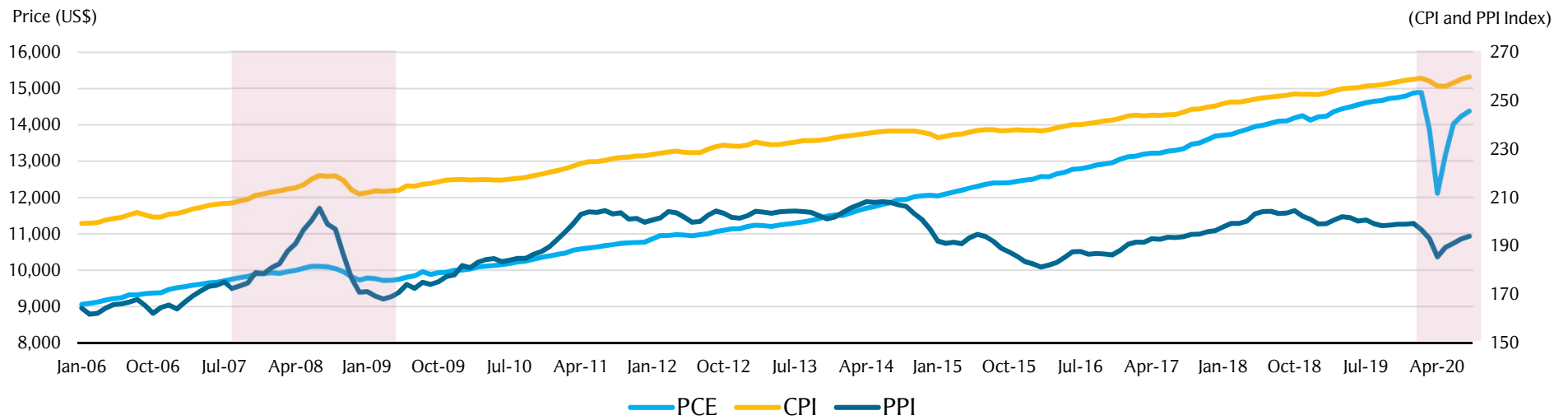
2. Source: NYSEARCA:TIP: As of October 16, 2020

3. Source: IMF Data: Primary Commodity Price System: As of October 22, 2020; date axis presented to align with available TIPS flows data.

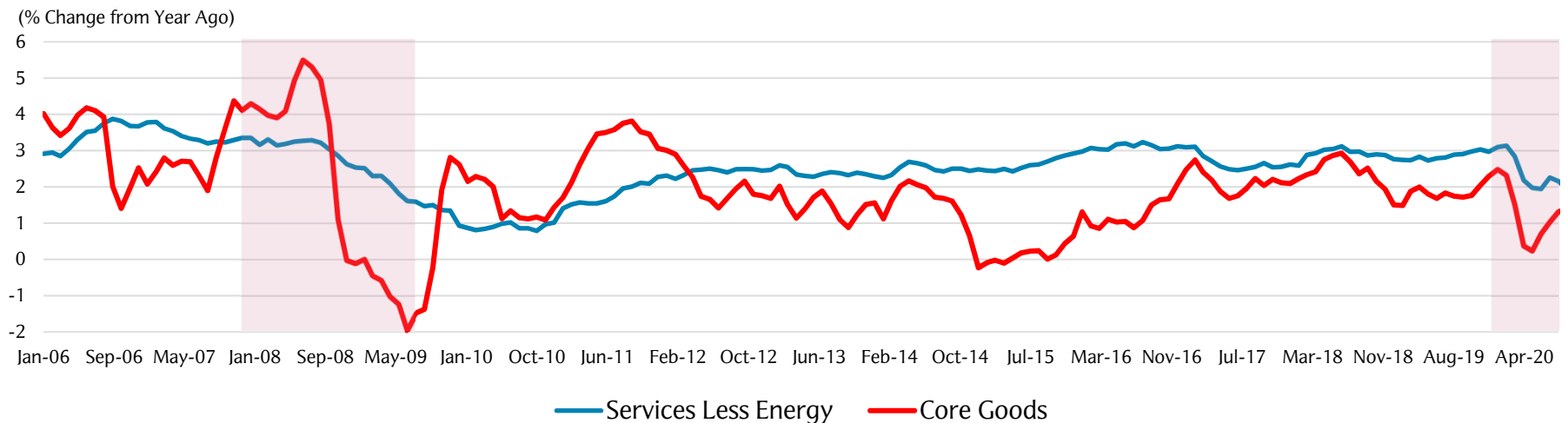
4. Source: FRED: As of October 22, 2020.

Spending recovers, boosting CPI, with PPI muted

Personal Consumption Expenditures (PCE), Consumer Price Index (CPI), Personal Producer Price Index (PPI)¹



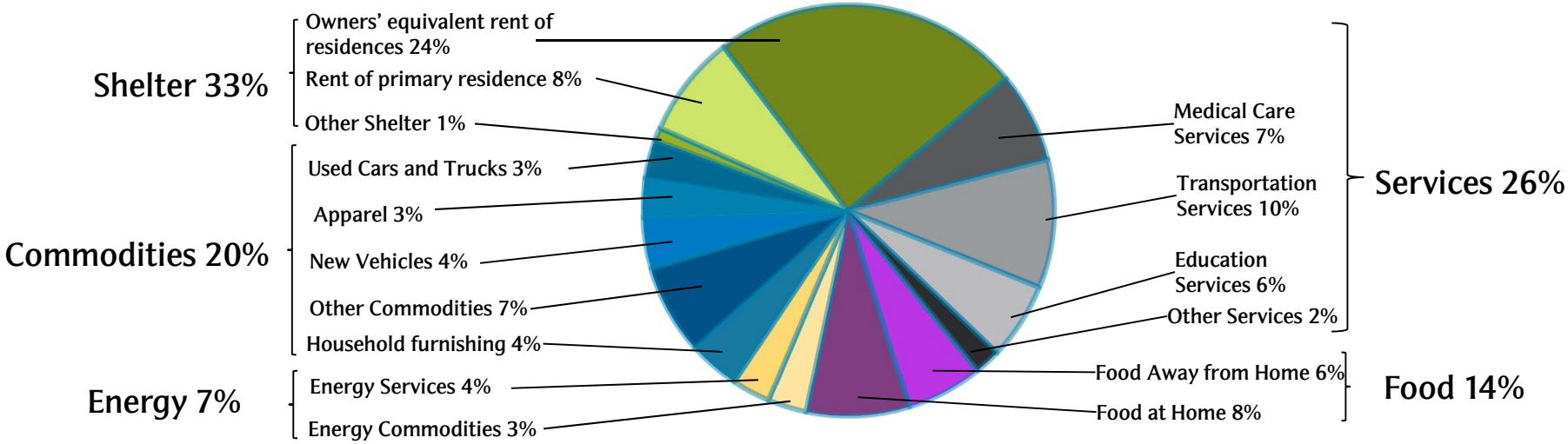
CPI: Core Goods vs. Services % Change YoY¹



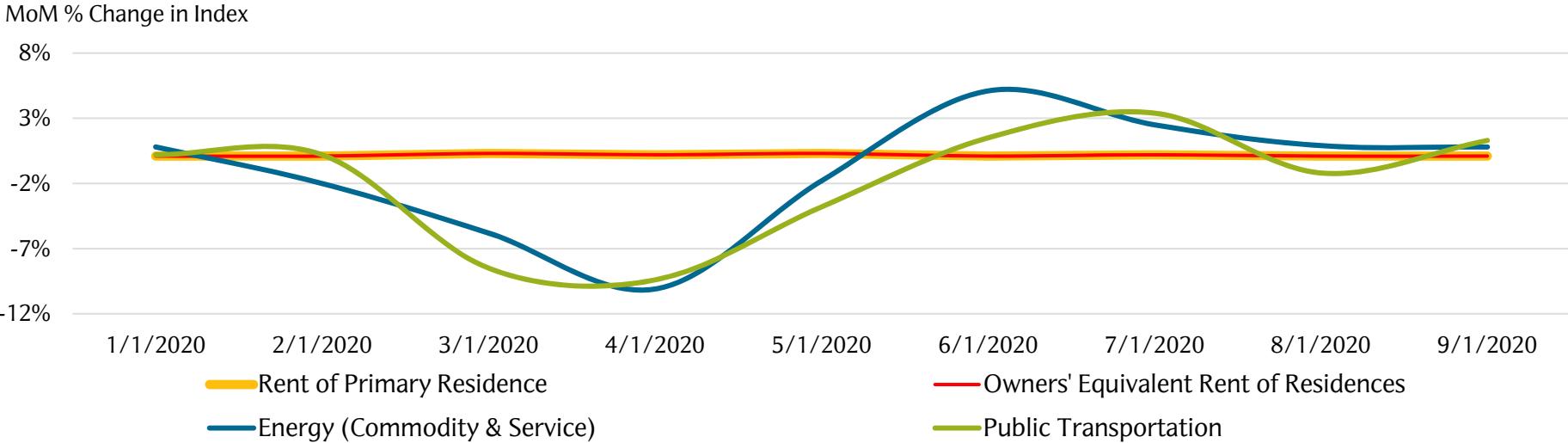
1. Source: FRED As of October 23, 2020.

CPI Component Breakdown

CPI: Component Contribution¹



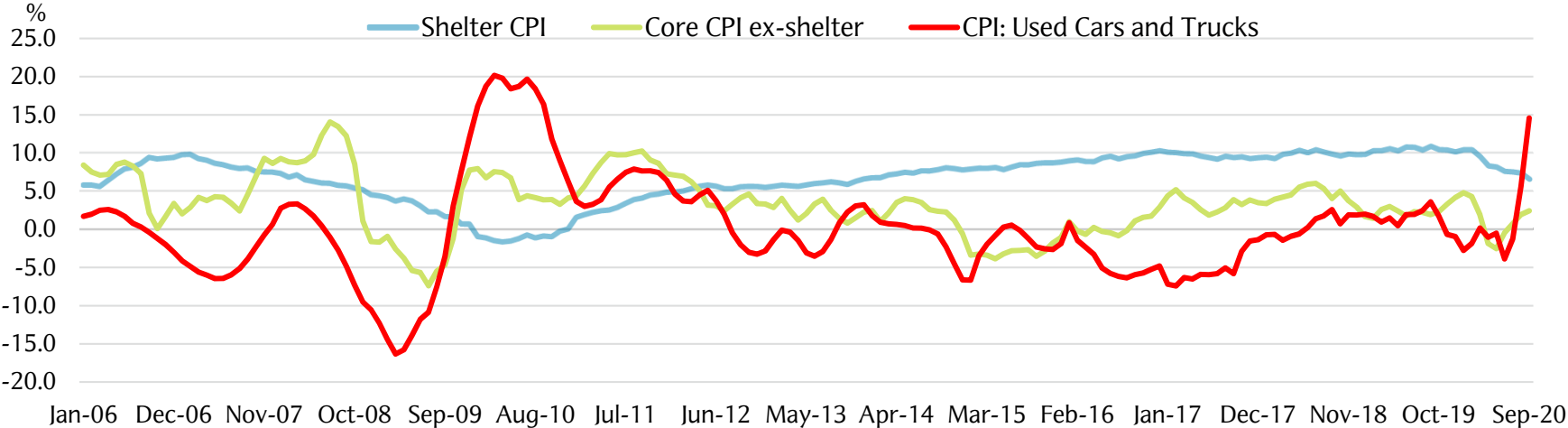
Monthly % Change: Select CPI Components¹



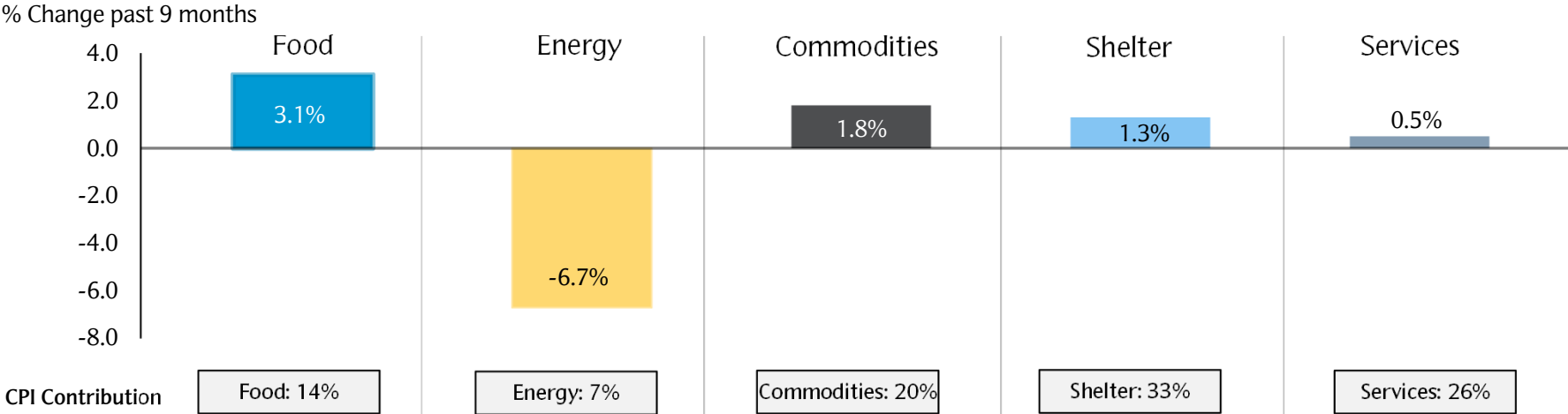
1. Source: Bureau of Labor Statistics: CPI Tables.

Somewhat unique changes in CPI during COVID

Shelter CPI cooling while used cars & trucks are hot^{1,2}



Component CPI % Change from January – September 2020³



1. Source: Barclays Research: As of October 14, 2020.
 2. Source: FRED As of October 23, 2020.
 3. Source: Bureau of Labor Statistics: CPI Tables.

Survey Question

What do you think will happen to the U.S. economy, broadly speaking, in 2021-2023?

- Inflation: greater than 4%
- Inflation: flat to 3.9%
- Deflation: flat to -3.9%
- Deflation: lower than -4%
- Stagflation: price inflation without economic growth

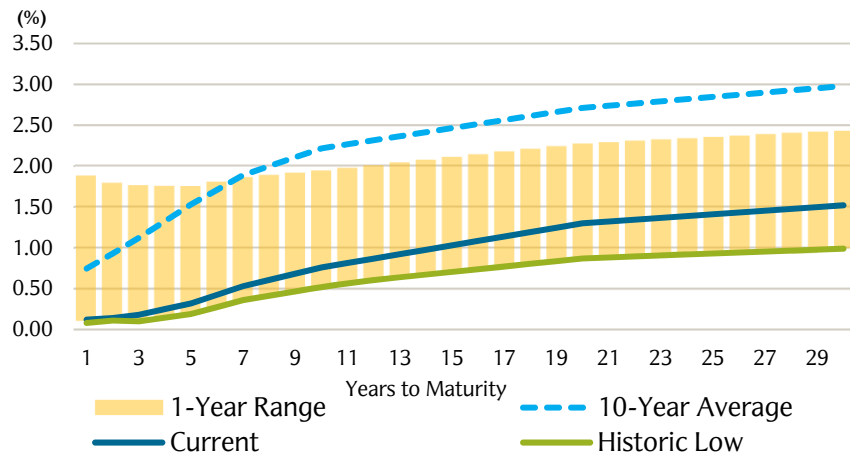
Consideration: How will the curve shape up?

