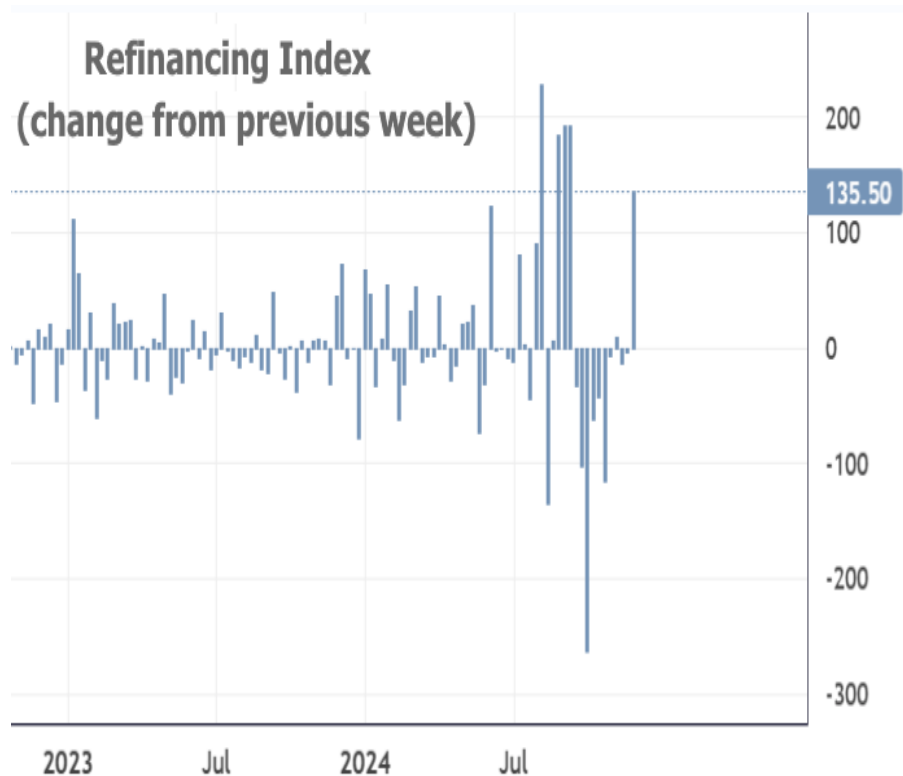


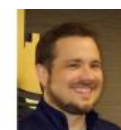


## Mortgage Applications Surge (Relatively) as Rates Drop (Relatively)

The Mortgage Bankers Association is out with the latest survey of mortgage applications and refinance activity led the charge this week. In fact, purchase activity declined a bit and refis saw their best weekly gains since September. The following chart shows the week over week change in the refi index:



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At first glance, it would be easy to assume that this is due to some sort of distortion in the week after Thanksgiving, but if that was the case, we would have seen a similar outlier in the other direction last week. It's more likely that the sharp decline in rates is the x factor.

Notably, MBA's weekly survey data only shows rates declining from 6.69 to 6.67, but MND's daily rates tell a different story with a drop from 6.88 to 6.68. That 0.20% decline would certainly be enough to account for the jump in activity, especially in a market where the outright activity is so historically low.



Other highlights from this week's MBA survey:

- Refi share of total apps increased to 46.8% from 38.7%
- Share of VA applications increased to 16.3% from 13.6%
- 5/1 ARM rates dropped to 5.81 from 6.24