

# Monthly Warehouse Insights

**2024**

## ANOTHER DAY, ANOTHER DOLLAR

Effective cost of warehouse, overnight SOFR, and warehouse spread increased in July. The net warehouse cost per loan was up to \$120, the second highest it's been this year. Average dwell time is still high at 19 days.

### Relief on the Horizon?

At the July 31<sup>st</sup> meeting, Fed kept its benchmark rates steady, still looking for evidence that inflation was cooling. Unemployment rate went up from 4.1% to 4.3%, fueling worries about a recession and supporting the Fed's argument for not cutting interest rates until possibly September.

## Warehouse Lending Trends

	June 2024	July 2024
Effective Cost of Warehouse	7.31%	7.55% 0.24%
Average Overnight SOFR	5.33%	5.35% +0.02%
Effective Spread to Overnight SOFR	1.98%	2.20% 0.22%
Average Note Rate	6.98%	6.90% -0.08%
Warehouse Carry	-0.33%	-0.65% -0.32%
Average Dwell Time	19	19 +/-
Net Warehouse CPL	-\$60.96	-\$120.07 -\$59.11

## What's happening on Wall Street?

Less than a week after the Fed's July meeting, Dow plunged more than 1,000 points amid growing fears of an economic downturn sparked by a slowdown in hiring and consumer spending. The drop in the stock market caused a decline in mortgage rates, resulting in a trend of relocks at the beginning of August. Originators with systems in place to manage their loan funding are better prepared to handle sudden spikes in production without draining their resources. With these swings in volatility, how does your organization compare?