Yield curve shape influences product choice:

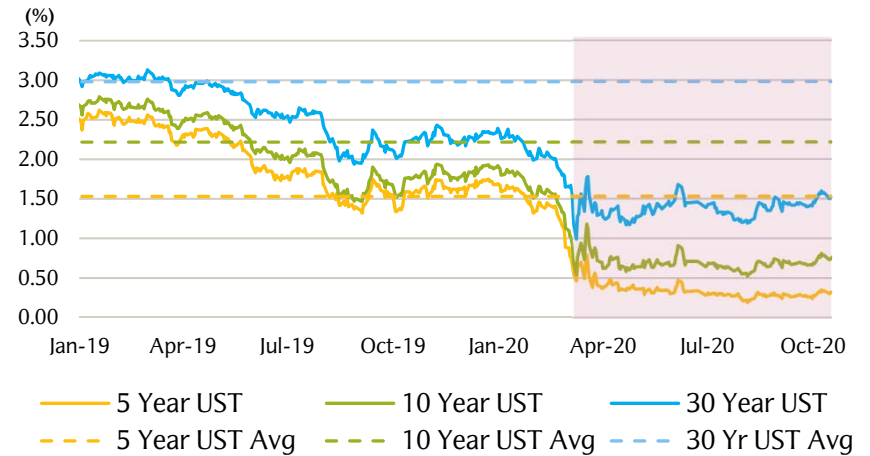
- Steep Curve moving down the yield curve:
 - PACs, variable rate, frontloading, and pass-throughs
- Flat yield curve provides the opportunity to sell longer fixed-rate debt or backload
- Increasing short-term rates may
 - Pressure mortgage rates higher
 - Slow legacy prepayments dramatically leads to easier to earn spread on MRBs
 - May increase the value of IO strips, which exhibit negative duration as prepayments slow with higher rates

Taxable and Tax-Exempt Rate Environment

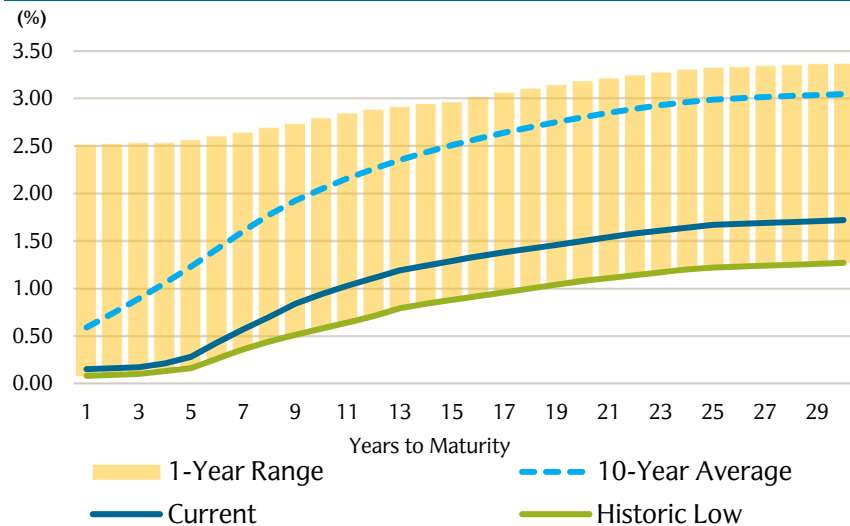
US Treasury Yield Curve¹



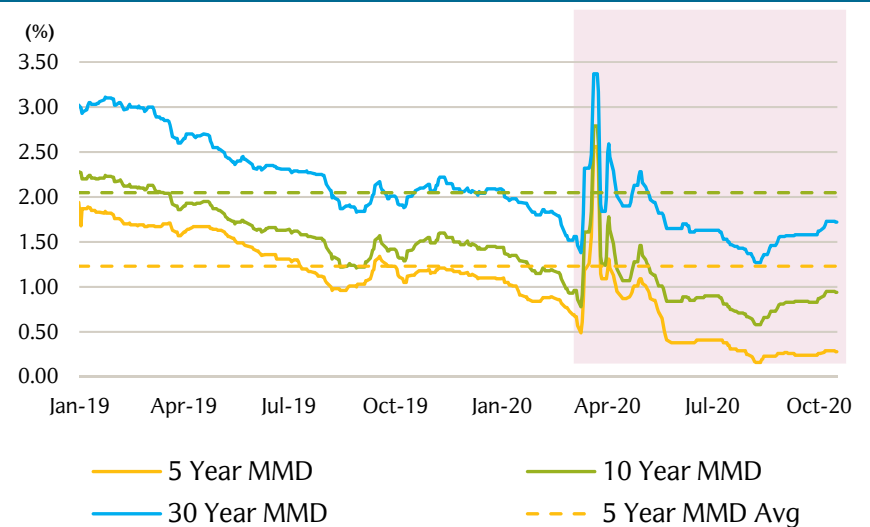
Front End of UST Curve at All-Time Low¹



High Grade MMD Yield Curve²



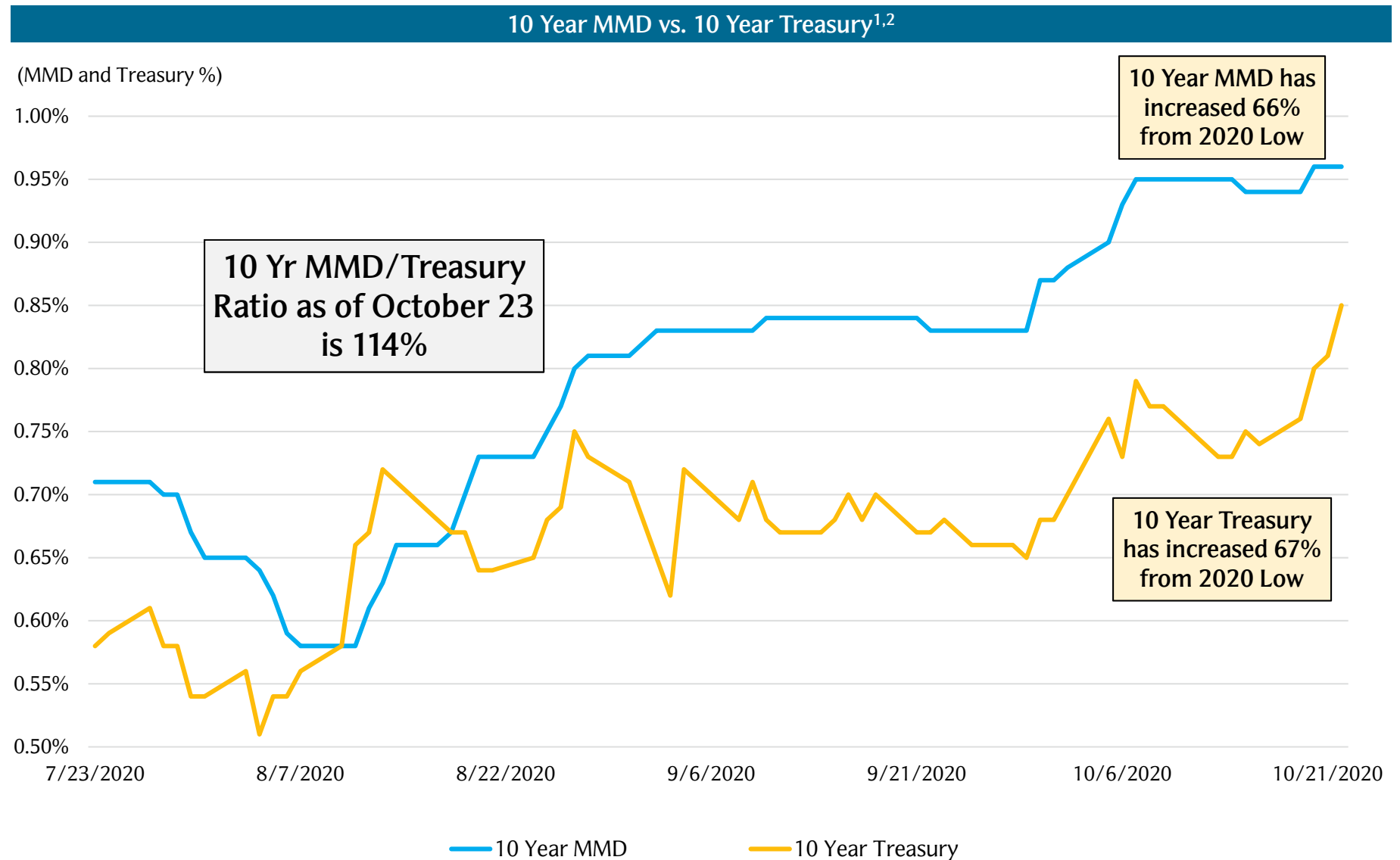
MMD Yields Are Below 10 Year Averages¹



1. Source: US Department of Treasury. As of October 22, 2020.

2. Source: Thomson Reuters. As of October 22, 2020.

Rates rising, but tax-exemption severely underperforming

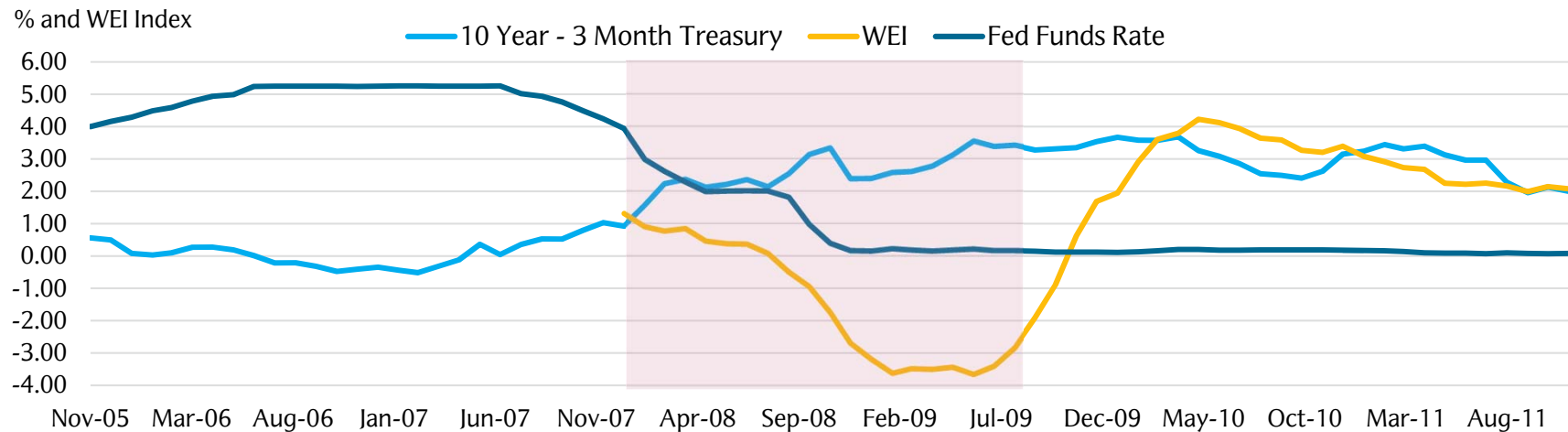


1. Source: US Department of Treasury. As of October 22, 2020.

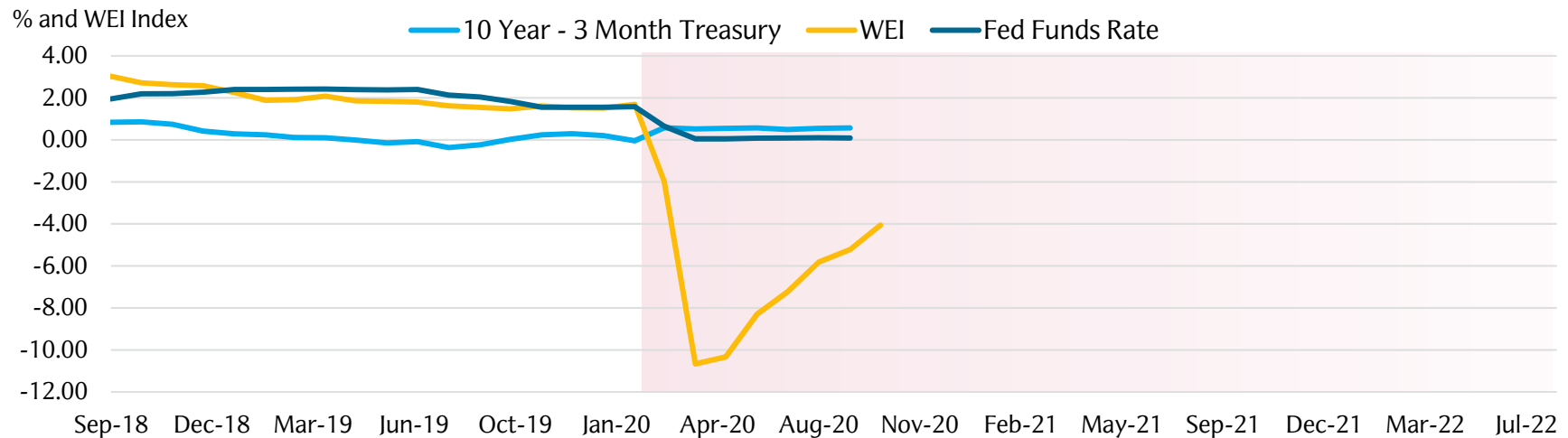
2. Source: Thomson Reuters. As of October 22, 2020.

