

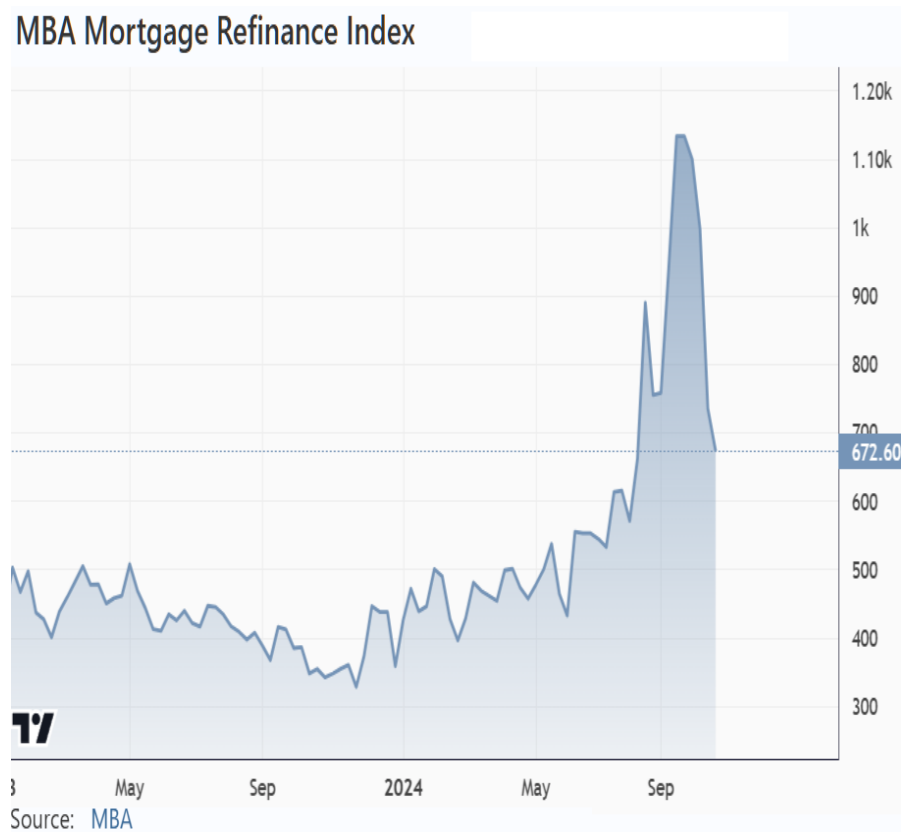


## Mortgage Apps Aren't Crashing. They're Just Being Logical

The Mortgage Bankers Association (MBA) keeps track of applications for purchase and refi mortgages every week. Purchase apps are slower moving, less responsive to rates, and generally bouncing along the lowest levels in more than 20 years since the end of 2023. As such, we'll forget about them and move on to refi applications which have been far more interesting.

This week's index fell to 672.6 from 734.6 last week. That's a big drop and it follows several other big drops, largely undoing the surge seen after the recent rate rally.

### MBA Mortgage Refinance Index



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But everything is relative. The chart above leaves us with the impression of a big crash following a big surge. If either move looks big, it's only because the baseline of the past 2 years has been the lowest, flattest pace seen in refi apps since 1999-2000. In the bigger picture, it was a barely noticeable uptick that has fallen back to the muted trend.

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The small uptick was unsurprising given that a vast majority of loans still had rates substantially lower than the lowest lows of the past few months. The correction back to lower levels is unsurprising given that rates have quickly surged back to the late July highs. As such, don't be surprised to see another reasonably big downtick next week.

