HOUSING CONNECTION
Mortgage and Real Estate News That Matters

Modest Refi Surge Was Fun While it Lasted

Heading into the first part of December, mortgage rates were at their lowest levels in a month and a half. Much of the improvement from the recent highs occurred in a single week (the last week of November). That made for an obvious and logical uptick in refinance applications the following week, according to the Mortgage Bankers Association's (MBA) application survey.

In the latest numbers reported this morning, the refinance index didn't change much after that, which is "good" at face value because it means refi activity remained at the modestly elevated levels reported last week. But things start looking less than good when we add context from the September mini-refi-surge.

As has been and continues to be the case, none of the recent activity amounts to much when compared to the true refi booms of the past.

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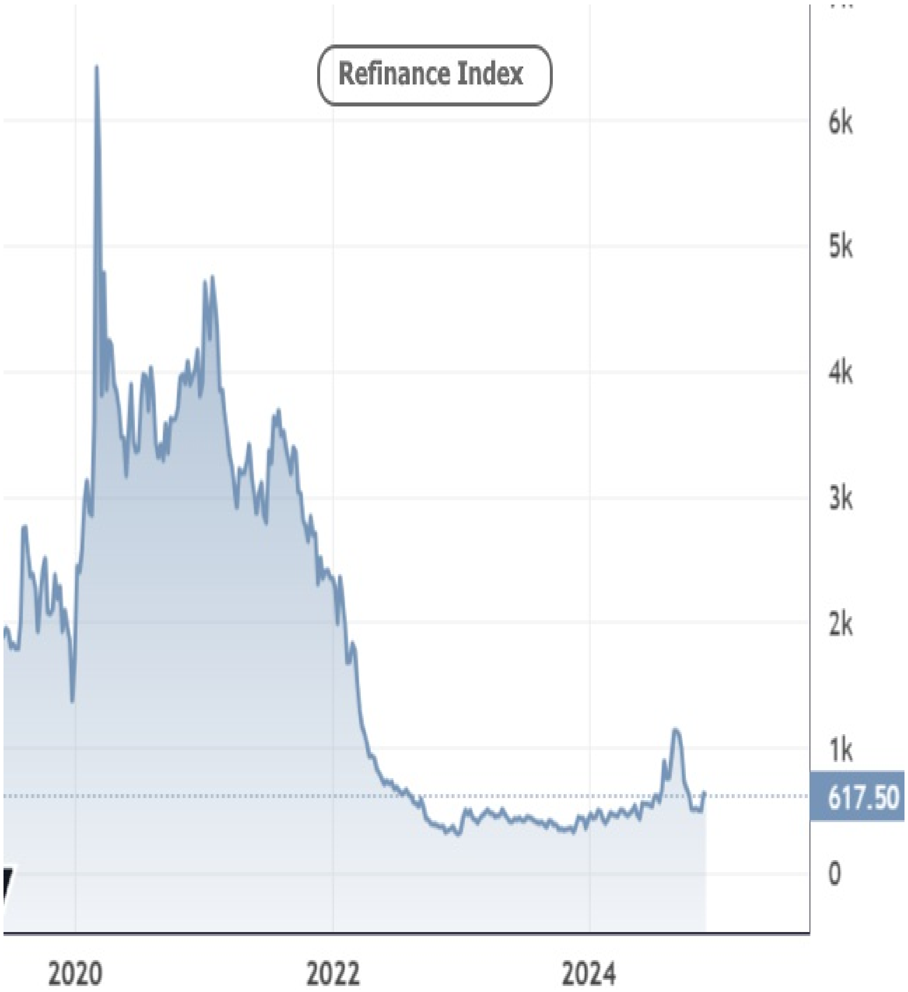

Unfortunately, that line will have an even harder time moving up in the coming weeks. This afternoon's Fed announcement was not well received by the rate market. Mortgage rates are moving up quickly even though the Fed cut its policy rate. The average lender is already back up to the recent highs seen in early November.

Movement in purchase applications has been less interesting and less eventful by comparison. Simply put, there hasn't been much movement for at least a year.

Other highlights from today's data:

- Refi apps accounted for 46.7% of the total vs 46.8 last time
- FHA share of total apps increased to 17.6 from 16.5
- VA share declined to 15.3 from 16.3
- Rates rose to 6.75 from 6.67 (note: that refers to MBA's survey rate for last week. Average daily rates are back over 7% as of this afternoon)