Recession Tools: Lessons from 2008

Fed Funds vs. Recession Indicators – Great Recession^{1,2}



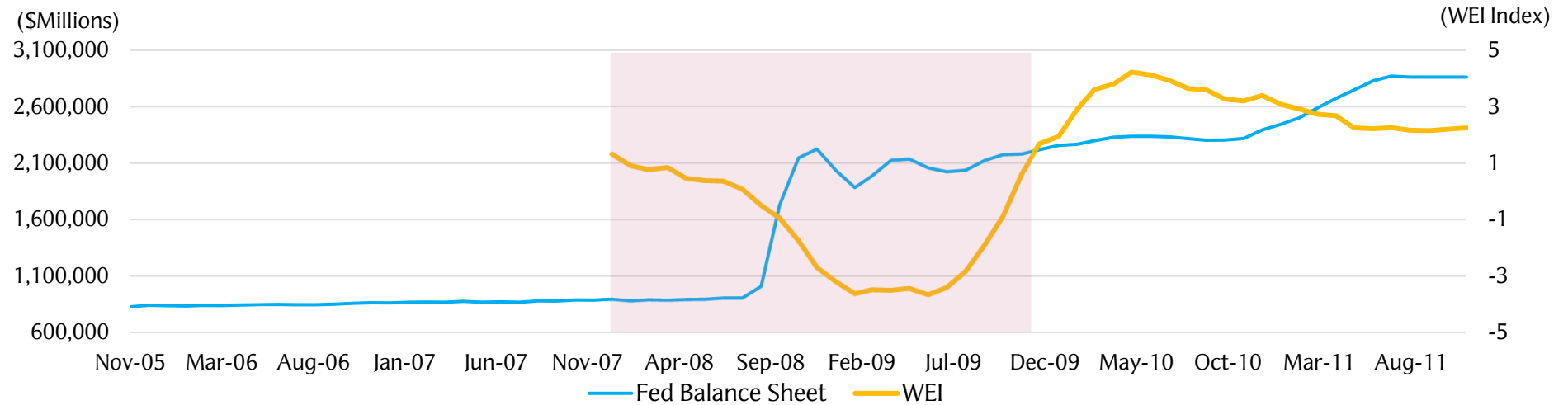
Fed Funds vs. Recession Indicators – Covid-19¹



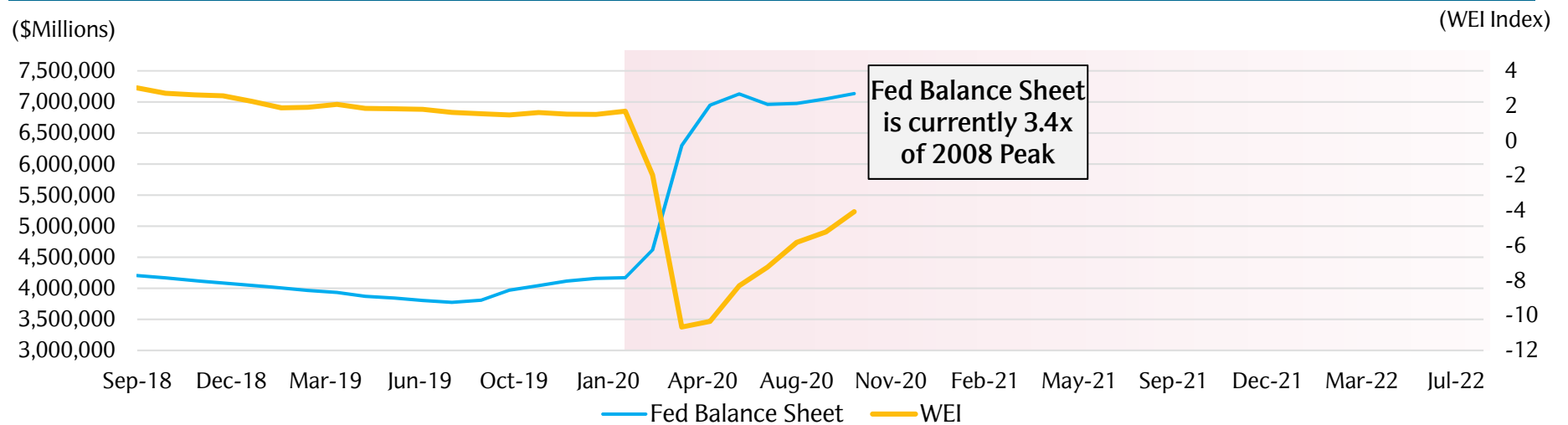
1. Source: FRED As of October 13, 2020.
 2. Note: WEI data commences January 1, 2008.

Quantitative easing has gone from tool of last resort, to the dominant instrument

Federal Reserve Total Assets and WEI during Great Recession¹

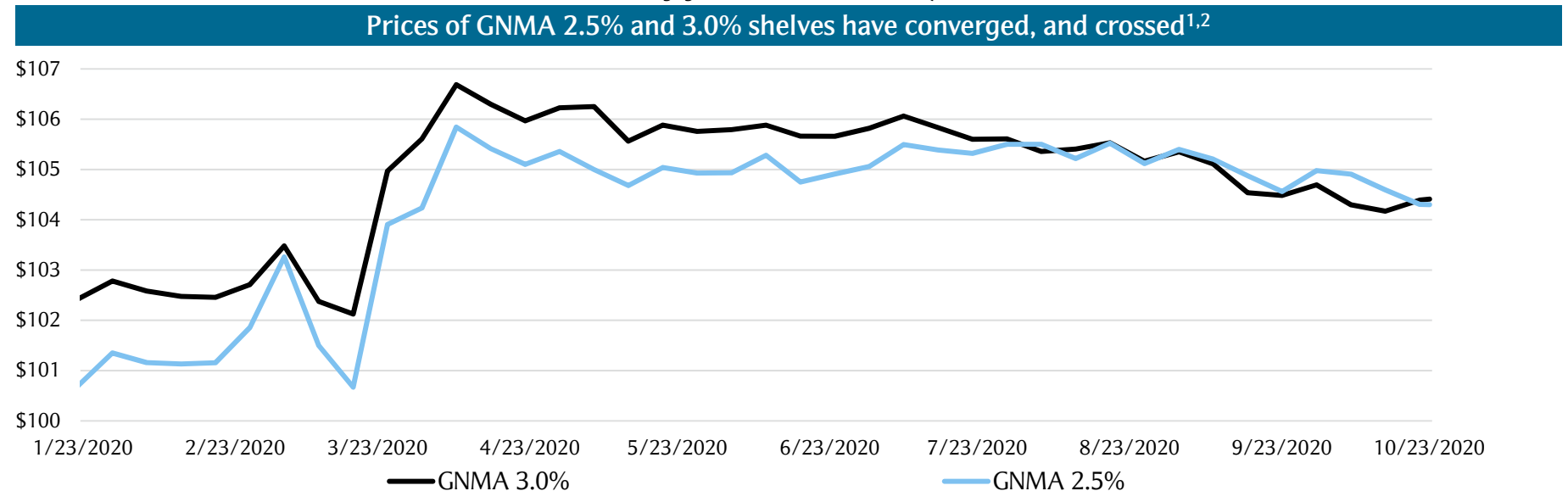
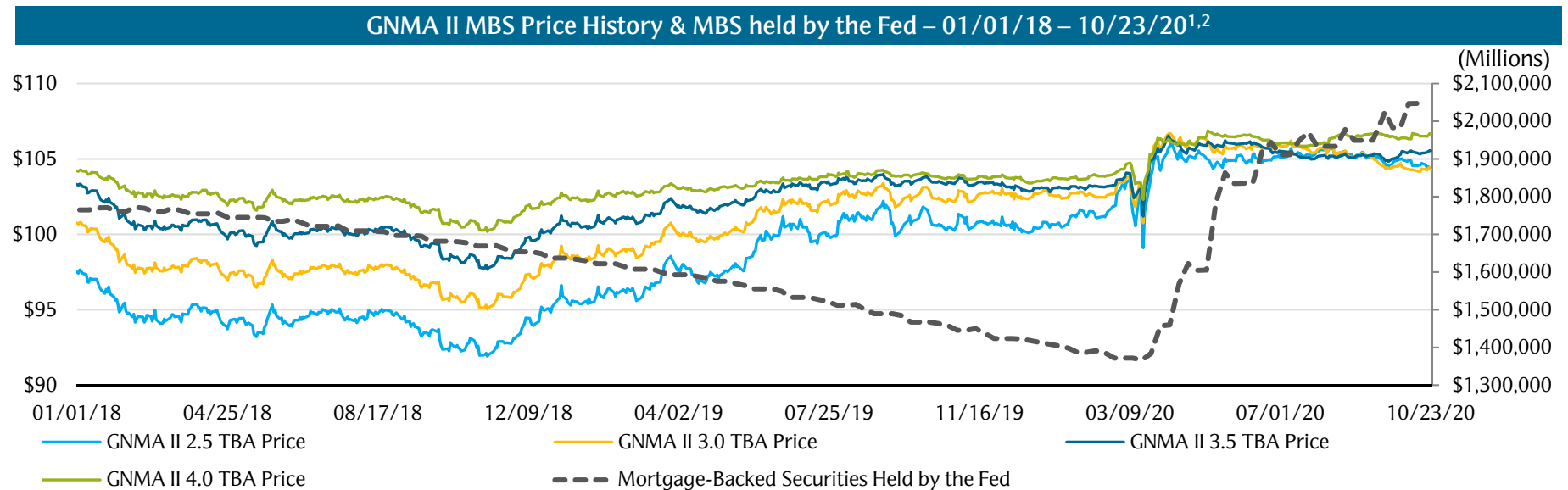


Federal Reserve Total Assets and WEI during COVID-19 Pandemic¹



Source: FRED. As of October 23, 2020.

Massive Fed buying is impacting GNMA pricing



1. Source: FRED As of October 23, 2020.

2. Source: Barclays Research. As of October 23, 2020.






Survey Question

In 2021-2023 the yield curve will be:

- Unchanged
- Steeper
- Flatter
- Inverted
- I have no idea

Election Ramifications

There may be an extended period of uncertainty around the 2020 Election this year, due to an unprecedented number of mail-in and absentee ballots

	November 3, 2020	2020 Election Day
	December 8, 2020	State Safe Harbor deadline to finalize vote tally and resolve any legal disputes
	December 14, 2020	Electoral college delegations meet
	December 23, 2020	Certificates of electoral vote results delivered
	January 6, 2021	Joint session of Congress to ratify official results
	January 20, 2021	Inauguration



- Equity markets are not demonstrating concern, as implied volatilities for the post-election period have fallen
 - Expected market movement has come down from 6.0% to 3.5%
- Markets are prepared for a 0% to 5% sell-off

Election Scenarios and Muni Market Reaction (Muni yields and MMD-UST Ratios)					
Scenario	Long-Term Effects	Market Reaction			
		Yields	Ratios	Immediate	Medium-Term
Delay in Results	Flight to safety	Lower	Higher	-	-
Democratic Sweep	Fiscal expansion, stimulus, higher taxes	Higher	Lower	Risk-off Rally	Bear Steepening
Biden + Republican Congress	Risk of fiscal tightening, no stimulus	Lower	Elevated	Relief selloff	Bull Flattening
Trump + Republican Congress	Trade uncertainty, neutral fiscal policy	Slightly Lower	Elevated	Relief selloff	Mild Bull Flattening
Trump + Democratic Congress	Areas of compromise	Slightly Higher	Neutral	Relief selloff	Mild Bear Steepening

1. Source: Barclays Research. As of October 15, 2020

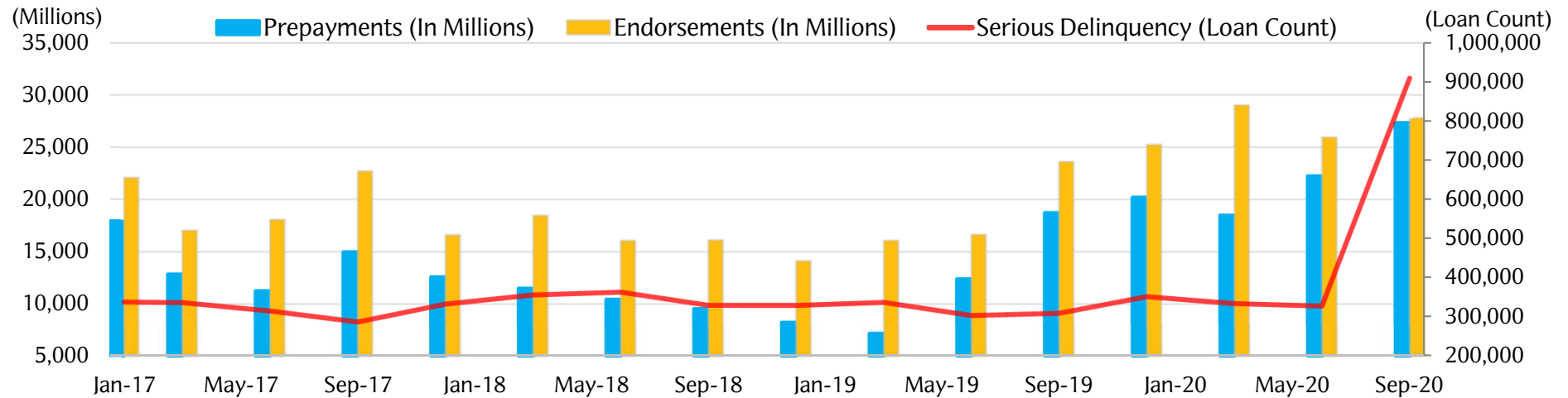
Consideration: What will happen to prepayments and delinquencies?

Mortgage prepayment expectations impact planning:

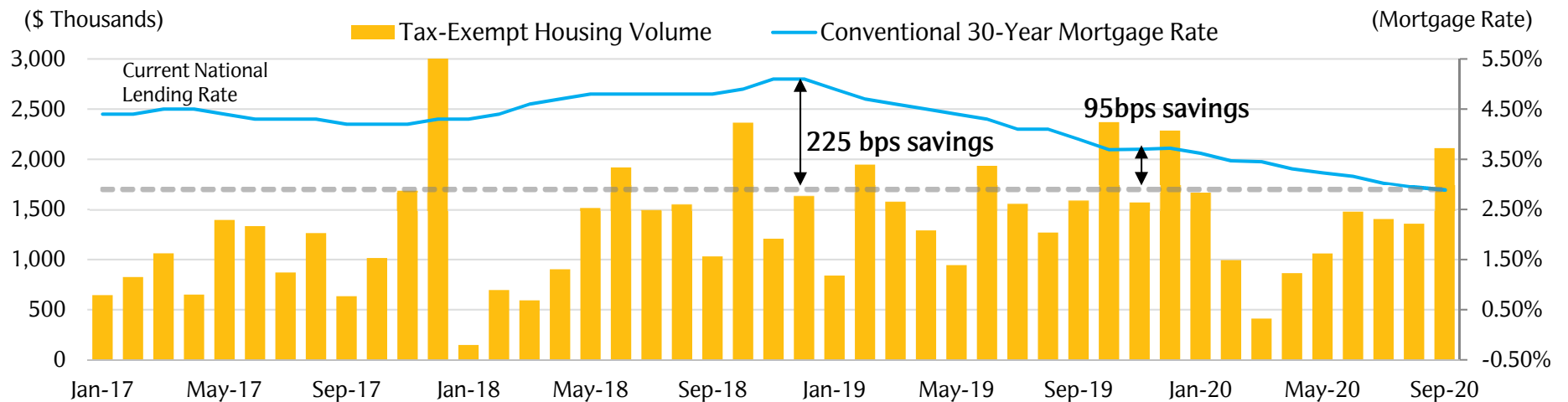
- If prepayments are low:
 - Earn more spread on MRBs
 - Could put pressure on maintaining higher PSA PAC bonds
 - Will TBA pay-ups adequately compensate for slower prepayments speeds?
 - Existing IO strips can generate impressive returns
- If prepayments increase:
 - Do delinquent mortgages default and increase prepayments?
 - MRBs may earn less than planned
 - Existing IO strips may experience severely diminished returns
 - TBA prices shift, but profit from sales may be insulated, if well hedged

