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Lower Rates leads to more applications

Interest rates fell last week on 30-year fixed-rate mortgages by .23 percent ending at an average of 6.24%. Interest charged on a 15-year fixed-rate mortgage fell .24% finishing last week at an average 5.9%. One-year ARMs averaged 6.77% last week, down from 6.86% for the last week of October.

The fall in interest rates last week led to an increase in mortgage applications this week. The Mortgage Bankers Association announced Thursday, according to a survey that generally includes nearly half of all U.S. retail residential mortgage applications, that applications were up 11.9 percent from last weeks numbers.

New home purchase applications increased by 9%, while refinancing applications improved by 16.1%. Borrowers looking to refinance existing mortgages represented 45.1% of all applications filed last week.

Torsten Slok, senior economist at Deutsche Bank in New York, feels as though the rise in home loan demand signifies some sign of stabilization. Slok goes on to say "But, clearly given the global financial and credit situation, we are not out of the woods yet and we still need to have more support for the housing market."