



## Post FOMC Rate Drop Spurred Application Volume Last Week

Mortgage application activity rose last week, reversing a series of declines that started in late June. The increase was modest; the Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, ticked up 1.2 percent on a seasonally adjusted basis, but both purchasing and refinancing volumes moved higher. On an unadjusted basis, the Composite Index increased 1 percent compared with the previous week.

The Refinance Index increased 2 percent from the previous week, although it was still 82 percent lower than the same week one year ago. The share of applications that were for refinancing grew to 30.8 percent from 30.7 percent the previous week.

The Purchase Index rose 1 percent both before and after seasonal adjustment. The unadjusted index was 16 percent lower than the same week one year ago.

“Mortgage rates declined last week following another announcement of tighter monetary policy from the Federal Reserve, with the likelihood of more rate hikes to come,” according to Joel Kan, MBA’s Associate Vice President of Economic and Industry Forecasting. “Treasury yields dropped as a result, as investors continue to expect a weaker macroeconomic environment in the coming months. The 30-year fixed rate saw the largest weekly decline since 2020, falling 31 basis points to 5.43 percent. The drop in rates led to increases in both refinance and purchase applications, but compared to a year ago, activity is still depressed. Lower mortgage rates, combined with signs of more inventory coming to the market, could lead to a rebound in purchase activity.”

There were other highlights from MBA’s Weekly Mortgage Applications Survey.

- The FHA share of total applications decreased to 11.9 percent from 12.1 percent the week prior and the VA portion ticked up to 10.8 percent from 10.6 percent. The USDA share was 0.6 percent, unchanged week-over-week.
- The 31-basis point plunge in the rate for conforming 30-year fixed-rate mortgages (FRMs) was accompanied by an increase in points from 0.61 to 0.65.
- The rate for jumbo 30-year FRM dropped to 5.06 percent from 5.32 percent, with points decreasing to 0.36 from 0.43.
- The rate for FHA-backed 30-year FRM fell to 5.39 percent from 5.54 percent. Points rose to 1.03 from 0.85.
- Fifteen-year FRM had a rate of 4.74 percent with 0.65 point. The prior week it was 4.95 percent with 0.67 point.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 4.55 percent from 4.67 percent, with points decreasing to 0.69 from 0.76.
- The share of ARM applications declined to 8.4 percent of the total from 9.1 percent the previous week.



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