Prepay speeds and delinquencies picking up

FHA Prepayments, Endorsements & Delinquency Loan Count^{1,2}



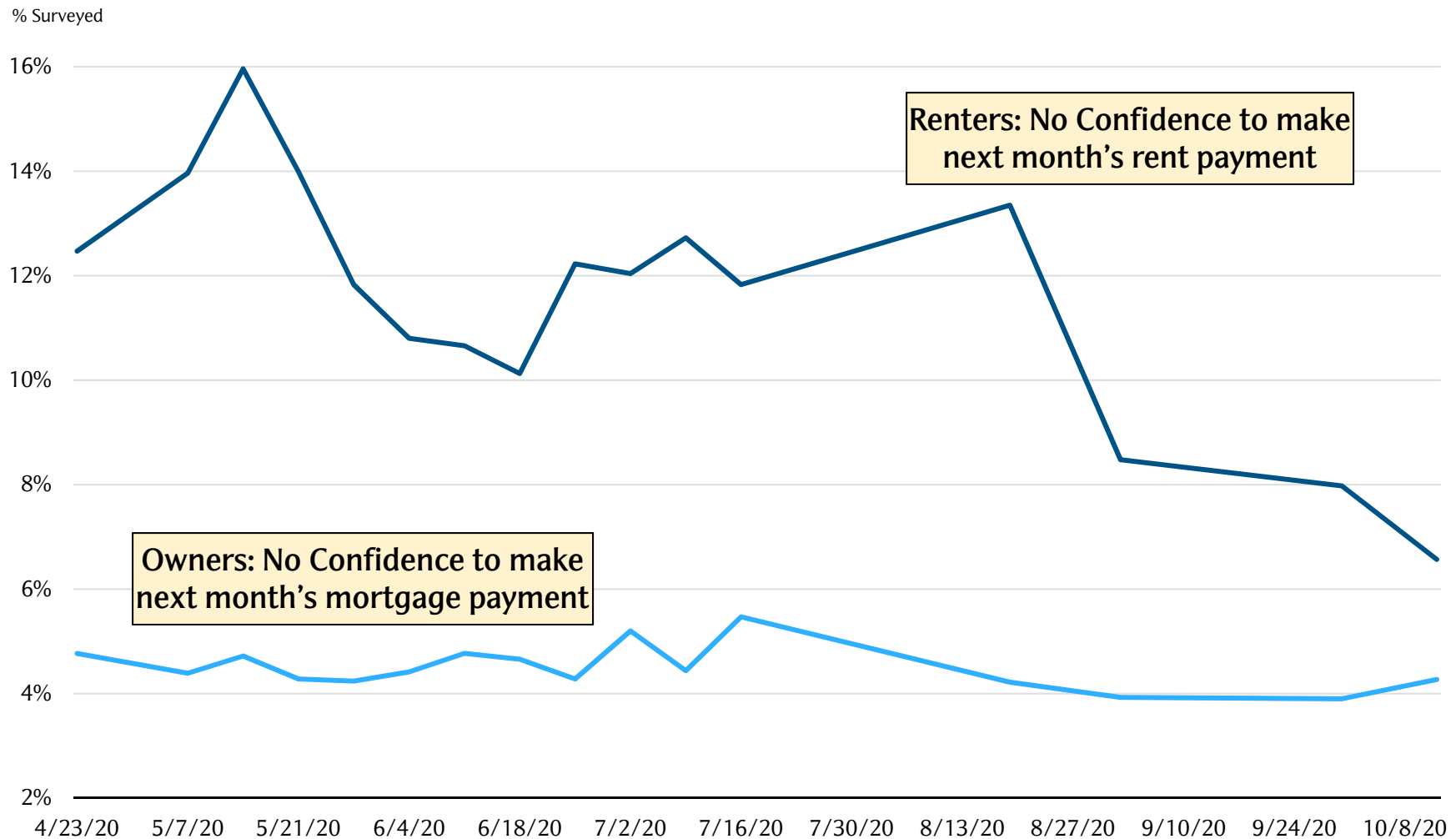
Refinance Incentive on Recent Production^{3,4}



1. Serious Delinquency Loans are those that have been delinquent for more than 90 days.
 2. Source: U.S. Department of Housing and Urban Development: FHA Production Reports.
 3. Source: FHFA National Mortgage Data Base.
 4. Source: Bloomberg as of October 20th, 2020.

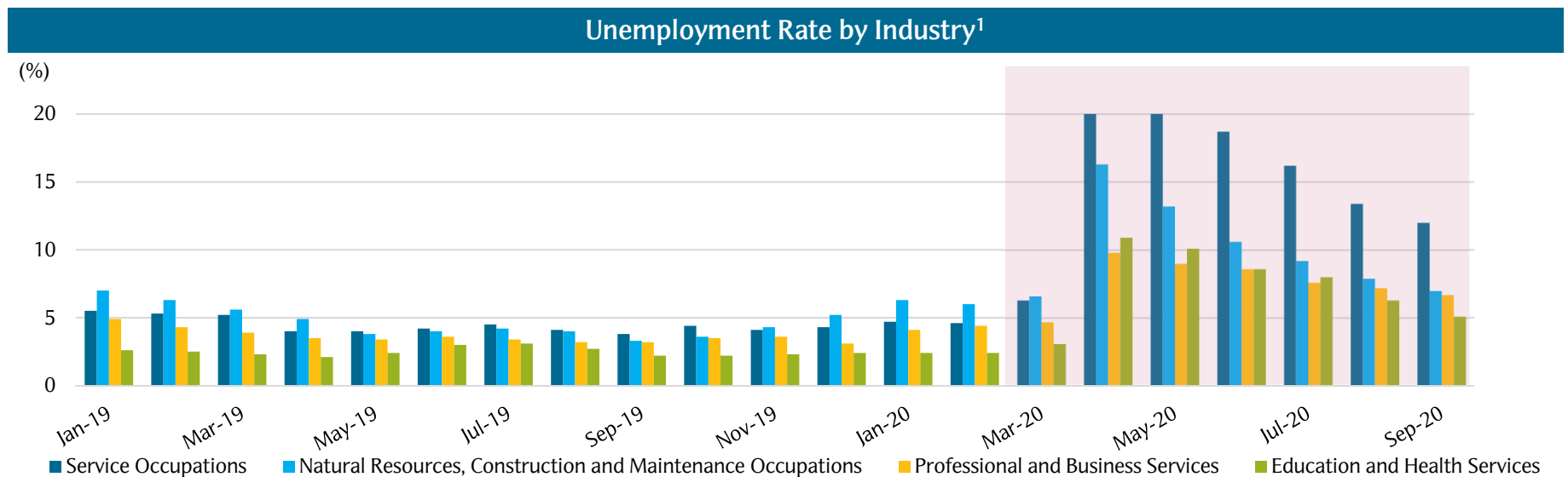
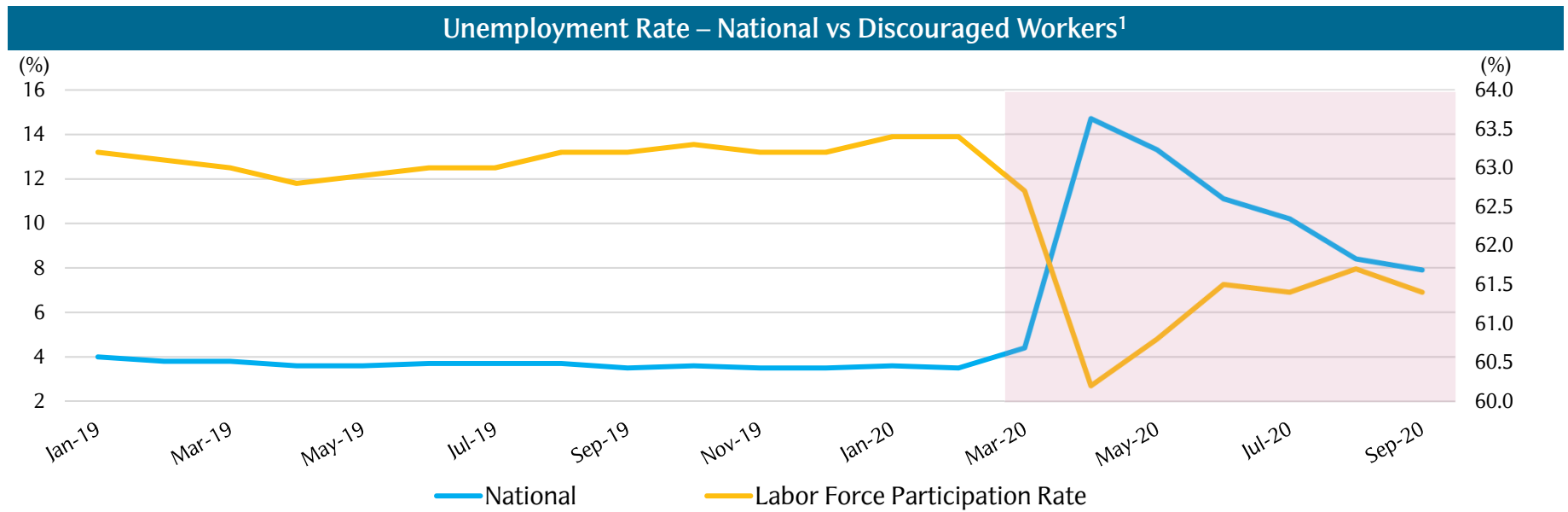
Owners unconcerned, while rental fears slowly subsiding

How confident are you that your household will be able to pay your next rent or mortgage payment on time? ¹



1. Source: United State Census Bureau, "Weekly Household Pulse Survey, April 23 – October 12."

Unemployment rate falls, but some is due to people leaving the workforce; some industries suffering more than others



1. Source: FRED As of October 21, 2020.

Survey Question

Prepayments and delinquencies for existing HFA loans in 2021-2023 will generally be:

- Much faster
- A little faster
- A little slower
- Much slower
- Will vary a lot by region and HFA program

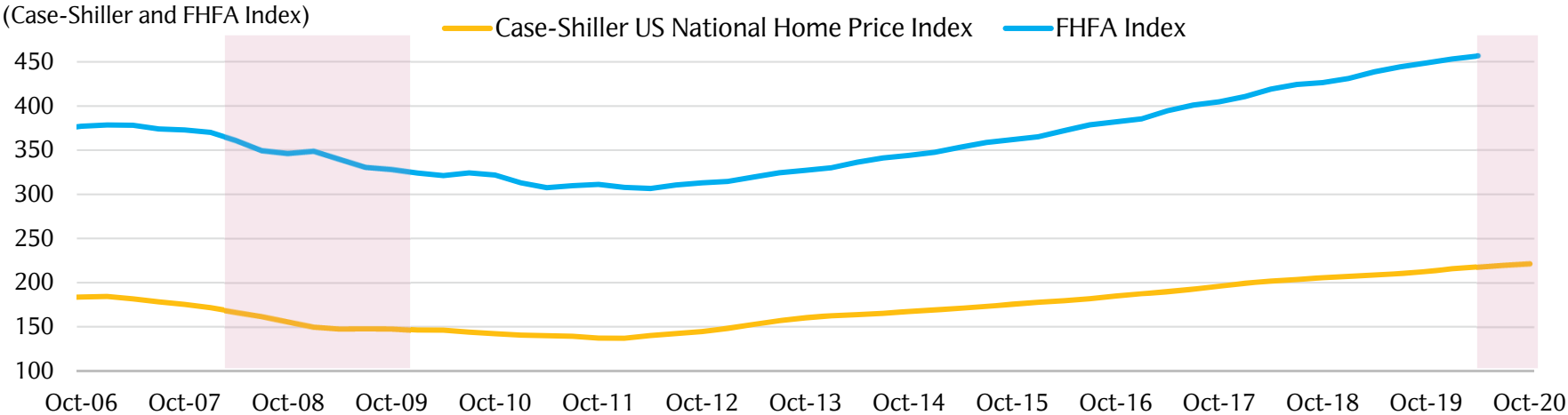
Consideration: What is the cost of affordability?

Subsidy has become a critical component of many HFA programs:

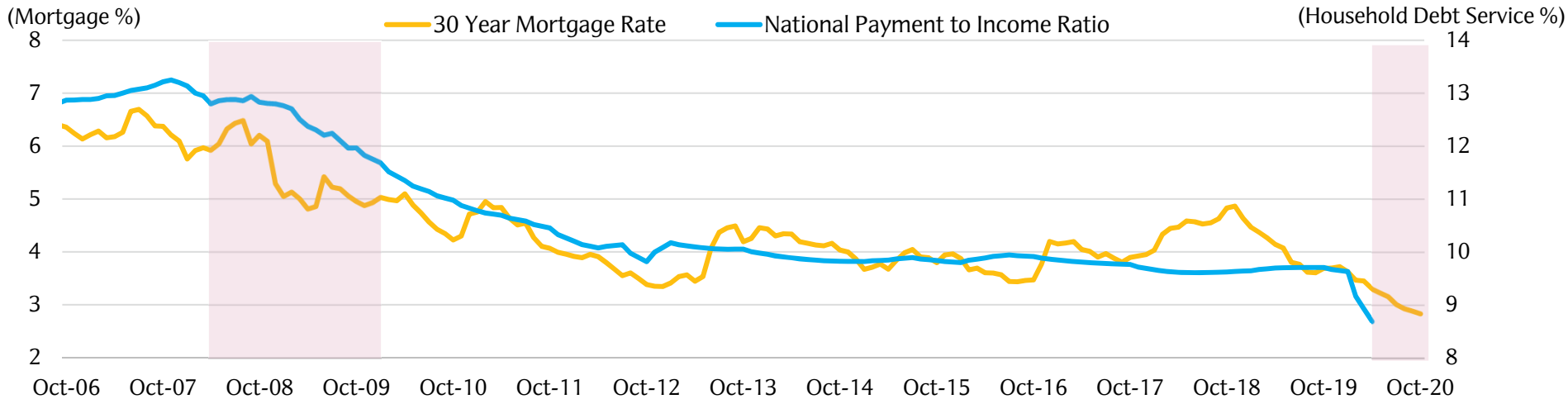
- If prices continue to rise or accelerate:
 - DPA may not prove sufficient in some markets
 - HFAs may have to sacrifice full spreads or pursue higher yield opportunities
- But if housing prices fall:
 - It could be an indicator of a suffering economy, which could be problematic for existing borrowers (high LTVs)
- If rents rise:
 - More projects pencil out, but affordability/subsidy is a concern
- If rents fall:
 - Potential shortage in new MF construction may result

Housing prices exhibit inverse relationship with mortgage rates

Housing Price Indexes^{1,2}



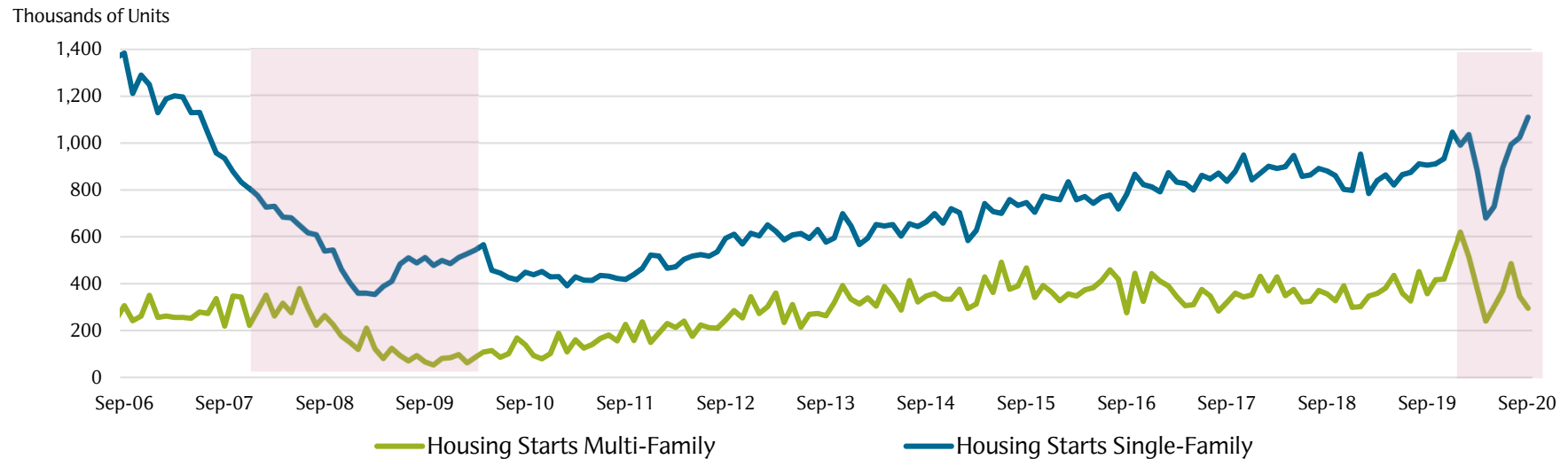
Household Debt Service as a Percentage of Income vs. 30 Year Mortgage Rate Chart^{1,2}



