Mortgage Applications Improved Even as Rates Moved Higher
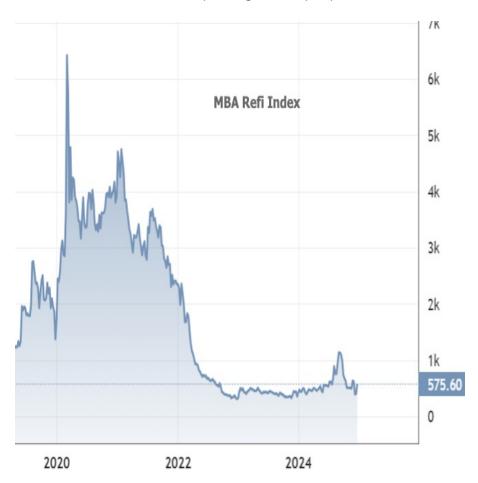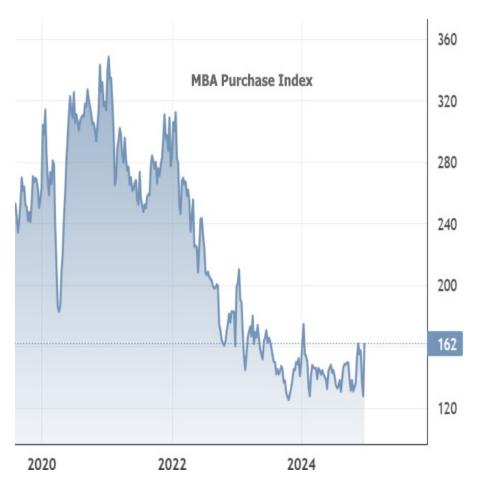
There hasn't been meaningful change in economic data that measures activity in the housing and mortgage markets. In a nutshell, activity has been drifting along at long-term lows.

The weekly survey of mortgage application activity from the Mortgage Bankers Association (MBA) is no exception, for the most part. Refinancing picked up in the summer months as rates fell, but not to historically strong levels, by any means.
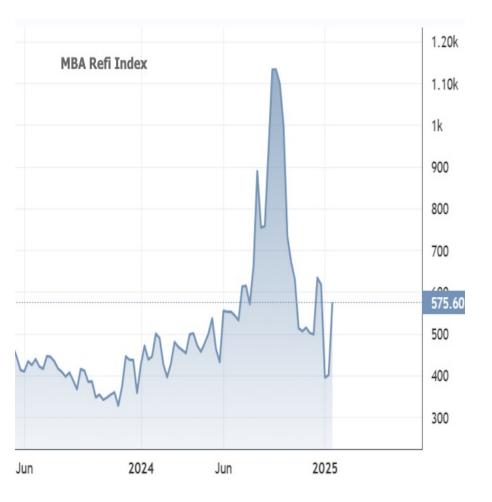
Chris Guccione

MBA Refi Index — 575.60

Purchase applications appear to be more volatile, but that's a factor of a narrower overall range. They've been even more sideways.

MBA Purchase Index

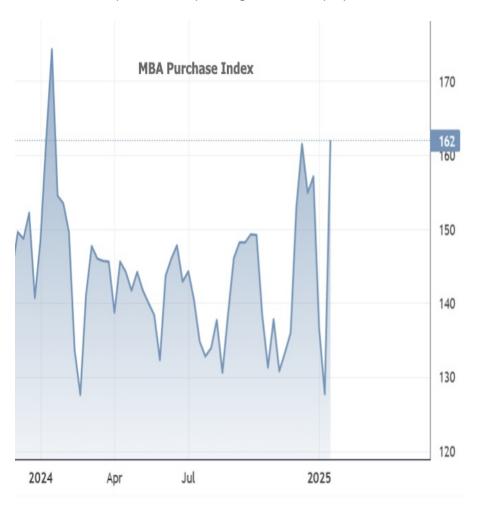|	
360	
320	
280	
240	
200	
162	
120	

2020   2022   2024

As of last week, both purchase and refi applications were effectively at the lowest levels of the year. We knew the application landscape would be challenging due to the big jump in rates that hadn't yet been captured in last week's data. The saving grace was the potential for seasonal distortions surrounding the New Year holiday.

Holidays that fall on specific dates can create inconsistencies in seasonal adjustments in economic reports. Last year saw New Year's Day fall on a Monday, which was less of a disruption to the business week compared to this year's Wednesday holiday. Perhaps the applications that tend to come in after the holiday were delayed by few days as a result, thus helping explain why applications rose for both purchases and refis despite the higher rates.

MBA Refi Index

575.60

Purchase activity was actually the highest in nearly a year.

MBA Purchase Index

162

Normally, we'd throw in a heads-up about higher mortgage rates creating headwinds for next week's numbers considering the average 30yr fixed rate was at its highest levels in more than 8 months over the past few days. But that changed abruptly today with rates dropping back to last week's lowest levels. Granted, this isn't a huge change in the bigger picture, but it could help mitigate whatever damage we otherwise might have seen in next week's data.