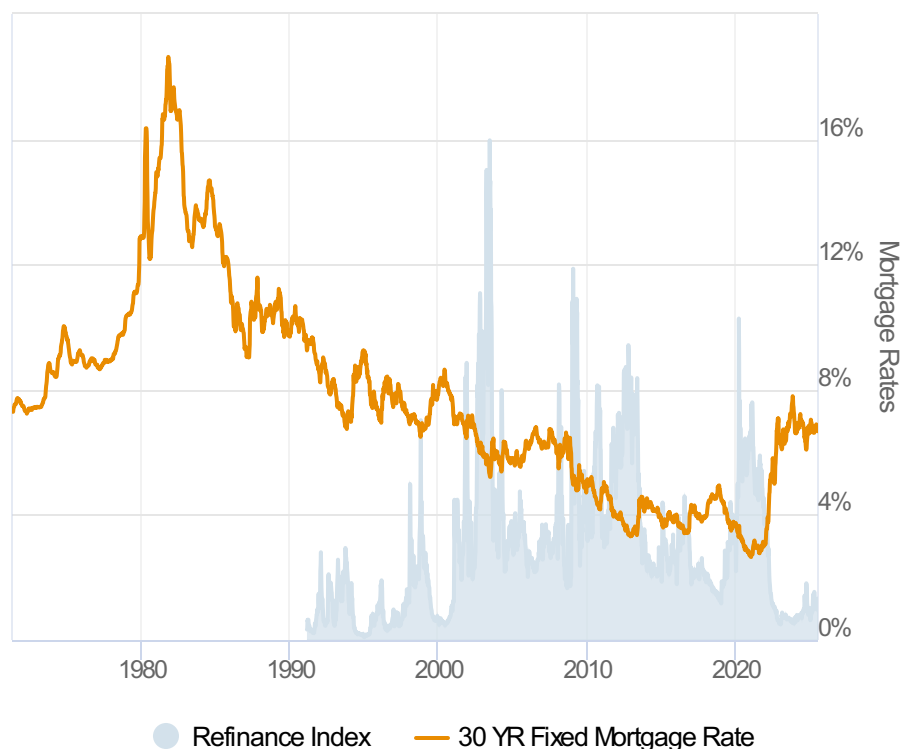


## Purchase Applications Rise on Threshold of Fed Meeting

The volume of mortgage application submitted during the week ended April 29 ended a seven-week slide. The Mortgage Bankers Association (MBA) said purchase applications were substantially higher than the prior week while refinance applications held their own.

MBA's Market Composite Index, a measure of application volume, increased 2.5 percent on a seasonally adjusted basis from the prior week and was up 3.0 percent higher on an unadjusted basis. **Refinancing has fallen by 71 percent since the comparable week in 2021.**



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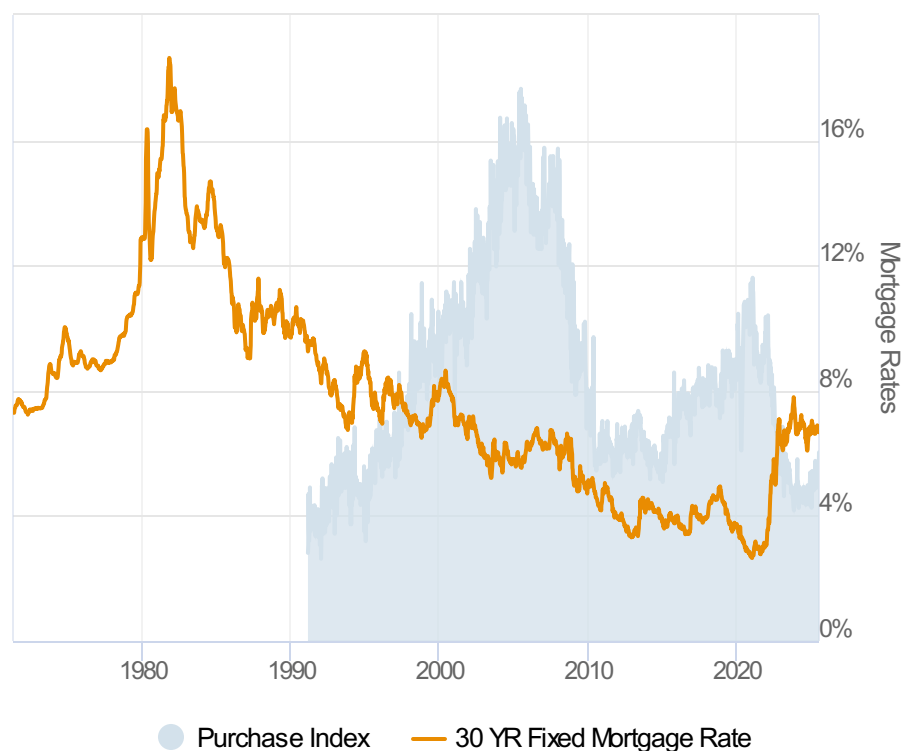
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The seasonally adjusted and unadjusted Purchase Indices increased by 4 percent and 5 percent respectively from one week earlier. **Purchase applications were down 11 percent year-over-year.**



Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting commented that, "Treasury yields eased slightly last week but remained close to 2018 highs, as financial markets await the news from the Federal Reserve on its latest plans for rate hikes and reducing its balance sheet holdings. The 30-year fixed rate was 5.36 percent, up over two percentage points from a year ago. The 127-basis point jump in rates over the past two months has triggered a 49 percent drop in refinance activity."

"The purchase market remains challenged by low levels of housing inventory and rapid home-price gains, as well as the affordability hit from higher mortgage rates that are forcing prospective buyers to factor in **higher monthly payments.**" But, Kan concluded, "Purchase applications increased for conventional, FHA, and VA loans and were up 4 percent overall. This is potentially a good sign for the spring home buying season, which has seen a slow start thus far."

Other highlights from MBA survey data:

- The refinancing share of total applications dipped to 33.9 percent from 35.0 percent the previous week.
- The FHA share of applications was 11.5, up from 10.6 percent a week prior and the VA share accounted for 10.3 percent compared to 10.2 percent. USDA applications dipped from an 0.5 percent share to 0.4 percent.
- The conforming 30-year interest rate averaged 5.36 percent, 1 basis point below the rate the previous week. Points decreased to 0.63 from 0.67.
- The rate for jumbo mortgages rose to 4.92 percent from 4.89 percent, with points decreasing to 0.43 from 0.47.
- The average interest rate for a 5/1 adjustable-rate mortgage (ARM) decreased to 4.25 percent from 4.28 percent but the share of ARM applications was unchanged at 9.3 percent. Kan said this is well below the 30 percent mark observed in the mid-2000s."

