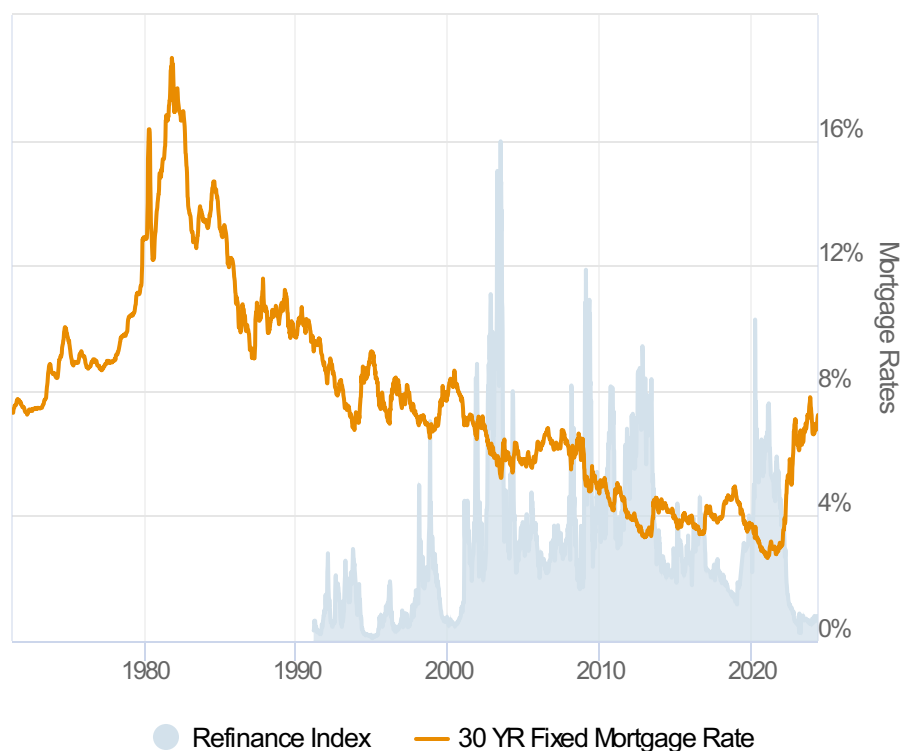




Mortgage Applications Slow Their Pace, But Rates Should Help Soon

Mortgage activity slowed significantly last week, pulling the Mortgage Bankers Association's (MBA's) Market Composite lower after three weeks of gains. The Index, a measure of loan application volume, **decreased 9.0 percent on a seasonally adjusted basis** during the week ended January 27. It did, however, increase 6 percent on a non-seasonally adjusted basis.

The Refinance Index dropped 7 percent from the previous week and was 80 percent lower than the same week one year ago. The refinance share of applications dipped to 31.2 percent from 31.9 percent the previous week.



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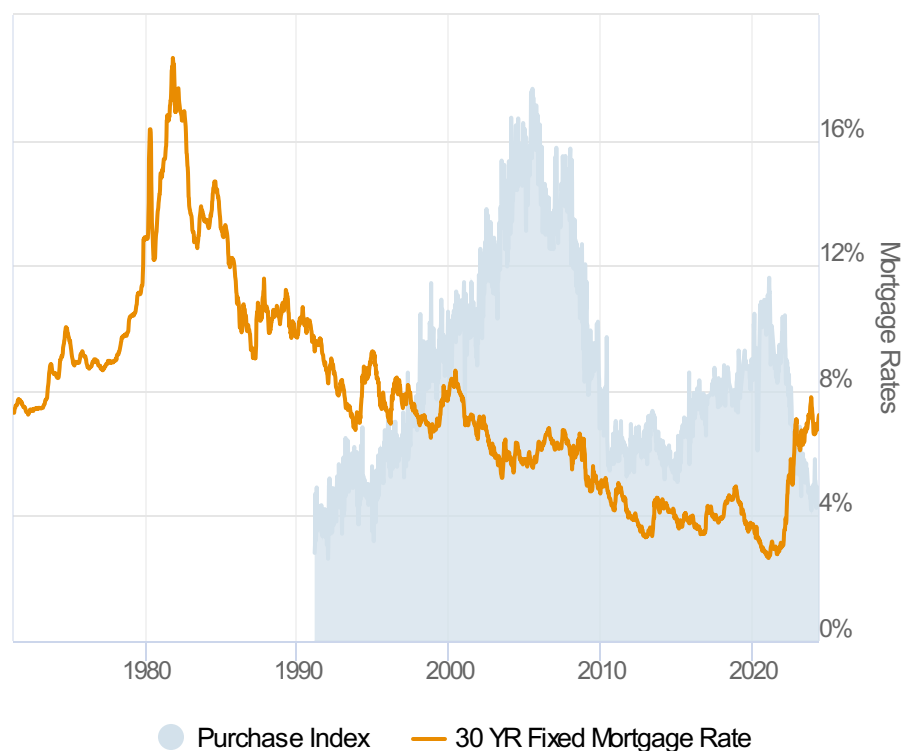
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The same pattern prevailed for home purchase loans. The seasonally adjusted **Purchase Index** decreased 10 percent but was up 7 percent before adjustment. The Index is 41 percent lower than it was during the same week in 2022.



“Mortgage rates declined for the fourth straight week and have now fallen almost 40 basis points over the past month, according to Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Treasury yields were higher on average last week, while mortgage rates decreased, which was a sign of a narrowing spread between the two, he said. “**The spread between mortgage rates and the 10-year Treasury has been abnormally wide since early 2022.** Further narrowing of that spread is expected to put downward pressure on mortgage rates in the coming months. Overall application activity declined last week despite lower rates, **which is an indication of the still volatile time of the year for housing activity.** Purchase activity is expected to pick up as the spring homebuying season gets underway, bolstered by lower rates and moderating home-price growth. Both trends will help some buyers regain purchasing power.”

Other Data from MBA’s Weekly Mortgage Application Survey

- The FHA share of total applications increased to 12.0 percent from 11.9 percent and the VA share decreased to 11.9 percent from 13.0 percent. The USDA’s portion of applications was unchanged from the prior week’s share of 0.6 percent.
- The size of an average loan increased from \$368,500 to \$370,700 and purchase loans rose less than \$2,000, to an average of \$416,800.
- The average contract interest rate for 30-year fixed-rate mortgages (FRM) dipped to 6.19 percent from 6.20 percent, with points decreasing to 0.65 from 0.69.
- The jumbo FRM rate averaged 5.99 percent, up from 5.92 percent the prior week. Points increased to 0.48 from 0.41.
- The FHA-backed 30-year FRM had an average rate of 6.18 percent with 0.99 point. The prior week the rate was 6.22 percent with 1.10 points.
- Fifteen-year FRM rates dropped an average of 4 basis points to 5.50 percent while points jumped to 0.73 from 0.51.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 5.38 percent from 5.44 percent, with points remaining at 0.83. The ARM share of application activity rose from 6.5 percent to 6.7 percent.