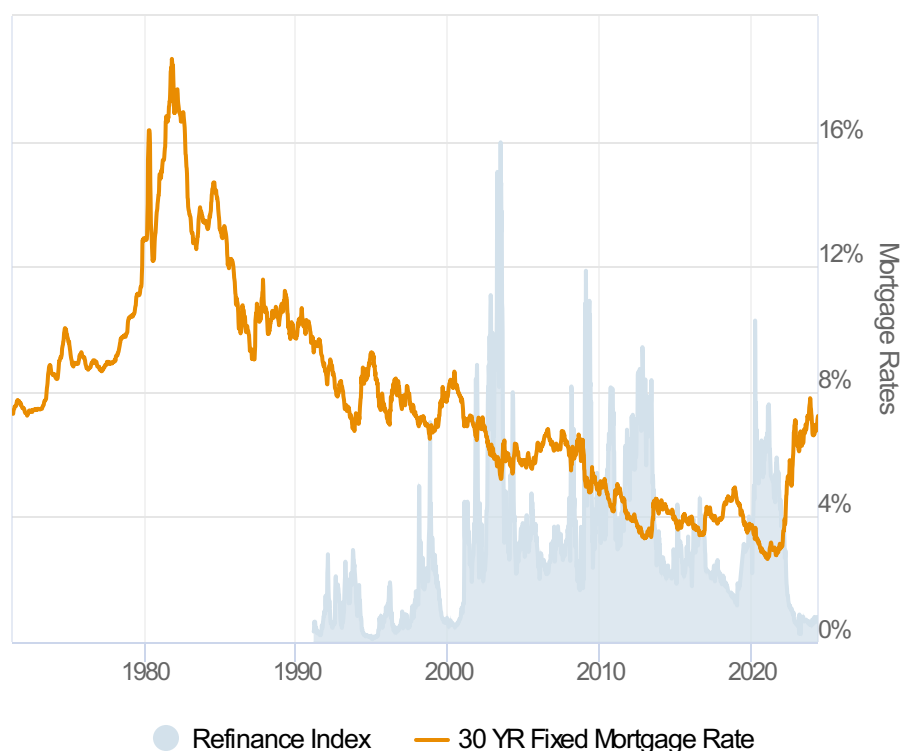


Mortgage Rates Rise, Application Volumes Retreat

It was unrealistic to expect last week's strong increase in mortgage activity to be sustainable in the current volatile rate environment, and indeed it was not. The Mortgage Bankers Association said its seasonally adjusted Market Composite Index, a measure of loan application volume, which had risen 7.4 during the week ended February 3, **ended last week with a decline of 7.7 percent**. On an unadjusted basis it was down 7.0 percent.

Refinancing had driven last week's surge, and it led the retreat, falling 13 percent. The index was 76 percent lower than the same week in 2022. The refinance share of applications dipped to 32.0 percent of the total from 33.9 percent the previous week.



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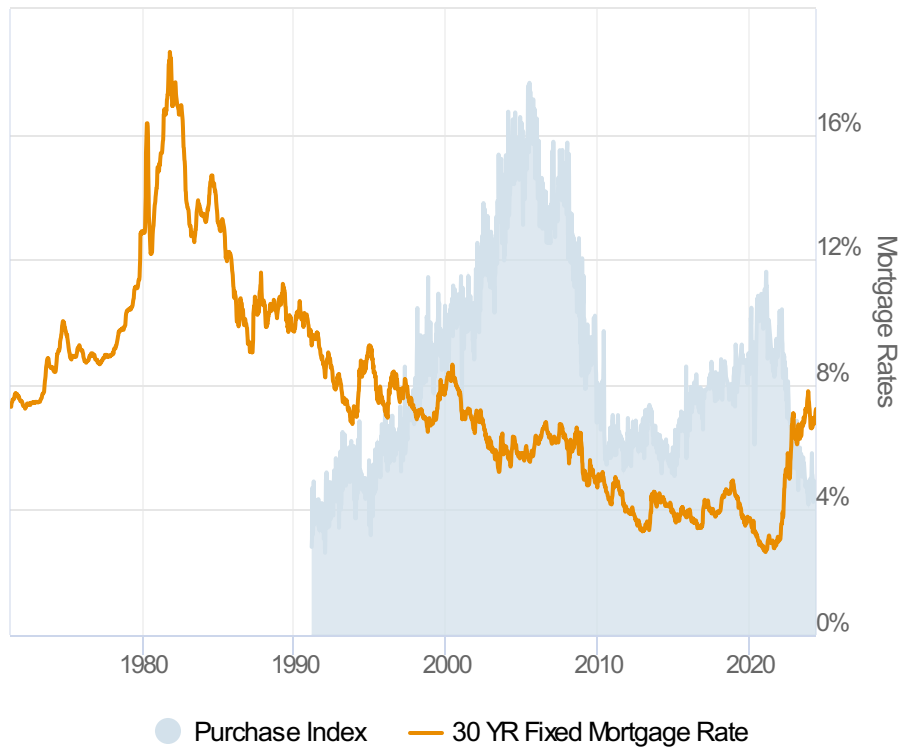
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The volume of **purchase mortgages decreased 6.0 percent on a seasonally adjusted basis** and was down 5.0 percent before adjustment. Purchase activity was 43 percent lower than the same week one year ago.



“Mortgage rates increased across the board last week, pushed higher by market expectations that inflation will persist, thus requiring the Federal Reserve to keep monetary policy restrictive for a longer time. After five straight weeks of decreases, the 30-year fixed rate increased by 21 basis points to 6.39 percent,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Mortgage applications decreased for the second time in three weeks **because of these higher rates**. Refinance borrowers, both rate/term and cash-out, remain on the sidelines as current rates provide little financial incentive to act.”

Added Kan, “Purchase applications dropped to their lowest level since the beginning of this year and were more than 40 percent lower than a year ago. Potential buyers remain quite sensitive to the current level of mortgage rates, which are more than two percentage points above last year’s levels and **have significantly reduced buyers’ purchasing power.**”

Other Highlights from MBA’s Weekly Mortgage Applications Survey

- The average loan size increased from \$378,200 the prior week to \$382,400 and purchase loan sizes rose to an average of \$433,300 from \$428,400.
- The FHA share of total applications increased to 12.6 percent from 11.9 percent and the VA loan share decreased to 12.6 percent from 13.4 percent. The USDA share was unchanged at 0.6 percent.
- The average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) increased to 6.39 percent from 6.18 percent, with points increasing to 0.70 from 0.64.
- Jumbo 30-year FRM had an average rate of 6.26 percent, up from 5.96 percent. Points decreased to 0.43 from 0.55.
- Thirty-year FRM backed by the FHA saw rates rise an average of 11 basis points to 6.25 percent. Points jumped to 1.14 from 0.88.
- The average rate for 15-year fixed-rate mortgages increased to 5.85 percent from 5.64 percent, with points increasing to 0.81 from 0.63.
- The 5/1 adjustable-rate mortgage (ARM) had an average rate of 5.53 percent with 0.72 point. The previous week the rate was 5.56 percent with 0.80 point.
- The adjustable-rate mortgage (ARM) share of activity increased to 6.9 percent of total applications from 6.6 percent.