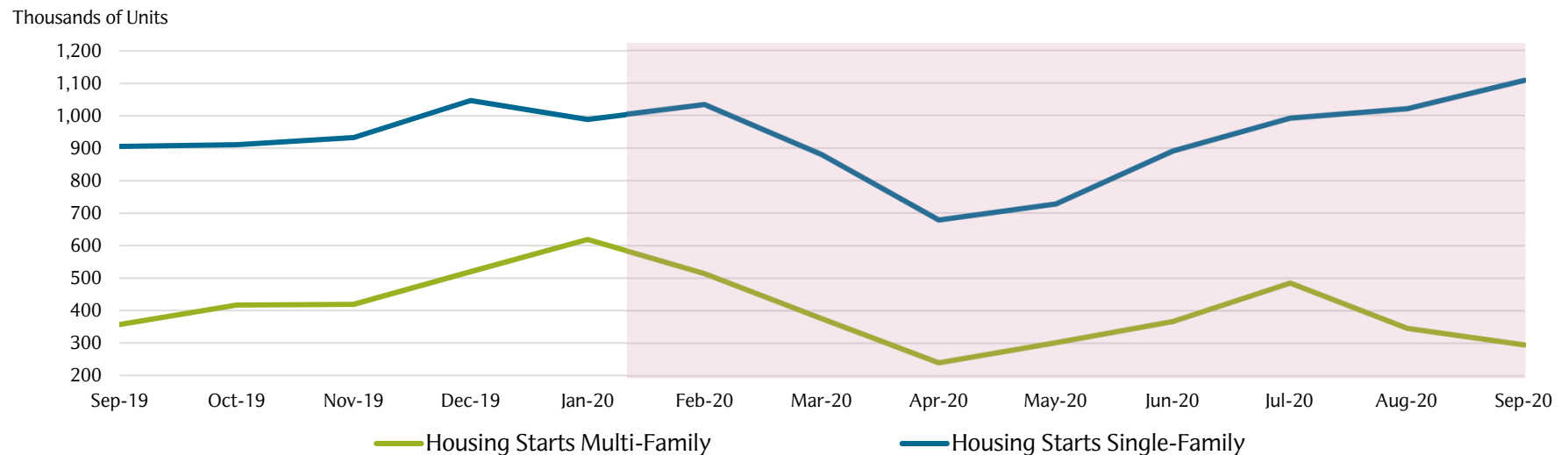
1. Source: ALFRED. As of October 23, 2020.
 2. Source: FRED As of October 23, 2020.

Supply side: SF starts recover while MF lags

Single-Family vs. Multi-Family Housing Starts¹



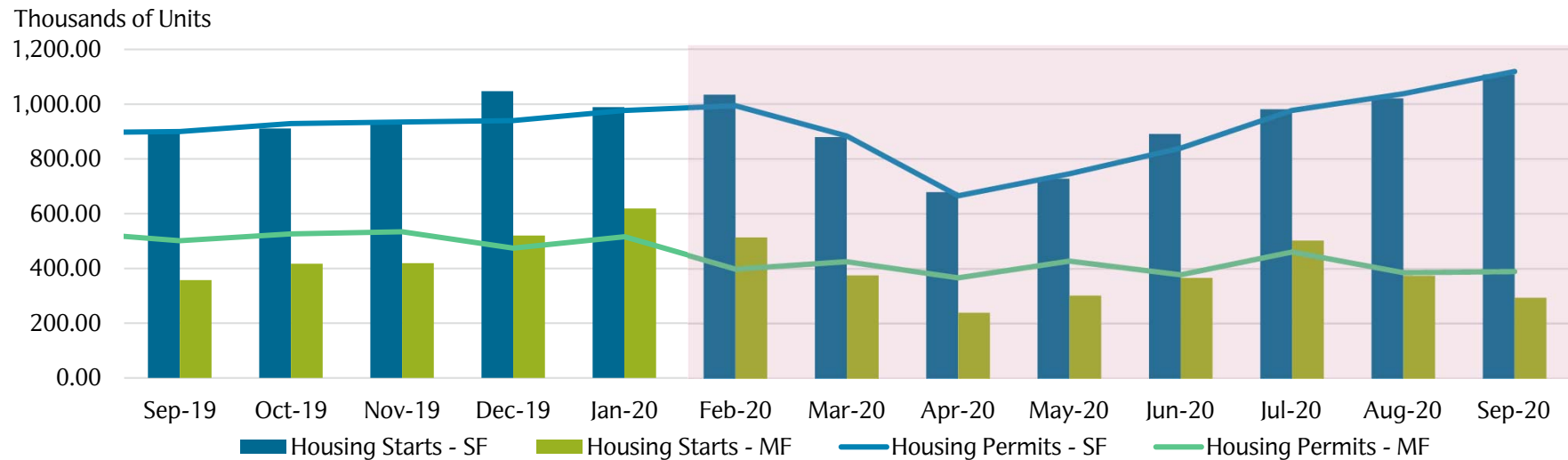
Housing Starts in Past 12 Months¹



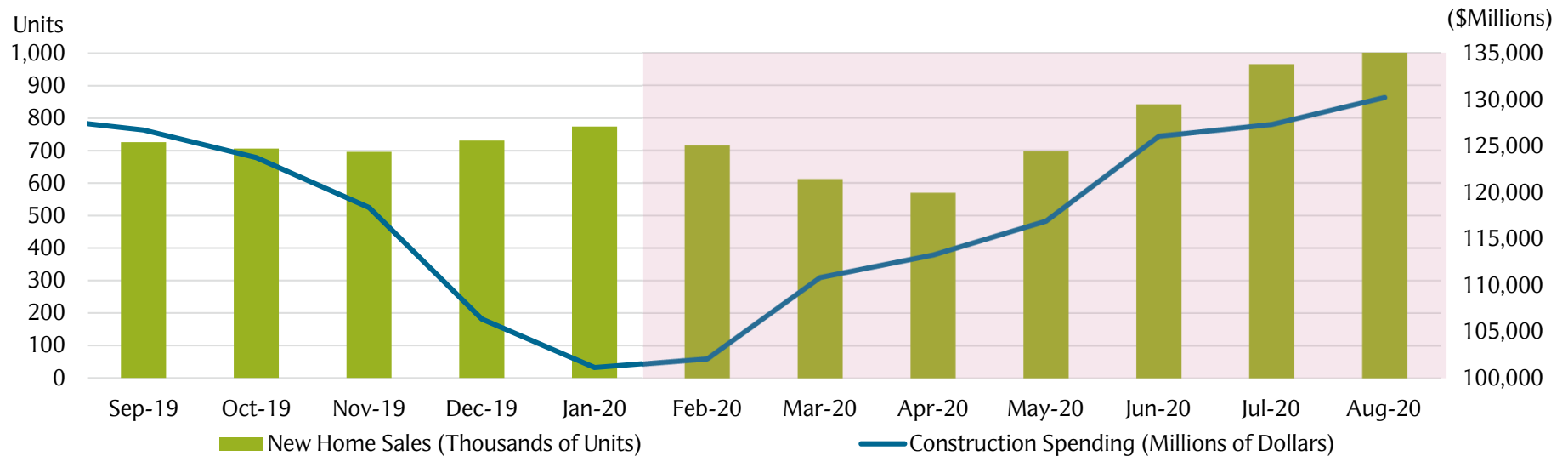
1. Source: FRED. As of October 22, 2020.

Permits suggest a strong Q4 for single family, with robust construction spending signaled by Census Survey

Housing Starts and Permits for Multi-Family vs. Single Family¹



Housing Permits, Starts, Costs, and Sales²

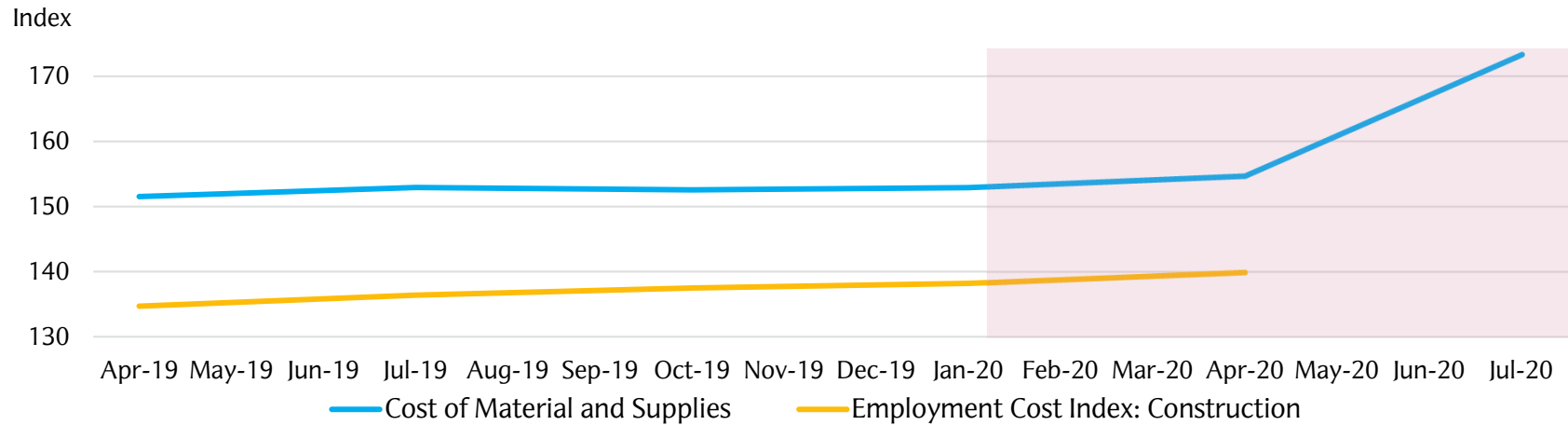


1. Source: FRED: As of October 19, 2020.

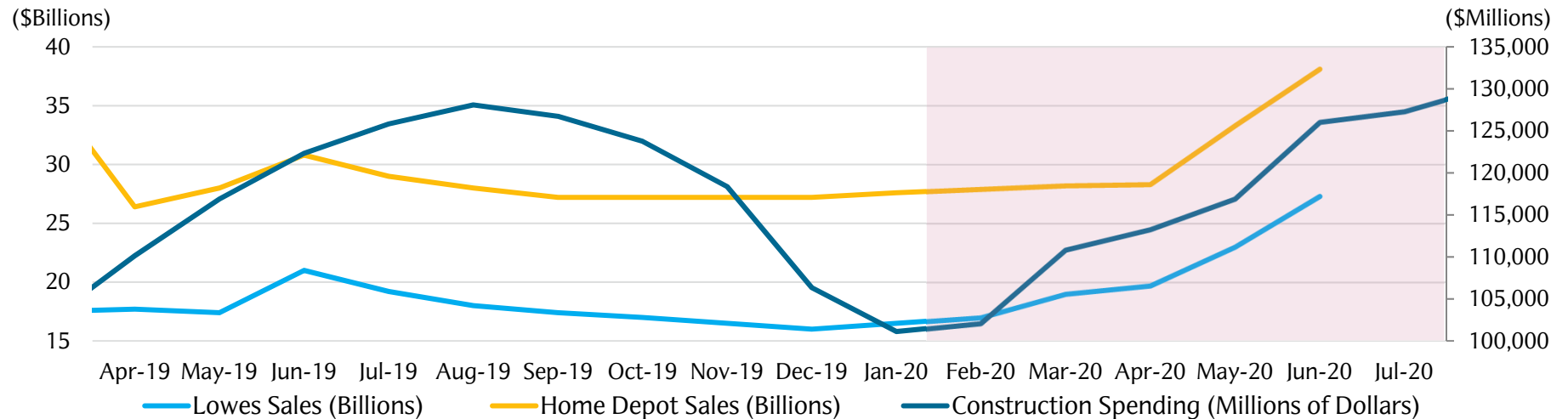
2. Source: United States Census Construction Survey: As of October 19, 2020.

Reduced inventory: materials cost rising as construction spending resumes

Cost of Materials and Construction Labor¹



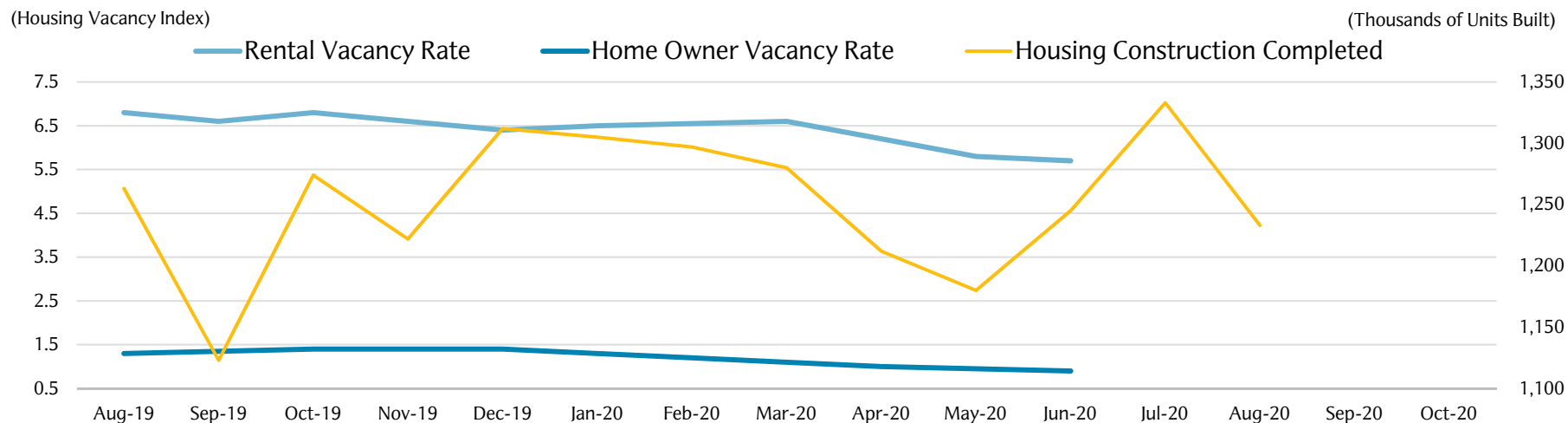
Sales Numbers for Lowes and Home Depot vs Construction Spending^{2,3,4}



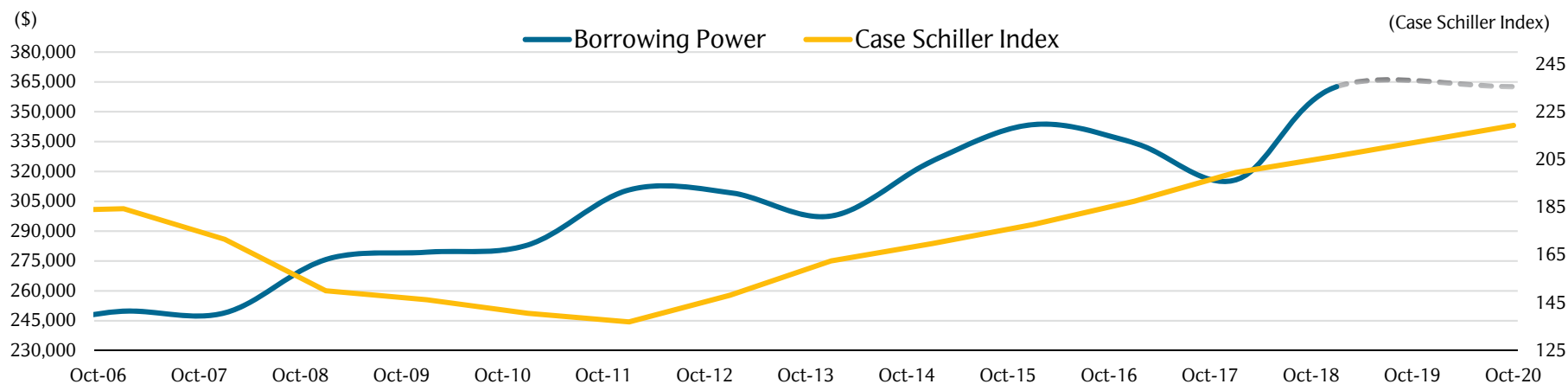
1. Source: FRED: As of October 19, 2020, Note: Employment Cost Index released quarterly.
 2. Source: Home Depot Investor Relations: As of October 19, 2020.
 3. Source: Lowes Investor Relations: As of October 19, 2020.
 4. Source: United States Census Construction Survey: As of October 19, 2020.

