

**Table 10: Counterfactual Analysis – Secondary Market Intervention**

This table shows the impact of secondary market intervention that impacts GSE financing costs. Columns (1)-(3) show the impact of lowering GSE financing costs by 100, 25, and 10 basis points, respectively. Column (4) shows the 2015 baseline scenario. Columns (5)-(7) show the impact of increasing GSE financing costs by 10, 25, and 100 basis points, respectively. Rows show the predicted impact of the counterfactual change on various outcomes.

		Changes to GSE Financing Costs						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		-100bps	-25bps	-10bps	Baseline	+10bps	+25bps	+100bps
Lending Volumes								
	Overall Lending Volume (\$b)	2,775	1,960	1,834	1,763	1,717	1,672	1,514
	Conforming Volume (\$b)	2,381	1,578	1,454	1,385	1,341	1,297	1,145
	Jumbo Volume (\$b)	394	381	380	378	376	375	369
	Bank Volume (\$b)	1,623	1,190	1,123	1,087	1,081	1,094	1,140
Loan Financing								
	Balance Sheet Lending (\$b)	394	381	380	658	1,052	1,087	1,140
	Share of Loans Financed on Balance Sheet (%)	14%	19%	21%	37%	61%	65%	75%
	Share of Conforming Loans Financed on Balance Sheet (%)	0%	0%	0%	20%	50%	55%	67%
	Shadow Bank Market Share (%)	42%	39%	39%	38%	37%	35%	25%
	Shadow Bank Share of Conforming Loans (%)	48%	49%	49%	49%	47%	45%	33%
Interest Rates (deviation from baseline)								
	Conforming Interest Rate (%)	-1.00	-0.25	-0.10	-	0.06	0.12	0.33
	Jumbo Interest Rate (%)	0.01	0.00	0.00	-	0.00	0.01	0.03
	Jumbo - Conforming Spread (%)	1.00	0.25	0.10	-	-0.06	-0.11	-0.30
Profits and Consumer Welfare (deviation from baseline)								
	Overall Lender Profits (\$b)	91	18	7	-	-4	-9	-24
	Bank Profits (\$b)	45	8	3	-	0	2	9
	Shadow Bank Profits (\$b)	45	9	4	-	-4	-10	-34
	Overall Consumer Surplus (\$b)	169	35	13	-	-8	-17	-51
	Individual Consumer Surplus (\$)	-295	-30	21	-	-48	-125	-536
	Overall Consumer Surplus for Top Income Market (\$b)	80	16	6	-	-4	-8	-25
	Overall Consumer Surplus for Bottom Income Market (\$b)	13	3	1	-	-1	-1	-4
	Individual Consumer Surplus for Top Income Quartile (\$)	2,666	554	219	-	-142	-291	-775
	Individual Consumer Surplus for Bottom Income Quartile (\$)	-3,919	-763	-256	-	81	122	28