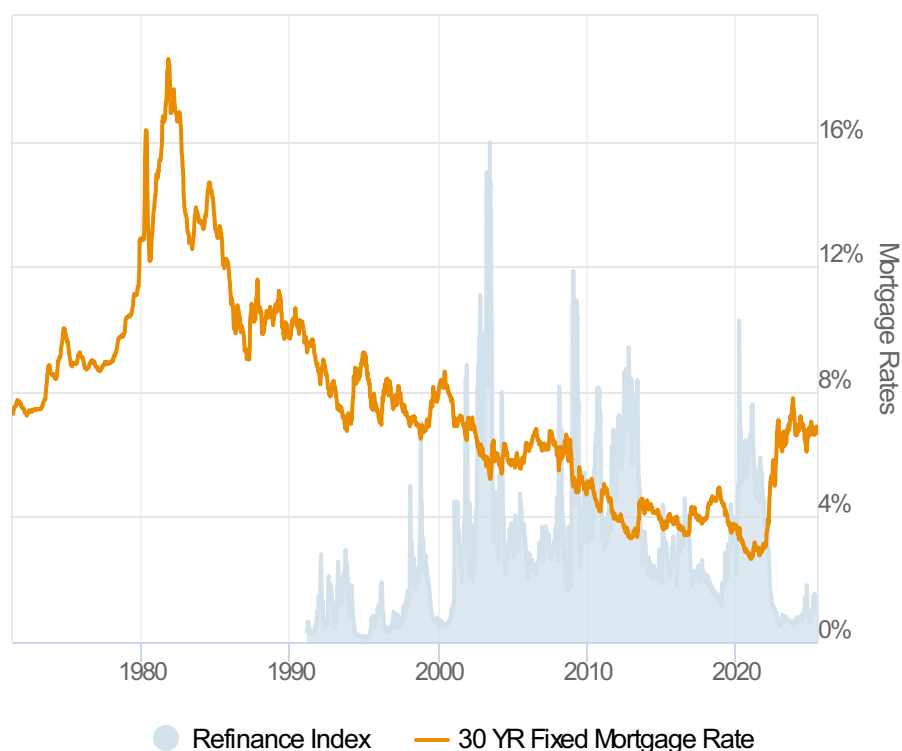


Purchase Product Mix Reflects Higher Home Prices

Even though mortgage interest rates moved lower again last week, application activity continued to decline. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of application volume, decreased 2.3 percent on a seasonally adjusted basis and 3.0 percent before adjustment during the week ended May 27.

The **Refinance Index fell another 5 percent** from the previous week, leaving it down by 75 percent from its level during the same week in 2021. Refinancing made up 31.5 percent of the application volume. It had a 32.3 percent share the previous week.



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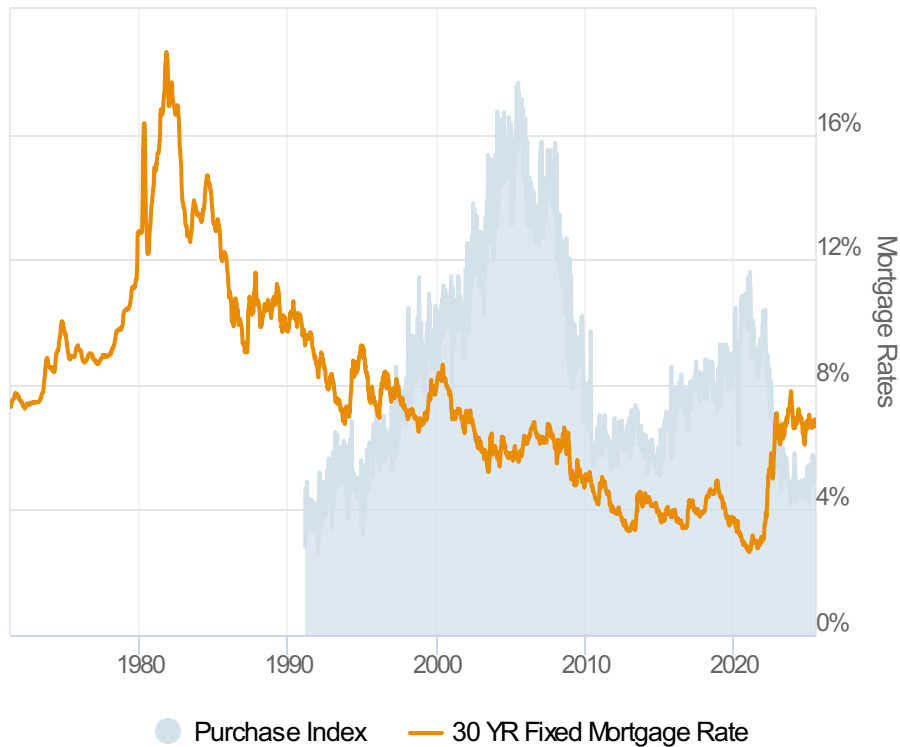
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The seasonally adjusted **Purchase Index** decreased **1 percent** from one week earlier and 2 percent unadjusted. Purchase applications declined 14 percent year-over-year.



Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting said, "Mortgage rates fell for the fourth time in five weeks, as concerns of weaker economic growth and the recent stock market sell-off drove Treasury yields lower. Mortgage applications decreased to its (sic) **lowest level since December 2018**, as the purchase market continues to struggle with supply and affordability challenges. With the 30-year fixed rate at 5.33 percent, the refinance market continues to shrink, led by larger decreases last week for FHA and VA refinance applications. The refinance index was 75 percent below last year's level, when rates were more than 200 basis points lower."

Added Kan, "Purchase applications last week were 14 percent lower than last year, with more activity in the larger loan sizes. Demand is high at the upper end of the market, and supply and **affordability challenges are not as detrimental to these borrowers** as they are to first-time buyers."

Other highlights from MBA's Weekly Mortgage Applications Survey data:

- The FHA share of total applications decreased to 10.8 percent from 11.3 percent the prior week and the VA share dipped to 10.2 percent from 10.4 percent. The USDA share was unchanged at 0.5 percent.
- Loan sizes reversed two weeks of declines. The average loan was \$385,600, and purchase loans averaged \$433,200.
- The average contract interest rate for conforming 30-year fixed-rate mortgages (FRMs) decreased to 5.33 percent from 5.46 percent. Points averaged 0.51, down from 0.60 the previous week.
- Jumbo 30-year FRM had a rate of 4.93 percent, down from 5.02 percent. Points were unchanged at 0.41.
- FHA-backed 30-year FRMs had an average rate of 5.20 percent, a 16-basis point week-over-week decline. Points fell to 0.69 from 0.82.
- The share of applications that were for adjustable-rate mortgages (ARMs) declined from 9.4 percent to 8.7 percent.
- The average rate for 5/1 ARMs was 4.46 percent with 0.68 point. The previous week the rate was 4.49 percent, with 0.76 point.