

Monthly Warehouse Insights

2024

ANOTHER DAY, ANOTHER DOLLAR

The average note rate is up .12% from last month. With the increase in rates and unchanged SOFR, effective cost of warehouse is up .38%. As rates remain high, the average net warehouse cost per loan is \$78.75, up over \$32 from last month.

Industry Insights

At the March meeting, central bank policymakers decided to hold interest rates at their current target range of 5.25% to 5.50%. The Fed also stuck with its earlier prediction for three rate cuts before the year is out, the first forecasted for June.

Warehouse Lending Trends

	February 2024	March 2024
Effective Cost of Warehouse	7.03%	7.41% +0.38%
Average Overnight SOFR	5.31%	5.31% +/-0.00%
Effective Spread to Overnight SOFR	1.72%	2.10% +0.38%
Average Note Rate	6.66%	6.78% +0.12%
Warehouse Carry	-0.37%	-0.63% -0.26%
Average Dwell Time	15	15 +/-0.00%
Net Warehouse CPL	-\$46.25	-\$78.75 + \$32.50

2 Ways to Cut Costs, Effective Immediately

- 1) **Optimize your warehouse decisions.** Optimizing warehouse decisions for best financial performance is proven to reduce warehouse expense by an average of 10% or more.
- 2) **Reduce dwell time.** Automating funding through loan sale activities like wire verification, collateral shipping, and paydown requests is proven to reduce dwell time by an average of 2 days or more.