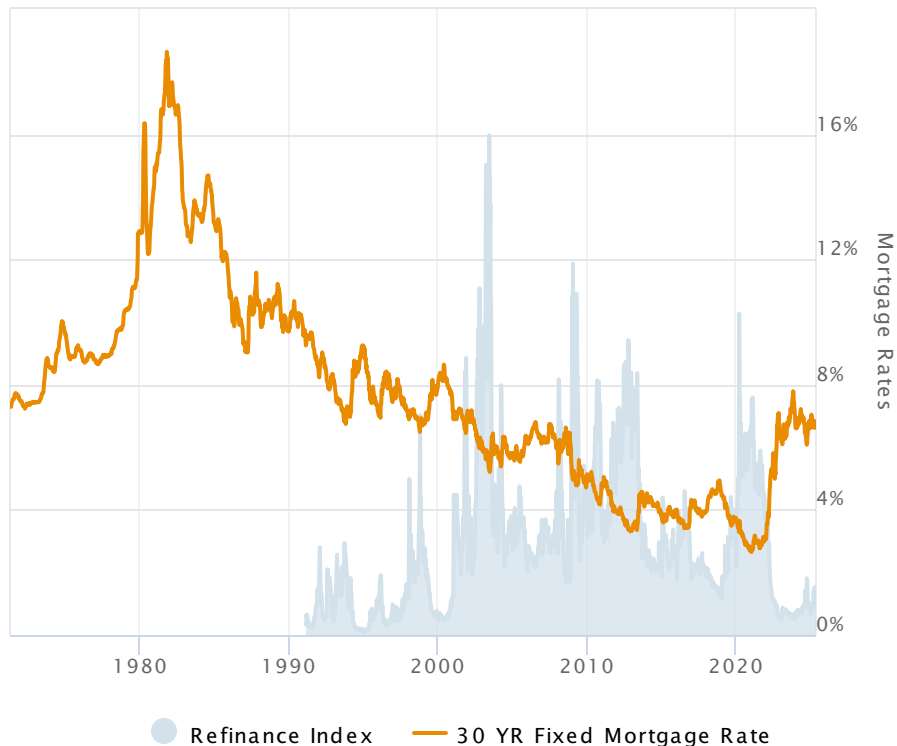




Rising Rates Continue to Sideline Borrowers

Increased mortgage rates continued to damp down both purchase and refinance activity during the week ended August 11. The Mortgage Bankers Association said its Market Composite Index, a measure of mortgage loan application volume, decreased 0.8 percent on a seasonally adjusted basis from the prior week and declined by 2 percent before seasonal adjustment.

The Refinance Index fell 2 percent and was 35 percent lower than the same week one year ago. The refinance share of mortgage activity decreased to 28.6 percent of total applications from 28.7 percent week-over-week.



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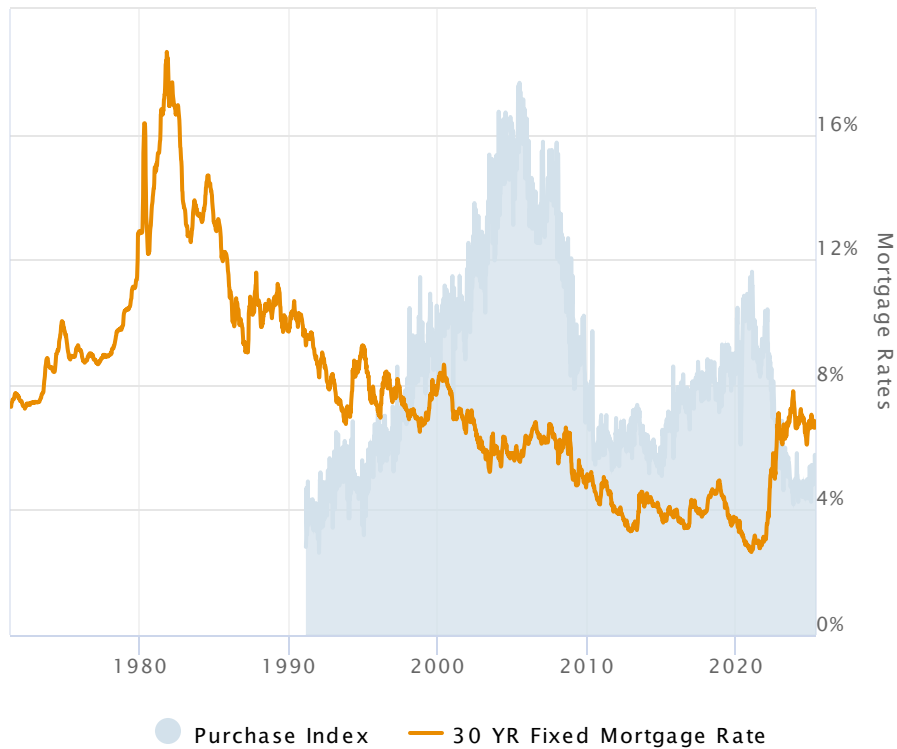
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The seasonally adjusted **Purchase Index** was unchanged from the prior week and slid 2 percent on an unadjusted basis. Purchases were 26 percent lower than during the same week in 2022.



“Treasury rates were elevated again last week following mixed data on inflation and more indication of resiliency in the economy, which may pose a challenge to the Federal Reserve’s efforts to lower inflation. The 30-year fixed mortgage rate increased for the third straight week, reaching 7.16 percent, **matching October 2022’s rate and the highest rate since 2001,**” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Overall applications decreased because of these higher rates, as both purchase and refinance applications ended the week at their lowest levels since February 2023. Government purchase applications provided a bright spot, increasing 2.4 percent over the week, driven by increases in both FHA and VA purchase categories. The ARM share of applications rose slightly to 7 percent, the highest since April 2023, as borrowers look for relief from higher fixed rates.”

Other Data from MBA’s Weekly Mortgage Applications Survey

- Loan sizes were essentially unchanged from the prior week. The average loan was down slightly to \$369,900 while purchase loans averaged \$417,200.
- The FHA share of total applications increased to 13.8 percent from 13.6 percent and the VA share was unchanged at 11.8 percent. USDA applications were stable with a 0.4 percent share.
- The average 7.16 percent contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was a 7-basis point increase. Points dipped to 0.68 from 0.70.
- Jumbo 30-year FRM had a rate of 7.11 percent with 0.55 point. The prior week the jumbo loan averaged 7.04 percent with 0.66 point.
- Thirty-year FRM with FHA backing saw a decline of 9 basis points to an average of 6.93 percent. Points rose to 1.17 from 1.14.
- The rate for 15-year FRM was 6.57 percent compared to 6.51 percent a week earlier with points increasing to 0.94 from 0.92.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 6.20 percent from 6.36 percent, with points increasing to 1.45 from 1.20.
- ARM applications increased from 6.9 percent to 7.0 percent of the total.