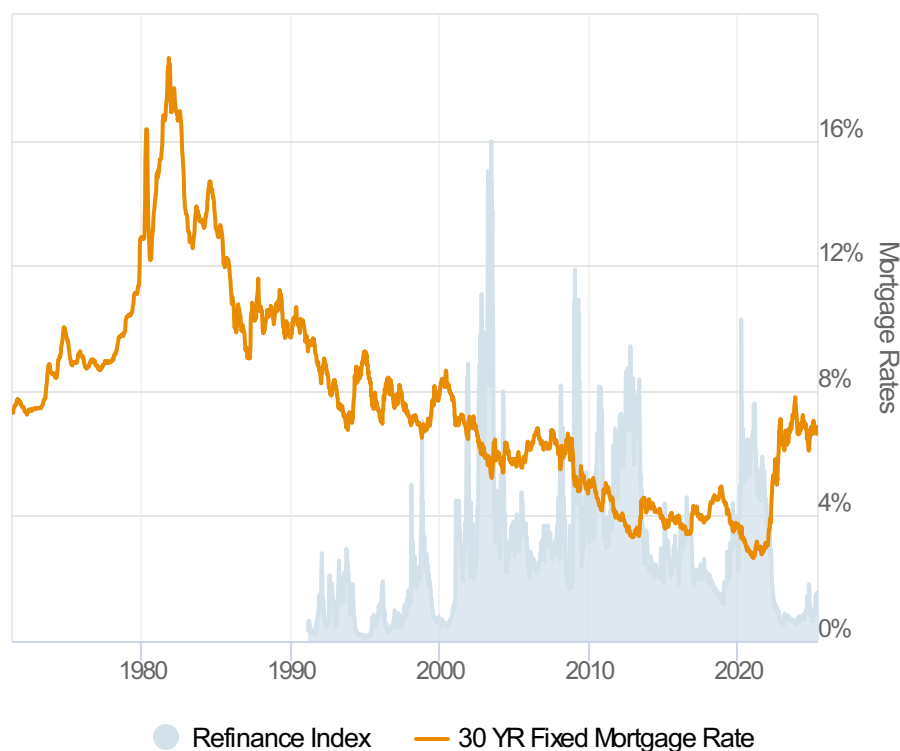




Lower Rates Help Mortgage Application Volume to Recover

The volume of mortgage applications posted the first gain since May 5, aided by lower interest rates and the usual post-holiday week bounce. The Mortgage Bankers Association (MBA) said its Market Composite Index increased 7.2 percent on a seasonally adjusted basis from a week earlier. On an unadjusted basis, the Index increased 18 percent.

The Refinance Index rose 6.0 percent week-over-week and was 41.0 percent lower than the same week one year ago. The refinance share of applications was unchanged from 27.3 percent of total applications a week earlier.



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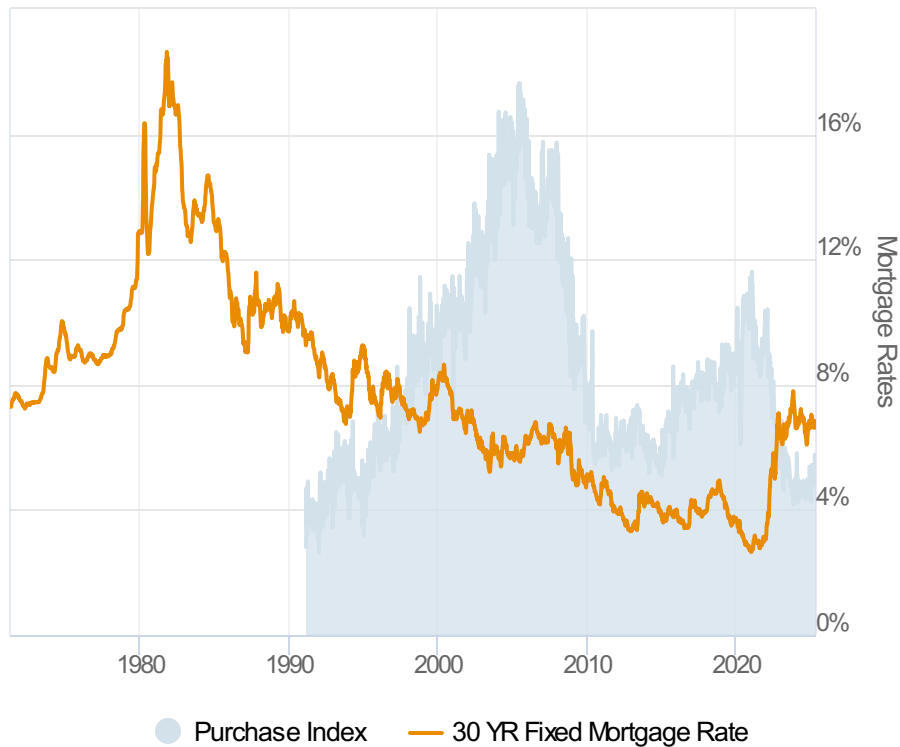
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The Purchase Index was up a seasonally adjusted 8.0 percent and 17.0 percent before adjustment. It was 27.0 percent lower than the same week in 2022.



“Mortgage rates declined for the second straight week, with the 30-year fixed rate decreasing to 6.77 percent. Mortgage applications were up over the week, but remained well below levels from a year ago,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Rates that are still more than a percentage point higher than a year ago, and **low for-sale inventory continue to constrain homebuying activity in many markets**. The average loan size on a purchase loan decreased for the third straight week, as we continue to see more first-time homebuyer activity in the purchase market.

Added Kan, “Refinance applications accounted for less than a third of all applications and remained more than 40 percent behind last year’s pace. Elevated rates have reduced the benefit of a rate/term refinance for many borrowers and continue to discourage cash-out refinances as borrowers are unwilling to give up their lower rates.”

More Data from MBA’s Weekly Mortgage Applications Survey

- As Kan noted, loan sizes have declined in recent weeks. The overall size last week was \$380,900 compared to \$393,600 during the week ended May 19, the last time sizes rose. Purchase loan sizes have retreated to \$425,100 from \$442,000 over the same time frame.
- The FHA share of applications decreased to 13.0 percent from 13.2 percent and the VA share ticked up to 12.6 percent from 12.5 percent. USDA applications accounted for 0.5 percent of the total.
- The average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) decreased to 6.77 percent from 6.81 percent while points dipped to 0.65 from 0.66.
- The rate for jumbo 30-year FRM increased to 6.79 percent from 6.74 percent, with points decreasing to 0.5 from 0.56.
- FHA-backed 30-year FRM saw a decline of 3 basis points to a rate of 6.70 percent with points decreasing to 1.14 from 1.15.
- The average rate for 15-year FRM remained at the prior week’s level of 6.25 percent, with points jumping to 1.05 from 0.62.
- The 5/1 adjustable-rate mortgage (ARM) had a starter rate averaging 5.90 percent with 1.17 points. The prior week the rate was 5.93 percent with 0.96 point.
- The ARM share of activity decreased to 6.5 percent of total applications from 6.8 percent.