Vacancies falling as construction completion relatively consistent, but falling mortgage rates have maintained household borrowing power

Housing Construction Units Built vs. Housing Vacancies¹



Cost of Housing vs. Household Borrowing Power^{2,3}



1. Source: United States Census Bureau, "Housing Construction and Housing Vacancies", Data released quarterly.

2. Source: FRED: As of October 20, 2020.

3. Borrowing Power is calculated in 2020 dollars, assumes 30% of income, as defined median household income published by FRED, is used on mortgage payments and prevailing mortgage rate to calculate maximum loan amount; Borrowing Power is smoothed as data is released annually.

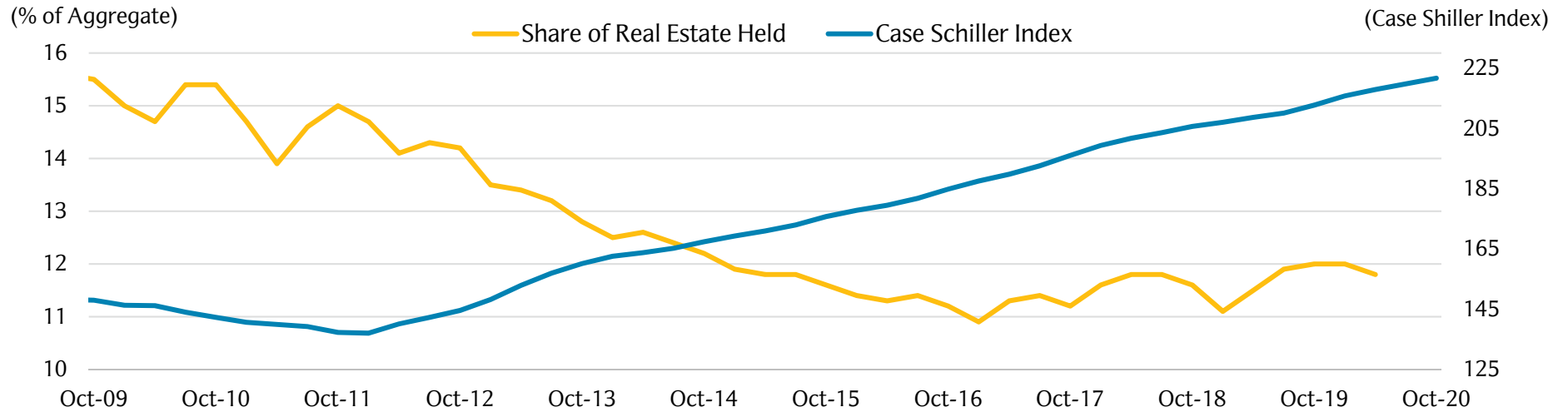
Survey Question

Housing prices in 2021-2023 will:

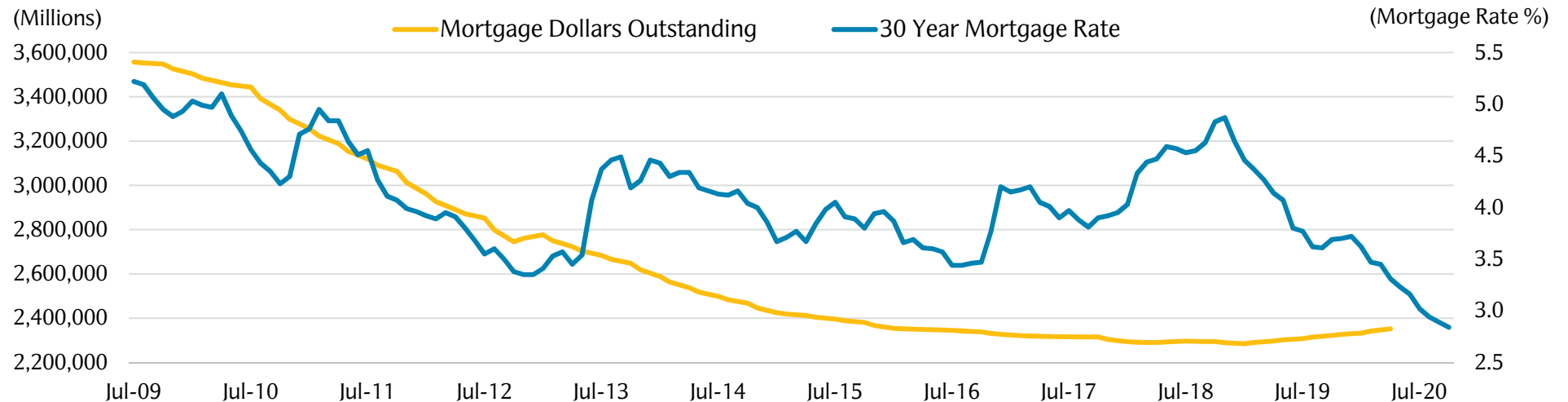
- Be higher for single family and rentals
- Be higher for single family but rents will fall
- Be lower for single family but rents will be higher
- Be lower for both single family and rentals
- This will vary significantly by region

The bottom 50% are not participating in ownership

Share of Real Estate Held by the Bottom 50% (by wealth percentile) vs. FHFA Index¹



\$ Home Mortgages Held by the Bottom 50% (by wealth percentile) vs. 30 Year Mortgage Rates¹



1. Source: FRED: As of October 23, 2020.

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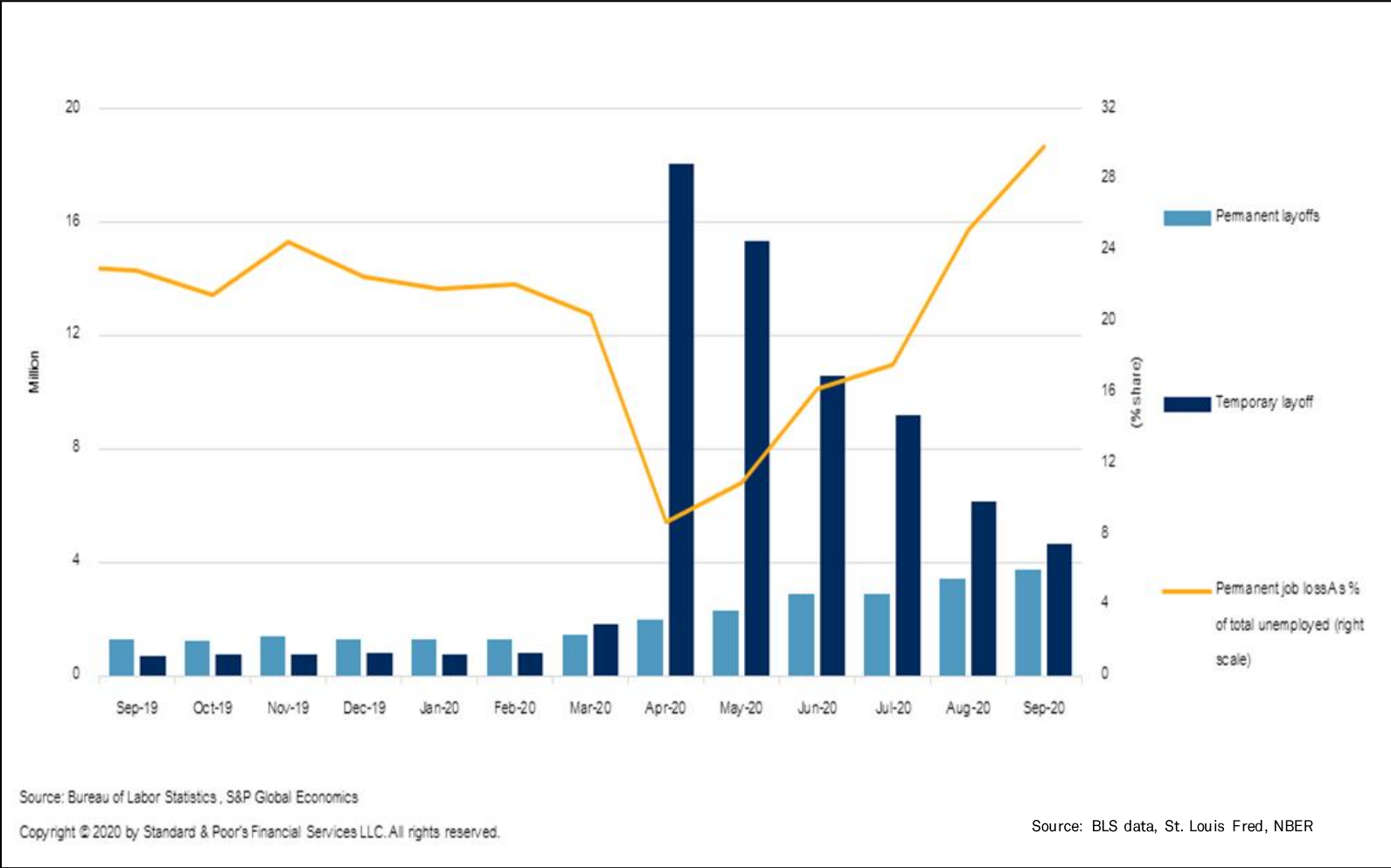
Housing Market Trends and Outlook

October 27, 2020

NCSHA Annual Conference

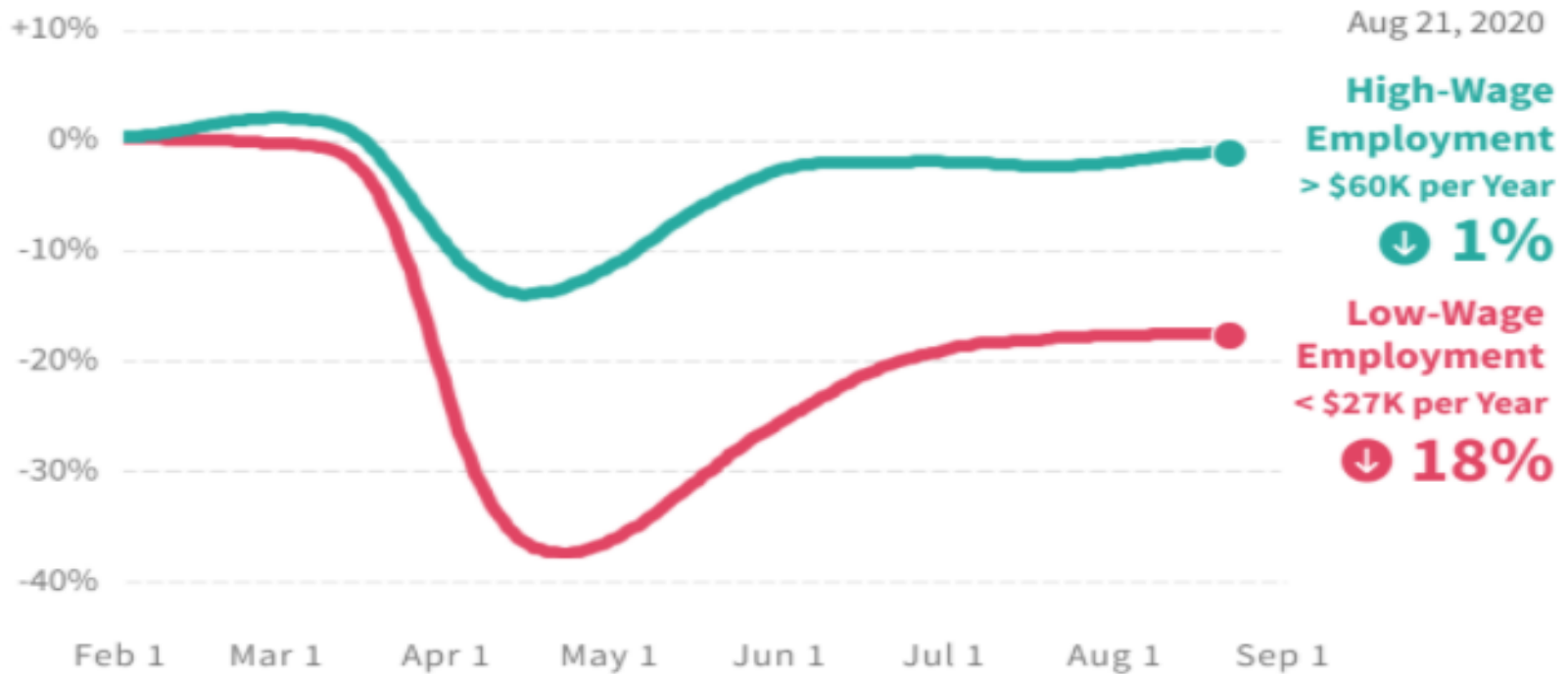
Marian Zucker
Sector Lead, Senior Director
USPF Housing

US Jobs Market's Slow Return to Normalcy



Job Market **Near-normal** For High-wage earners... **Low-wage Earners** Fall Further Behind

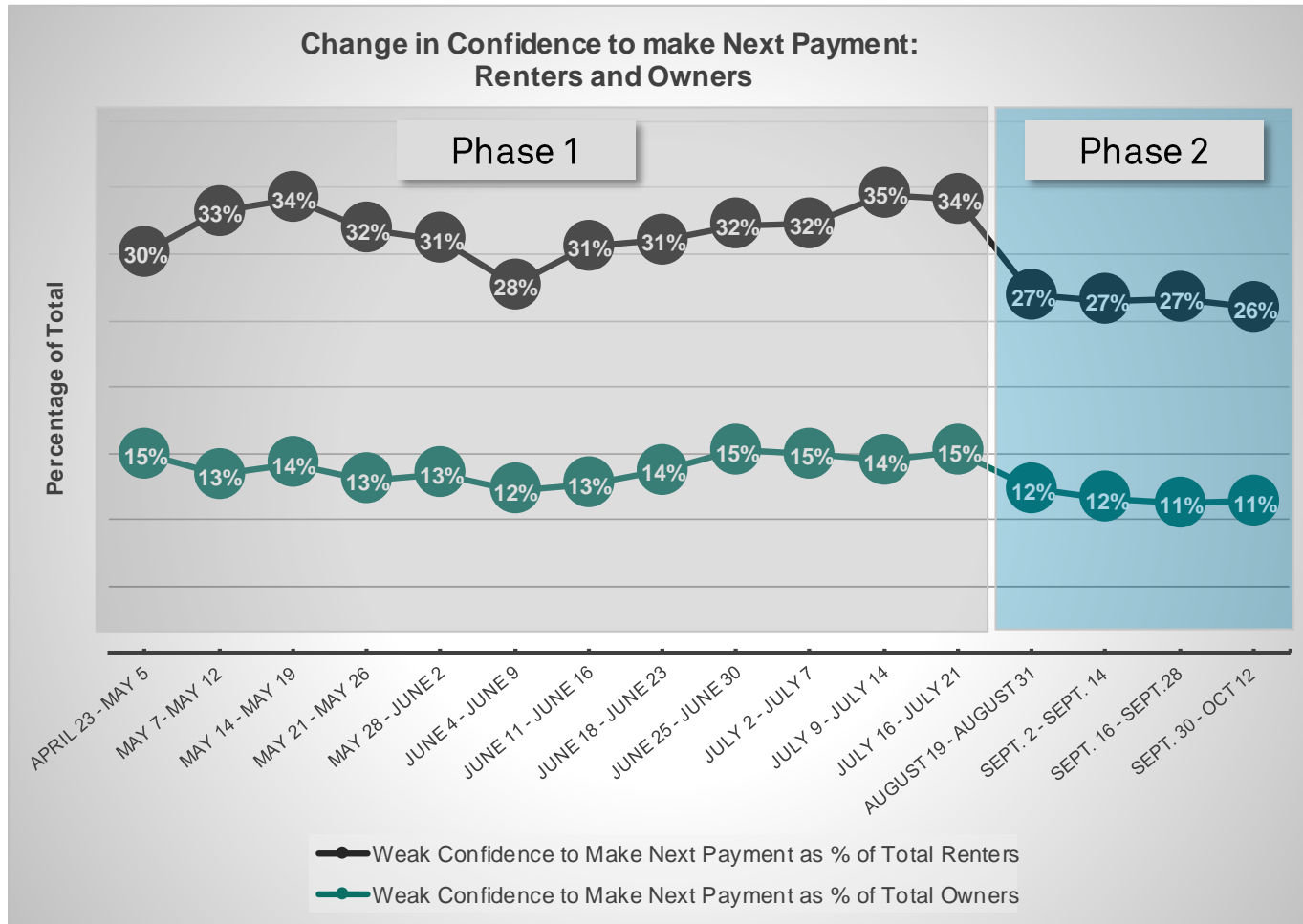
While employment rates have rebounded to nearly pre-COVID-19 levels for high-wage workers, they remain significantly lower for low-wage workers.



