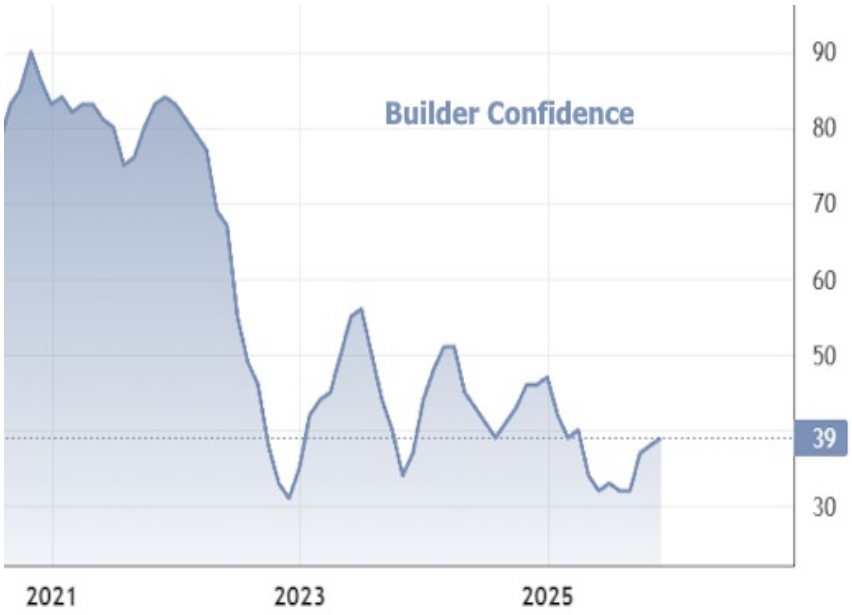
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Three Straight Months of Improvement in Builder Confidence, But There's a Catch

The December National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) edged up one point to 39. This is the 3rd straight month of improvement in the index--a development that could be confused for something encouraging. But the reality is that builder confidence is merely drifting along just barely above the lowest levels in more than a decade. This has been the case for more than 3 years now.



Peeling back the layers shows familiar constraints, even if the numbers shuffled slightly. The index measuring current sales conditions rose one point to 42, while the gauge tracking prospective buyer traffic held steady at 26—still firmly in "low to very low" territory. Future sales expectations improved one point to 52, extending a three-month stretch above breakeven.

"Market conditions remain challenging with two-thirds of builders reporting they are offering incentives to move buyers off the fence," said NAHB Chairman Buddy Hughes. "Meanwhile, builders are contending with rising material and labor prices, as tariffs are having serious repercussions on construction costs."

Pricing pressure continues to do much of the heavy lifting. NAHB reports that 40% of builders cut home prices in December, marking the second consecutive month at or above that level. The average price reduction eased

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.50%	+0.08	0.00
15YR Fixed	7.03%	+0.03	0.00
30YR FHA	7.05%	+0.05	0.00
30YR Jumbo	7.50%	+0.04	0.00
7/6 SOFR	7.13%	+0.08	0.00
30YR VA	7.07%	+0.06	0.00

Rates as of: 11/13

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.69	-0.07
10 YR Treasury	5.1413	+0.0117
30 YR Treasury	5.4682	+0.0134

Pricing as of: 11/13 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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to 5%, down from 6% in November, while the use of sales incentives climbed to 67%—the highest share in the post-Covid period.

Regionally, the three-month moving averages show a broad-based but still uneven improvement. The Northeast slipped to 47, while the Midwest strengthened to 43. The South rose to 36 and the West improved to 34, though both regions remain more acutely exposed to affordability pressures.

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