

## Mortgage Application Activity Evaporates as Data Catches Up With Rates

The Mortgage Bankers Association (MBA) didn't publish updated weekly application numbers last week, which meant that this week's data had to play catch up with any changes in market conditions. Even as early as December 18th--the last time the application data came out--the writing was already on the wall due to the rate spike that followed the Fed announcement.

If the index had been updated last week, we can safely assume that the index would have already been well on its way lower. Either way, the most recent tally shows refi demand at the lowest levels since early 2024.



Keep in mind, this data is seasonally adjusted, so we're not merely witnessing a drop in application activity due to the holidays. It's a genuine response to the moderate-but-quick rate spike seen in the 2nd half of December.

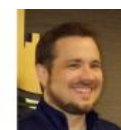
There are a few silver linings, or at least a few qualifications. First off, the rate spike leveled off by last week and we haven't broken to new highs since then. Additionally, there's no need to worry too much about volatility in refi demand in this range because the overall level of activity is still effectively bouncing along historical lows in the bigger picture. Only two things will change this: time and/or a much bigger drop in rates than we saw in 2024.



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Purchase demand keeps chugging along. Although it also dropped over the past 2 weeks, that drop represented a smaller proportion of the prevailing range--one that's been relatively narrow and uneventful since bottoming out more than a year ago.

