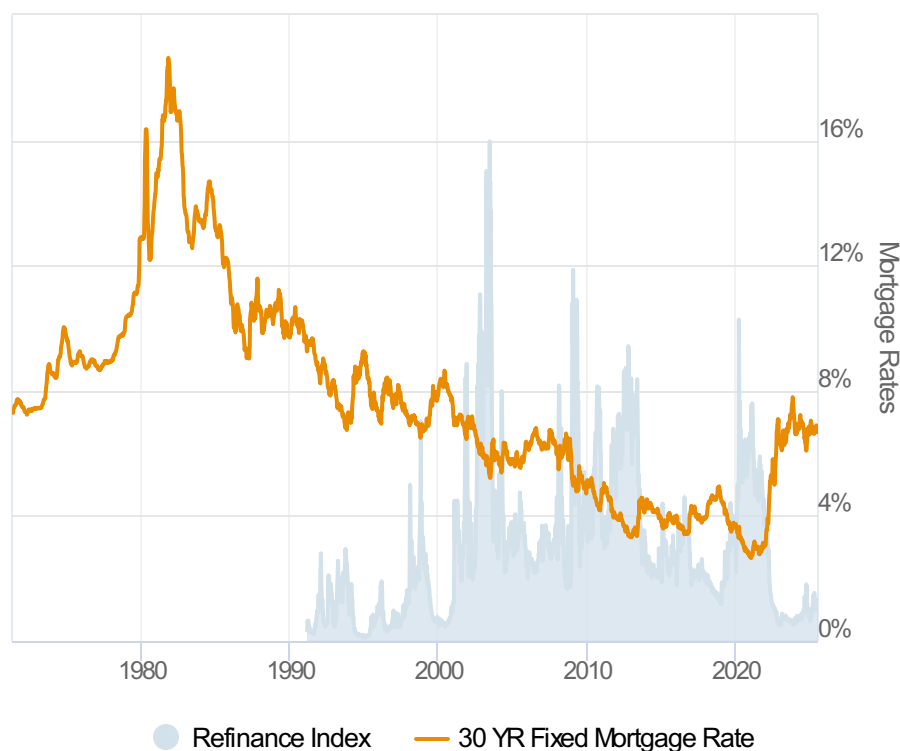


Rates Aside, MBA Sees Job Numbers as Positive for Housing Market

Mortgage application volume fell again last week, but the declines were small compared to the double-digit declines in all indices during the week ended September 30. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, decreased 2.0 percent on both a seasonally adjusted and unadjusted basis during the week ended October 7. The **Refinance Index also fell 2.0 percent from the prior week** and was 86 percent below its level during the same week in 2021. The refinance share of mortgage activity was unchanged from the prior week at 29.0 percent.



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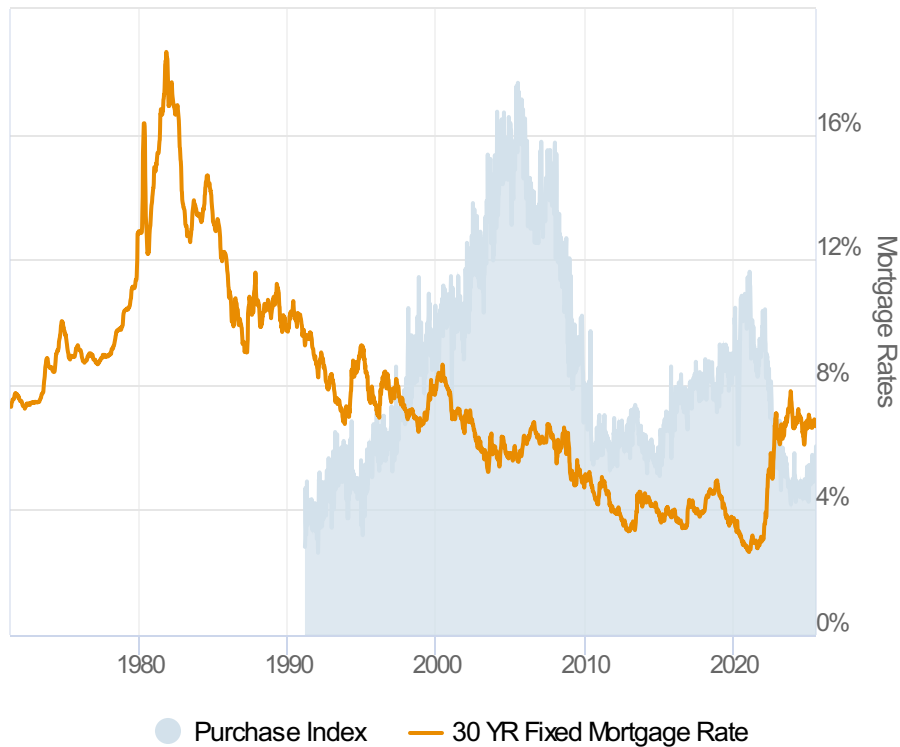
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There was also a **2.0 percent week-over-week decline in both unadjusted and adjusted Purchase Indices**. The unadjusted Purchase Index fell below that of the same week in 2021 by 39 percent.



“Mortgage rates moved higher once again during the first week of the fourth quarter of 2022, with the 30year conforming rate reaching 6.81 percent, the highest level since 2006,” Mike Fratantoni, MBA’s Senior Vice President, and Chief Economist said. “Mortgage rates increased across all product types in MBA’s survey, with the largest, a 20-basis-point increase, for 5-year adjustable-rate mortgage (ARM) loans. The ARM share of applications remained quite high at 11.7 percent – just below last week’s level. Application volumes for both refinancing and home purchases **declined and continue to fall further behind last year’s record levels.**”

Fratantoni added, however, “The news that job growth and wage growth continued in September is positive for the housing market, **as higher incomes support housing demand.** However, it also pushed off the possibility of any near-term pivot from the Federal Reserve on its plans for additional rate hikes.”

There were other highlights contained in the results from MBA’s Weekly Mortgage Applications Survey.

- Loan sizes continued to shrink. The average size of a purchase loan dropped below \$400,000 for the first time since Dec. 2021.
- The FHA share of total applications increased to 13.5 percent from 13.2 percent and the VA share ticked up from 10.7 percent to 10.9 percent. The USDA share declined to 0.5 percent from 0.6 percent the previous week.
- The average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) increased to 6.81 percent from 6.75 percent. Points increased to 0.97 from 0.95.
- Jumbo 30-year FRM rates rose to 6.25 percent from 6.14 percent, with points decreasing to 0.61 from 0.79.
- Thirty-year FRM backed by the FHA had an average increase in rates of only 1 basis point to 6.61 percent. Points, however, jumped to 1.71 from 1.51.
- Rates for 15-year FRM averaged 6.12 percent with 1.30 point. The prior week the average was 5.96 percent with 1.08 point.
- The 20-basis point increase in the average rate for 5/1 ARMs took that rate to 5.56 percent. Points fell to 0.90 from 1.02.