



## Jeffrey Chalmers

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### A Message from Jeffrey Chalmers:

"Ready to refinance? Mortgage rates are historically low."

## Everyone is Still Refinancing; FHA Refis at 3 Year High

Mortgage applications activity recovered strongly during the week ended December 6 after the usual Thanksgiving week lull. The Mortgage Bankers Association (MBA) said its Market Composite Index, which measures the volume of mortgage applications, **increased 3.8 percent** on a seasonally adjusted basis from the week ended November 29 and was 47 percent higher on an unadjusted basis. The earlier week's data had been adjusted to account for the holiday.

**Refinancing continues to drive the market.** The share of those applications made up **62.5 percent** of the total submitted during the week, up from 59.0 percent the prior week. The Refinance Index rose 9 percent week-over-week and was 146 percent higher than the same week in 2018.

The seasonally adjusted Purchase Index **decreased 0.4 percent** from one week earlier but was 35 percent higher on an unadjusted basis. It was 5 percent higher than the same week one year ago.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

"Low [mortgage rates](#) continue to be the trend as 2019 comes to an end, and mortgage applications responded accordingly last week, rising 3.8 percent. The 30-year fixed mortgage rate remained under 4 percent for the fourth straight week, and rates for FHA loans declined close to their lowest level of the year," Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "The decrease in FHA rates led to a 27 percent jump in refinance applications for those loans, and their share of refinance activity - at 14 percent - was the **highest since 2016**. Purchase applications were down slightly, but were 5 percent higher than a year ago, which is in line with the gradual growth in the purchase market seen throughout this year."

## National Average Mortgage Rates



|                            | Rate  | Change | Points |
|----------------------------|-------|--------|--------|
| <b>Mortgage News Daily</b> |       |        |        |
| 30 Yr. Fixed               | 6.86% | -0.05  | 0.00   |
| 15 Yr. Fixed               | 6.31% | -0.02  | 0.00   |
| 30 Yr. FHA                 | 6.32% | -0.06  | 0.00   |
| 30 Yr. Jumbo               | 7.04% | -0.03  | 0.00   |
| 5/1 ARM                    | 6.53% | -0.02  | 0.00   |

### Freddie Mac

|              |       |       |      |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 6.78% | -0.08 | 0.00 |
| 15 Yr. Fixed | 6.07% | -0.09 | 0.00 |

### Mortgage Bankers Assoc.

|              |       |       |      |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 7.00% | -0.03 | 0.60 |
| 15 Yr. Fixed | 6.63% | +0.07 | 0.61 |
| 30 Yr. FHA   | 6.87% | -0.03 | 0.92 |
| 30 Yr. Jumbo | 7.13% | +0.02 | 0.38 |
| 5/1 ARM      | 6.22% | -0.16 | 0.60 |

Rates as of: 7/26

## Recent Housing Data

|                     |        | Value | Change  |
|---------------------|--------|-------|---------|
| Mortgage Apps       | Jul 10 | 206.1 | -0.19%  |
| Building Permits    | Mar    | 1.46M | -3.95%  |
| Housing Starts      | Mar    | 1.32M | -13.15% |
| New Home Sales      | Mar    | 693K  | +4.68%  |
| Pending Home Sales  | Feb    | 75.6  | +1.75%  |
| Existing Home Sales | Feb    | 3.97M | -0.75%  |

|                    | Value | Change |
|--------------------|-------|--------|
| Builder Confidence | 51    | +6.25% |

Added Kan, "The November jobs data showed increased payroll gains and low unemployment, which means conditions remain favorable for steady purchase growth in the coming months."

The **FHA share of total applications increased to 13.9 percent** from 12.0 percent the prior week and the VA share dipped to 12.4 percent from 12.7 percent. The USDA loan share was unchanged at 0.5 percent. The average loan size for all loans was \$314,100 and for purchase loans was \$325,200.

Loan rates, while mixed, were mostly lower. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with loan balances at or below the conforming limit of \$484,350 increased an average of 1 basis point to 3.98 percent. Points were 0.33 compared to 0.32 and the effective rate moved higher.

The average contract interest rate for **jumbo** 30-year FRM, loans with balances that exceeded the conforming limit, had an average rate of 3.90 percent with 0.27 point. The prior week the rate was 3.91 percent with 0.26 point. The effective rate also declined.

There were 4-basis point declines in both the interest rate for **FHA**-backed 30-year FRM and the associated points to an average of 3.79 percent with 0.27 point. The effective rate was also lower.

The rate for **15-year** FRM was flat at 3.37 percent. Although points increased to 0.30 from 0.28 the effective rate was also unchanged.

The average contract interest rate for 5/1 **adjustable** rate mortgages (ARMs) increased to 3.52 percent from 3.28 percent. Points declined to 0.24 from 0.27 but the effective rate moved higher. ARM applications made up 5.0 percent of the total after two weeks with a 4.8 percent share.

MBA's Weekly Mortgage Applications Survey been conducted since 1990 and covers over 75 percent of all U.S. retail residential applications Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and interest rate information is based on loans with an 80 percent loan-to-value ratio and points that include the origination fee.

## Because Integrity Matters™

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**Jeffrey Chalmers**

