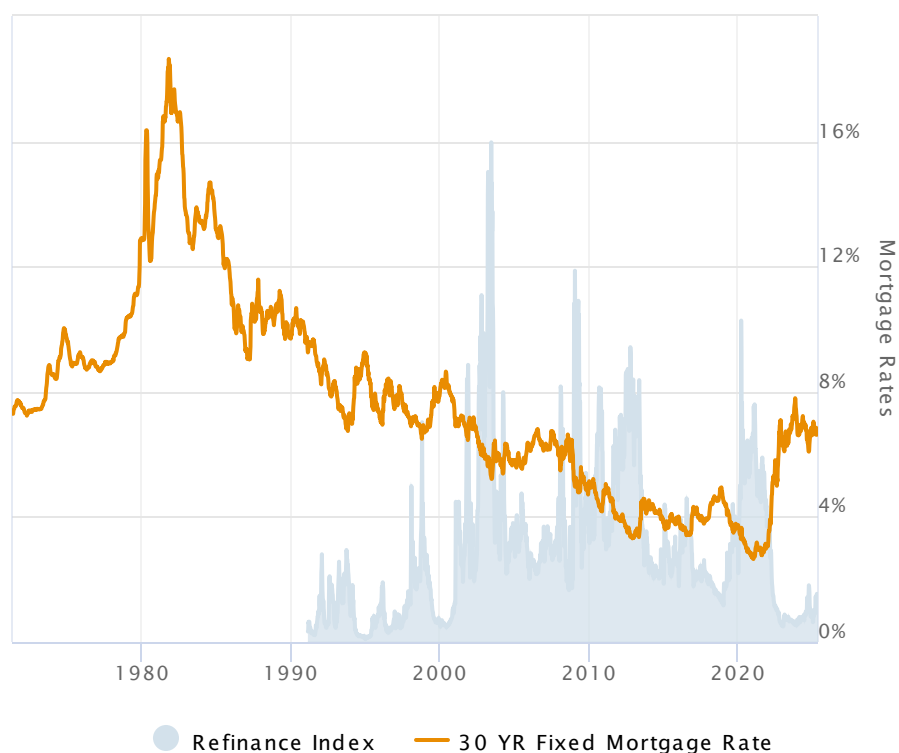




Highest Rates in Decades Cut into Mortgage Volumes

The highest mortgage rates in 20+ years drove another decline in mortgage applications during the week ended September 22. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, decreased 1.3 percent on a seasonally adjusted basis from one week earlier and fell by 2.0 percent on an unadjusted basis.

The Refinance Index decreased 1.0 percent from the previous week and was 21 percent lower than the same week in 2022. The refinance share of mortgage activity grew to 31.9 percent of total applications from 31.6 percent the previous week.



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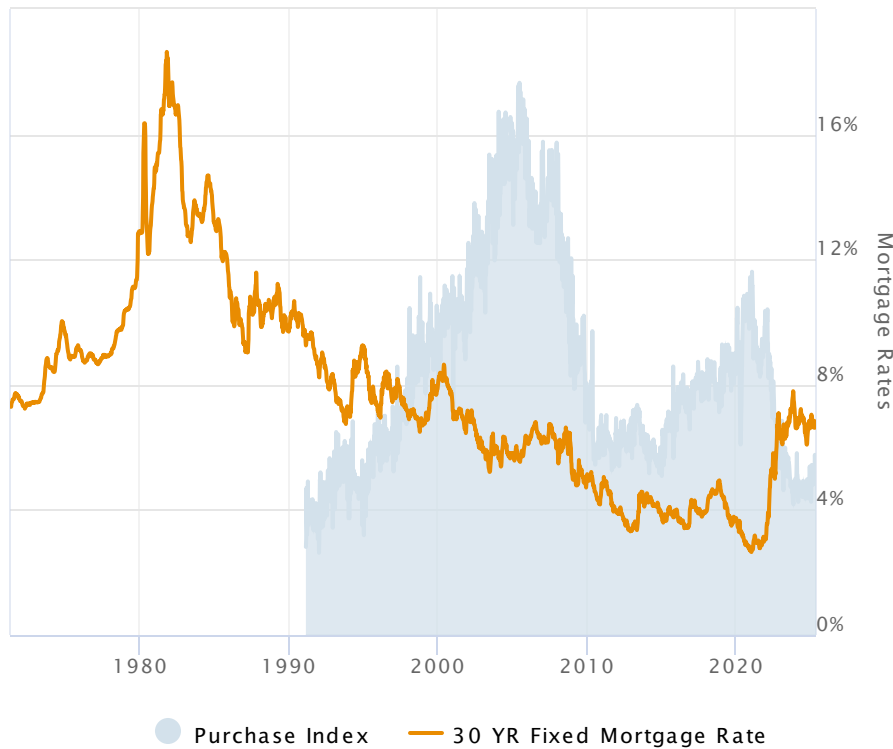
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The Purchase Index was 2.0 percent lower than the prior week on both a seasonally adjusted and unadjusted basis and was down 27 percent compared to the same week one year earlier.



According to Joel Kan, MBA's Vice President and Deputy Chief Economist, "Mortgage rates moved to their highest levels in over 20 years as Treasury yields increased late last week. The 30-year fixed mortgage rate increased to 7.41 percent, the highest rate since December 2000, and the 30-year fixed jumbo mortgage rate increased to 7.34 percent, the highest rate in the history of the jumbo rate series dating back to 2011. Based on the FOMC's most recent projections, rates are expected to be higher for longer, which drove the increase in Treasury yields.

"Overall applications declined, as both prospective homebuyers and homeowners continue to feel the impact of these elevated rates," he said. "The purchase market, which is still facing limited for-sale inventory and eroded purchasing power, saw applications down over the week and 27 percent behind last year's pace. Refinance activity was down over 20 percent from last year and accounted for approximately one third of applications, as many homeowners have little incentive to refinance."

Highlights from MBA's Weekly Mortgage Application Survey

- Loan sizes declined slightly compared to the previous week. Both overall and purchase loan sizes fell by less than \$1000 to \$364,900 and \$416,300, respectively.
- The FHA share of total applications ticked down to 14.1 percent from 14.2 percent and the VA share decreased to 10.9 percent from 11.0 percent. USDA applications accounted for 0.5 percent of the total, up from 0.4 percent the week prior.
- The record high rates for conforming and jumbo 30-year fixed-rate mortgages (FRM) represented increases of 10 basis points and 2 basis points, respectively. Conforming loan points eased back to 0.71 from 0.72 and jumbo loan points declined to 78 from 80.
- The rate for FHA-backed 30-year FRM increased to 7.16 percent, the highest level since March 2002, from 7.08 percent, with points increasing to 0.96 from 0.92.
- Fifteen-year FRM had an average rate of 6.73 percent, the highest since July 2001 and an 11-basis point increase from the prior week. Points jumped to 1.17 from 1.08.
- The 5/1 adjustable-rate mortgage (ARM) rate moved to 6.47 percent from 6.42 percent. Points rose to 1.58 from 1.10.
- The ARM share of activity increased to 7.5 percent of total applications from 7.2 percent the prior week.