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Average rate on a 30-year mortgage steady at lowest level in 10 months

Source: ABC News

The average rate on a 30-year U.S. mortgage held steady this week at its lowest level in nearly 10 months, an encouraging sign to prospective

homebuyers who have been held back by stubbornly high home financing costs. The long-term rate was unchanged from last week at 6.58 percent, mortgage buyer Freddie Mac said Thursday. A year ago, the rate averaged 6.46 percent.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, edged lower. The average rate dropped to 5.69 percent from 5.71 percent last week. Stubbornly high mortgage rates have helped keep the U.S. housing market in a sales slump since early 2022, when rates started to climb from the rock-bottom lows they reached during the pandemic. For much of the year, the average rate on a 30-year mortgage has hovered close to its 2025 high of just above 7 percent. Since last week, the average rate has been at its lowest level since October of last year, when it averaged 6.54 percent.

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U.S. existing home sales tick up unexpectedly in July

Source: Yahoo! Finance

Sales of previously owned U.S. homes ticked unexpectedly higher in July, but the pace of sales remains sluggish amid affordability issues for buyers

thanks to high house prices and interest rates on mortgages. Home sales rose 2.0 percent last month to a seasonally adjusted annual rate of 4.01 million units from 3.93 million in June, the National Association of REALTORS®.

Sales edged up 0.8 percent compared with July last year. The latest figure topped the 3.92 million pace economists were expecting, according to FactSet. Home prices rose on an annual basis for the 25th consecutive month, although the rate of growth continued to slow. The national median sales price inched up just 0.2 percent in July from a year earlier to $422,400. That was the smallest annual increase since June 2023. Even so, the median home sales price last month is the highest for any previous July, based on data going back to 1999.

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U.S. home construction rises unexpectedly

Source: Reuters

Construction activity on new single-family homes got an unexpected boost in July, powered by a building surge in the South. Single-family housing starts rose 2.8 percent last month from June to a seasonally adjusted annual rate of 939,000, the U.S. Census Bureau and Department of Housing and Urban Development reported Tuesday. The July figure was up 7.8 percent from a year earlier.

The gain was fueled by the South, where single-family starts rose 13 percent on the month and 22 percent annually. Single-family starts fell on a monthly and annual basis in the Midwest, Northeast, and West. Overall residential construction was buoyed by a surge in new apartment projects. Groundbreaking for multi-family projects of five or more units rose 11.6 percent to an annualized rate of 470,000 units, the highest level since May 2023. New apartment construction, which had been in a protracted downtrend after peaking in 2022, has jumped more than 50 percent in the last two months.

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Rise in U.S. jobless claims adds to signs of labor market softness

Source: Reuters
The number of Americans filing new applications for jobless benefits rose by the most in about three months last week and the number of people collecting unemployment relief in the prior week climbed to the highest level in nearly four years, signaling recent labor market softness continued into August. The data may add to the argument for the Federal Reserve to lower interest rates at its next meeting in about four weeks.

Initial claims for state unemployment benefits climbed 11,000 – the largest increase since late May – to a seasonally adjusted 235,000 for the week ended August 16, the Labor Department said on Thursday. Economists polled by Reuters had forecast 225,000 claims for the latest week. The data covered the survey week for the August nonfarm payrolls report from the Bureau of Labor Statistics, and while it does not yet suggest large-scale layoffs are afoot, it nonetheless points to another month of sub-par job growth.

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California unemployment rises to 5.5%

Source: San Francisco Chronicle

California's unemployment rate rose to 5.5 percent in July, the highest among U.S. states, as tech and other office jobs showed more weakness and hiring remained sluggish, according to state data released Friday. The state added a net 15,000 jobs, pushing the unemployment rate up 0.1 percentage point form June to the highest rate since December. California's rate was higher than the national unemployment rate of 4.2 percent in July.

The state unemployment rate is calculated by a survey of 4,400 households in California, which found an estimated 18,200 more people were searching for jobs in July compared with June, despite the overall increase in employed workers. Revised figures also showed a net loss of 9,500 jobs in June. California's slowing job market mirrored the national economy, which saw 73,000 jobs added in July, lower than monthly job gains earlier this year, and downward revisions for May and June. Michael Bernick, former head of the state Employment Development Department, said people seeking tech jobs are grappling with the toughest market in years, especially for new graduates and entry-level workers.

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Weekly mortgage demand stalls with miniscule rise in rates

Source: CNBC

After a significant surge in refinance demand the previous week, brought on by a drop in mortgage rates, both refinance and homebuyer mortgage application volume stalled last week. Mortgage rates inched only very slightly higher, but it was enough to drop total mortgage application volume 1.4 percent from the previous week, according to the Mortgage Bankers Association's seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (of $806,500 or less) increased to 6.68 percent from 6.67 percent, with points decreasing to 0.60 from 0.64, including the origination fee, for loans with a 20 percent down payment. Applications to refinance a home loan fell 3 percent for the week but were 23 percent higher than the same week one year ago. This, despite the fact that rates today are actually higher than they were at this time last year. The previous week, refinance demand had surged 23 percent higher just week to week. With so few borrowers able to benefit from a refinance at today's higher rates, this figure has become increasingly volatile. Applications for a mortgage to purchase a home rose 0.1 percent for the week and were also 23 percent higher than the same week one year ago.

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