Source: tracktherecovery.com

Trends in Household Confidence

Households are more confident about their ability to make next month's payment



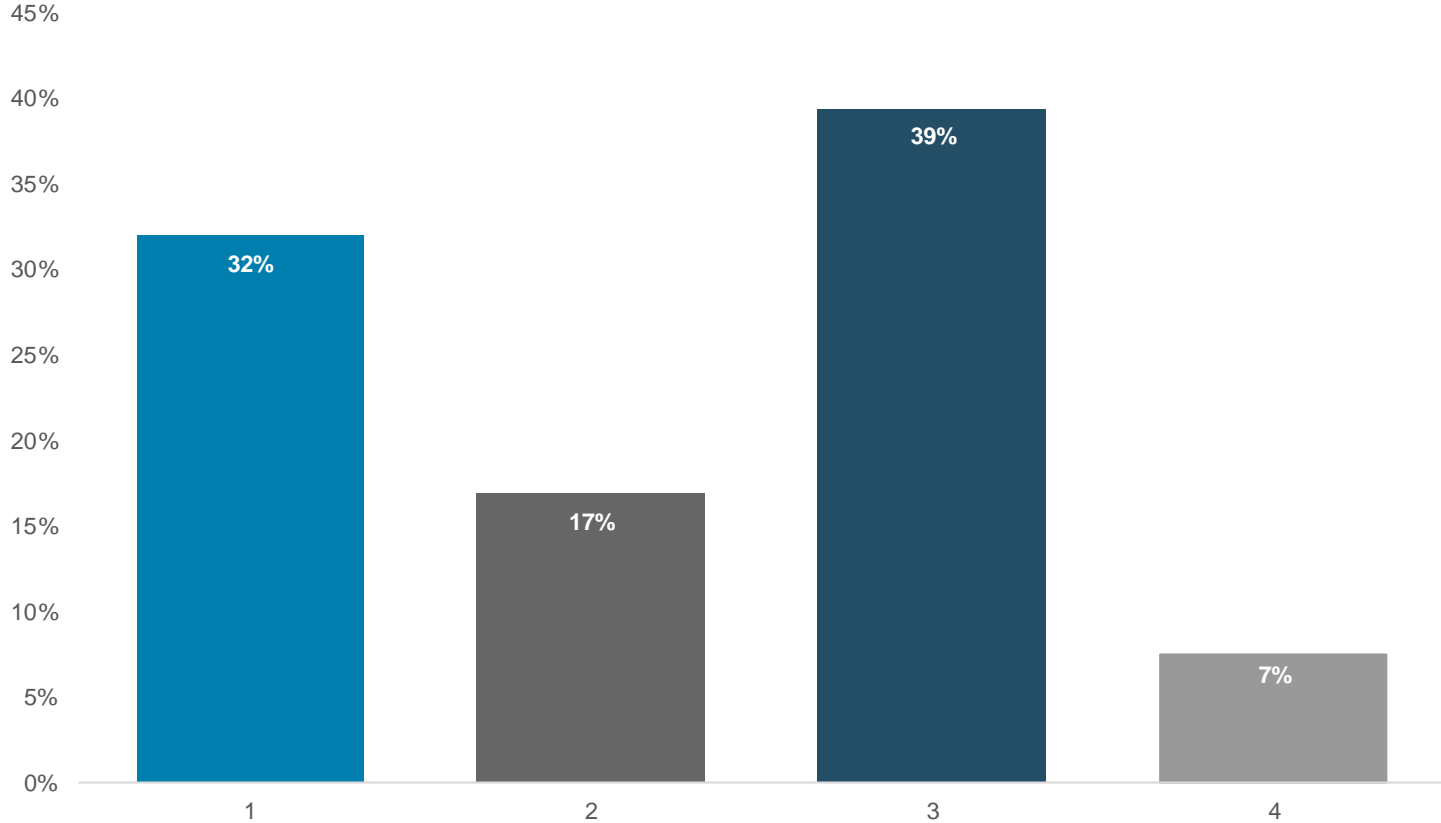
The Highest Percentages of low confidence come from the individual age range of 25-39



Initial Jobless Claim are **Still Rising** Since the Beginning of the Recession

Source: U.S. Census Household Pulse Survey

Impact of Economic Downturn on Renters



■ Individuals with slight or no confidence between the ages of 25-39

■ Individuals with slight or no confidence that are age 65 and up

■ Households with slight or no confidence and income is between \$25,000-\$34,999

■ Households with slight or no confidence and income is >\$100,000

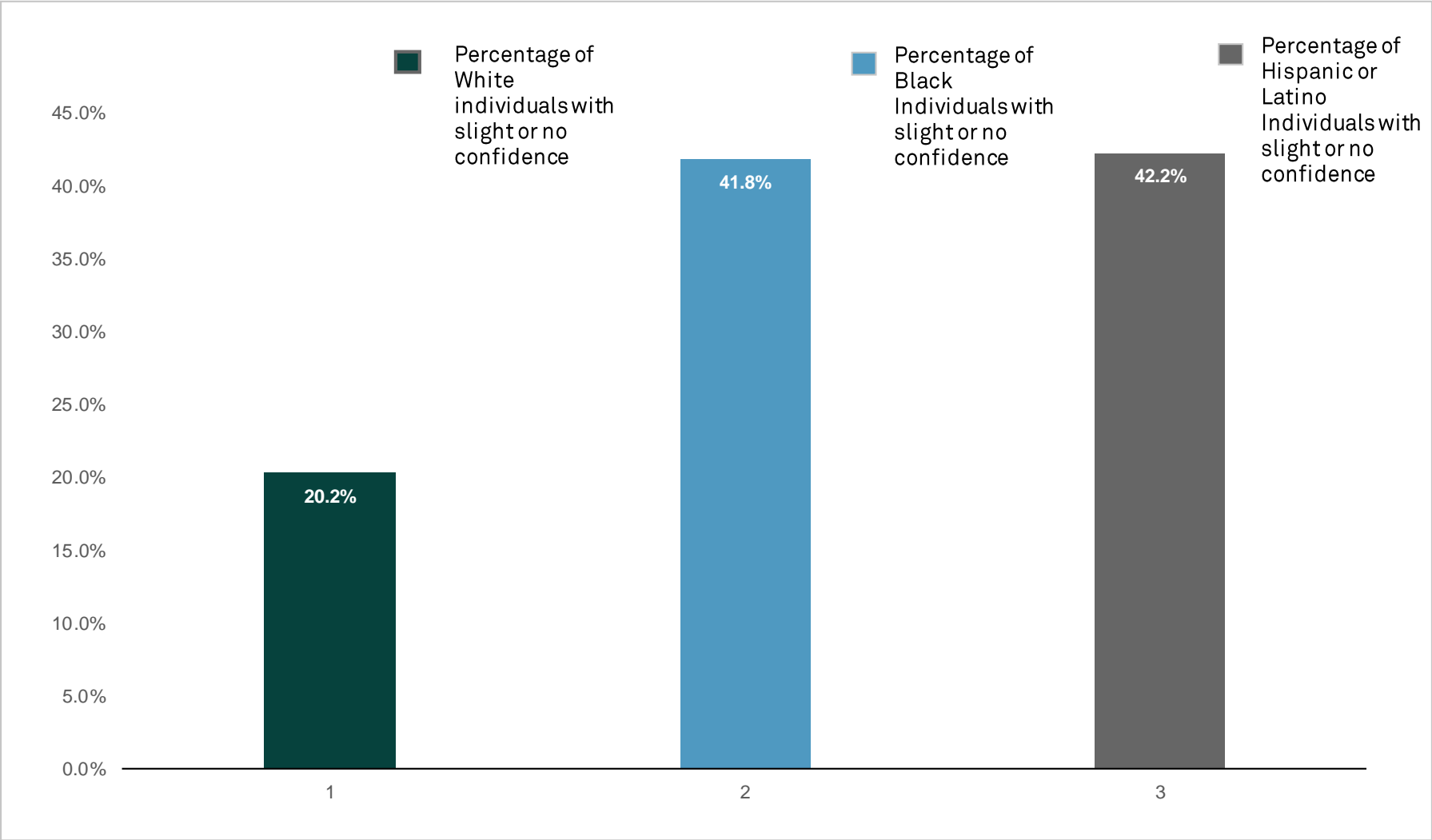
The unemployment rate is **7.9%** above or equal to **the peak** of eight of the past 11 recessions

S&P Forecasts
Unemployment rate won't reach **pre-crisis levels** until **mid-2024**



Source: U.S. Census Household Pulse Survey Sept. 30th –October 12th 2020

Disparity of Confidence Between Ethnic Groups



Source: U.S. Census Household Pulse Survey Sept. 30th –October 12th 2020

Housing Insecurity as of 10/12/2020

Percentage of adults who have slight or no confidence that their household can pay next month's rent or mortgage on time



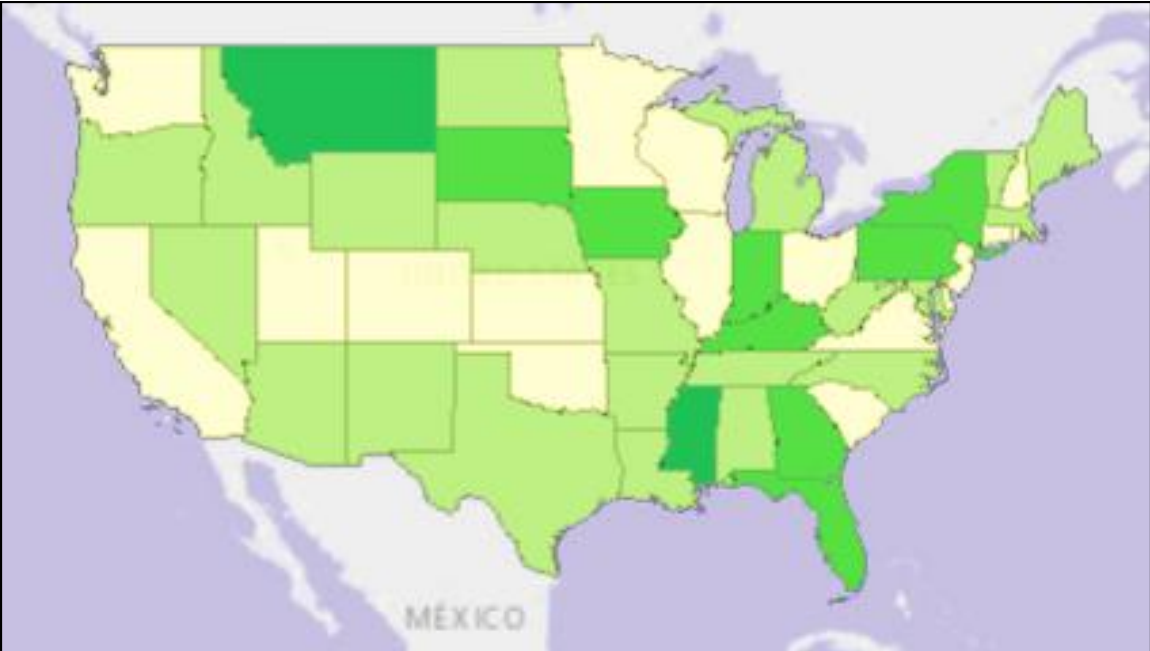
Five States With The Highest Percentage of Housing Insecurity

1. Mississippi
2. Louisiana
3. Rhode Island
4. South Carolina
5. Tennessee

Source: U.S. Census Household Pulse Survey Sept. 30th –October 12th 2020

Likelihood of Eviction/Foreclosure

Percentage of adults living in households not current on rent or mortgage where eviction or foreclosure in the next two months is either very likely or somewhat likely



