Will U.S. Housing Sail on the QE in 2026?

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The Headlines:

Housing activity remains subdued due to high mortgage rates (~6.70%). A modest rate drop (50–75 basis points) could trigger limited refinancing, but a more substantial decline (150+ bps) is needed to meaningfully boost turnover and refinancing, especially for mortgages originated during the COVID era.

The forward interest rate curve suggests limited room for mortgage rate reductions in 2026, even with expected Fed rate cuts. Only a tightening of mortgage-backed securities (MBS) spreads could further lower rates, but even that might only yield a ~50bp decline.

Read the full article

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