Top Five States With High Likelihood of Eviction/Foreclosure

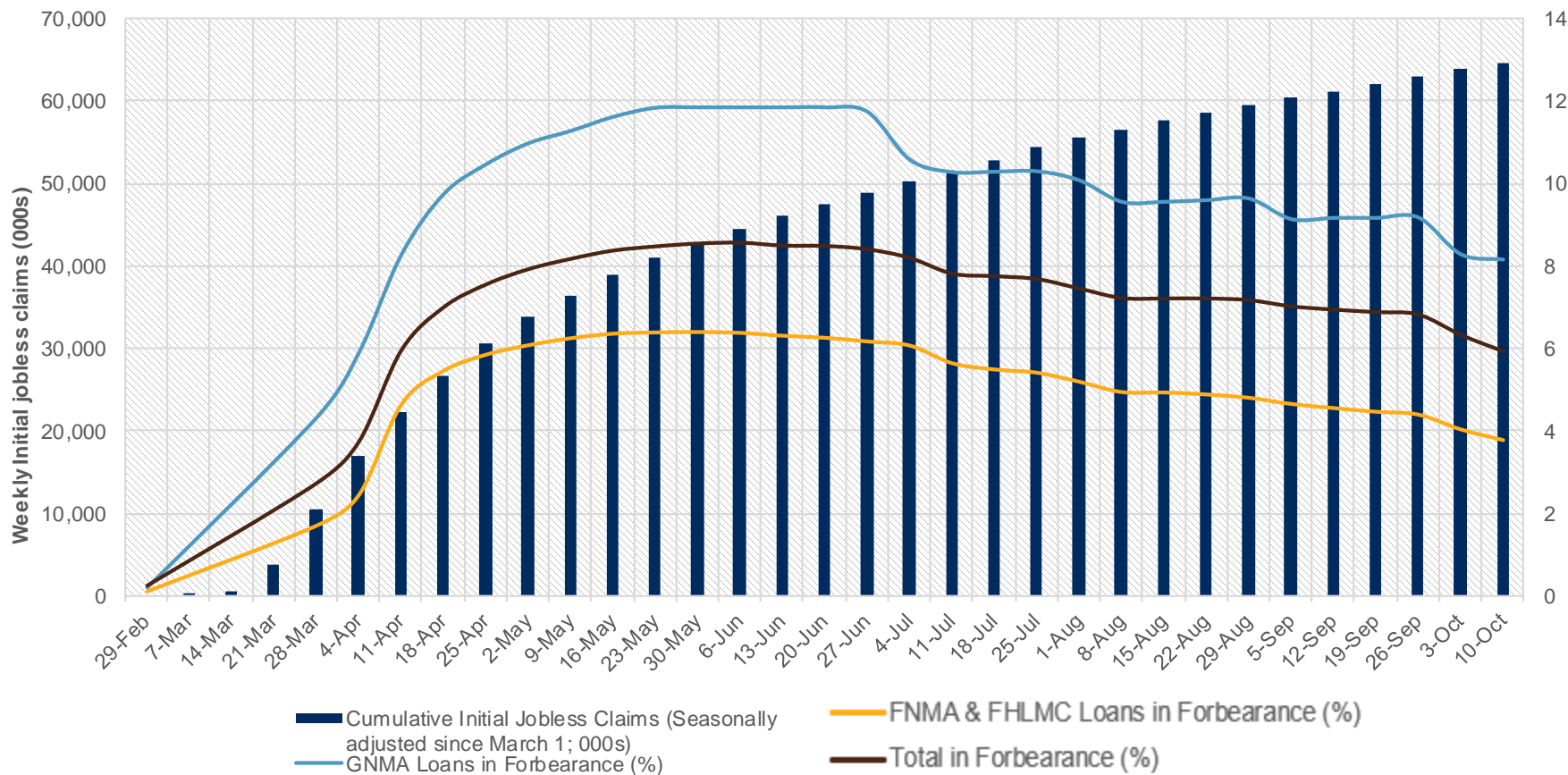
1. Montana
2. Mississippi
3. Pennsylvania
4. Georgia
5. South Dakota

Legend:
 ■ >45.7%
 ■ >34.7%
 ■ >27%
 ■ >15%

Source: U.S. Census Household Pulse Survey Sept. 30th –October 12th 2020

Total Forbearance








Forbearance Rates and Initial Jobless Claims since March 1, 2020
 Source: Mortgage Bankers Assn & U.S. Dept. of Labor



Source: Bureau of Labor Statistics and Mortgage Bankers Association

Recession Comparison **Highlights**

Highlighting March 2020 – September 2020 and December 2007 – June 2008

Basis of Comparison	 COVID-19 Recession	 The Great Recession (2008)
	Housing Starts	 11.5%
U.S Mortgage Application Home Purchase Index	 19.1 %	 -21.9 %
Existing Home Sales	 24.0%	 -7.2 %

Source: Federal Reserve Bank of St. Louis, IHS Markit (2020)

Forecast full-year GDP to shrink

4%

Economy won't get back to pre-pandemic level until **late-2021**

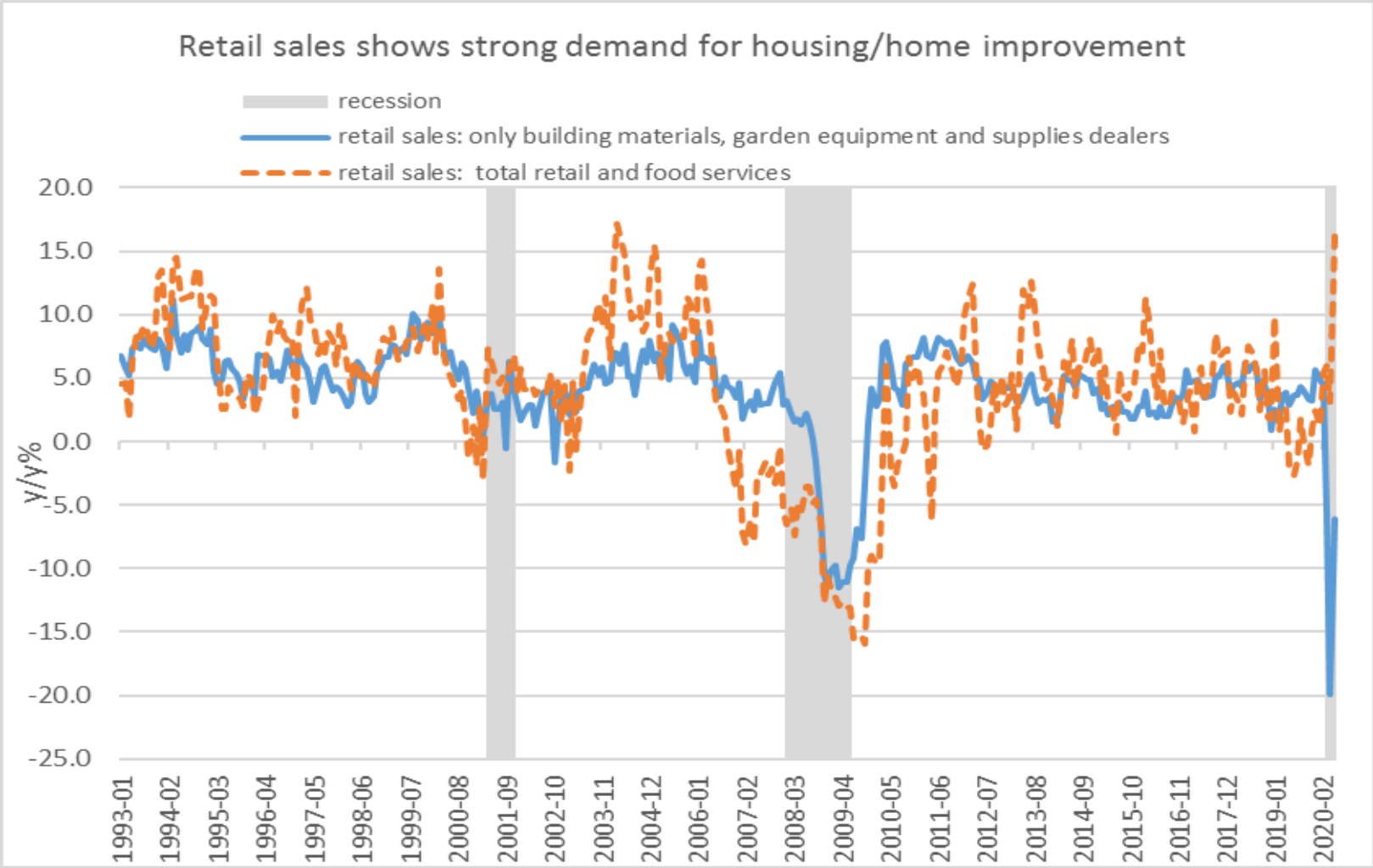


Review of economic indicators released in the past two weeks (Oct. 5 - Oct. 16, 2020)

Latest period	Oct. 2020	Sept. 2020	Aug. 2020	Level a year ago	Year-over-year % change
Labor market					
Jobless claims (four-week moving average)	10-Oct-20	866,250	870,250	992,500	215,750
Consumer spending and confidence					
Consumer Sentiment Index (UMich.)	October-preliminary	81.2	80.4	74.1	95.5

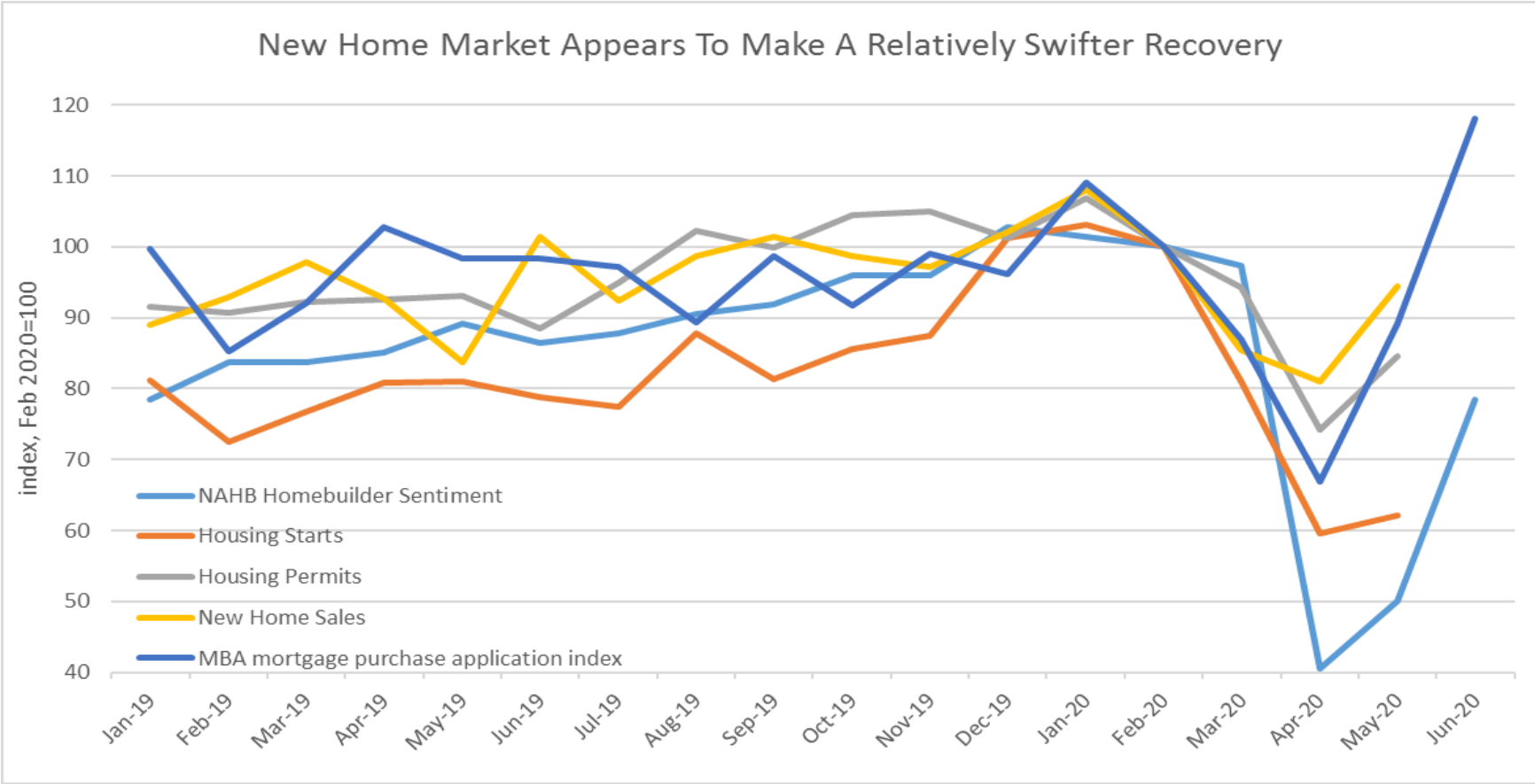
Source: S&P Global Economics

Housing spending increased during this recession



Source: S&P Global Economics

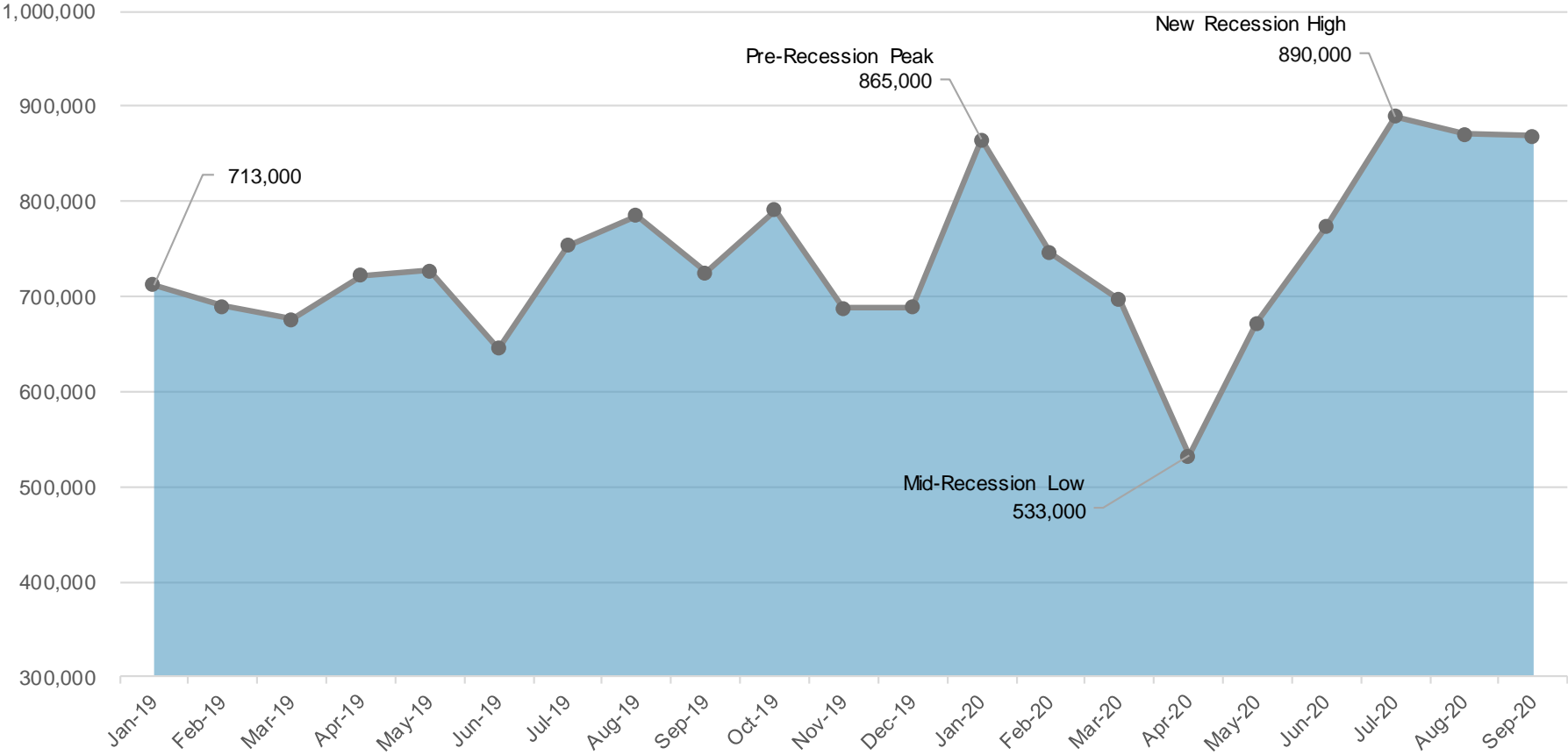
Housing indicators point to a sharp recovery from April



Source: S&P Global Economics

Housing Demand has Bounced Back From April Low

Seasonally Adjusted Estimate of Home Purchase Mortgage Applications



Source: Mortgage Bankers Association

Key Takeaways



Federal Stimulus

Expiring support for households and businesses without clarity on second round



Uneven Recovery

Economy on the mend, but at a decelerating pace – with COVID-19 cases on the rise



Housing Affordability

Demand for housing is driving housing prices upward.



Lower for Longer Interest Rates

Buoy expanding HFA lending programs and first-time home buyers



Loan Performance

Single family loans in forbearance and delinquent continue to decrease from pandemic highs.



Equity Positions

Equity in homes and HFA balance sheets should support stable performance



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