



Week Seven of Rate Hikes and Purchase Volume Falls Again

Interest rates rose again last week, as did the share of borrowers seeking a little price relief by applying for adjustable-rate mortgages (ARMs). While applications for refinancing rose slightly, overall volume declined again.

The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, **declined by 1.0 percent on both a seasonally adjusted and unadjusted basis** during the week ended October 20.



Dan Clifton

NMLS #284174 Managing Member, Mortgage Loan Originator and Mortgage Guru, Clifton Mortgage Services, LLC

CliftonMortgageServices.com

P: (888) 681-0777 x1001

M: (407) 252-3039

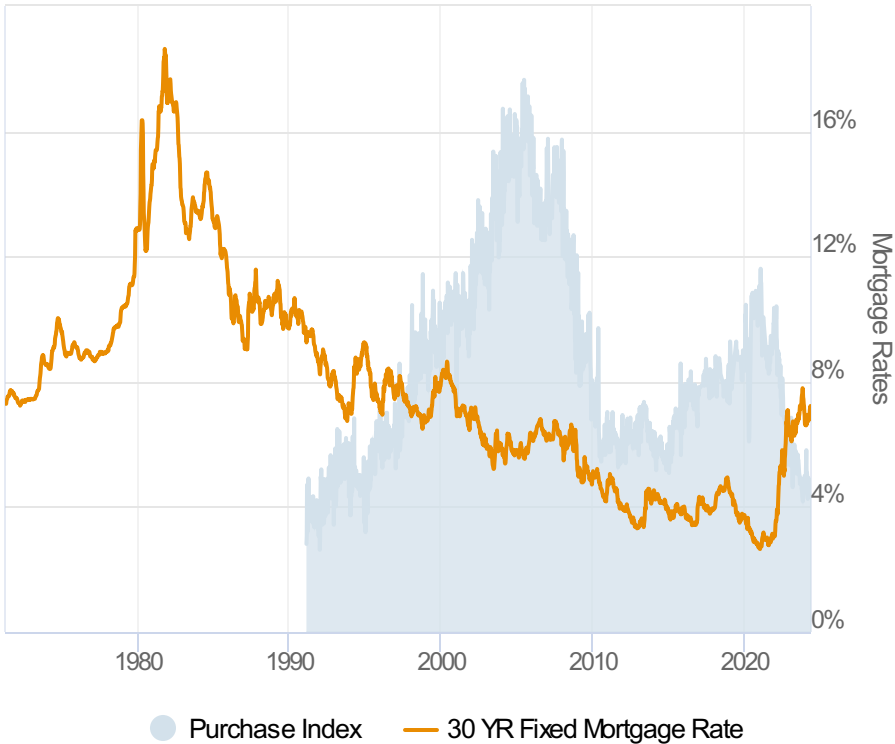
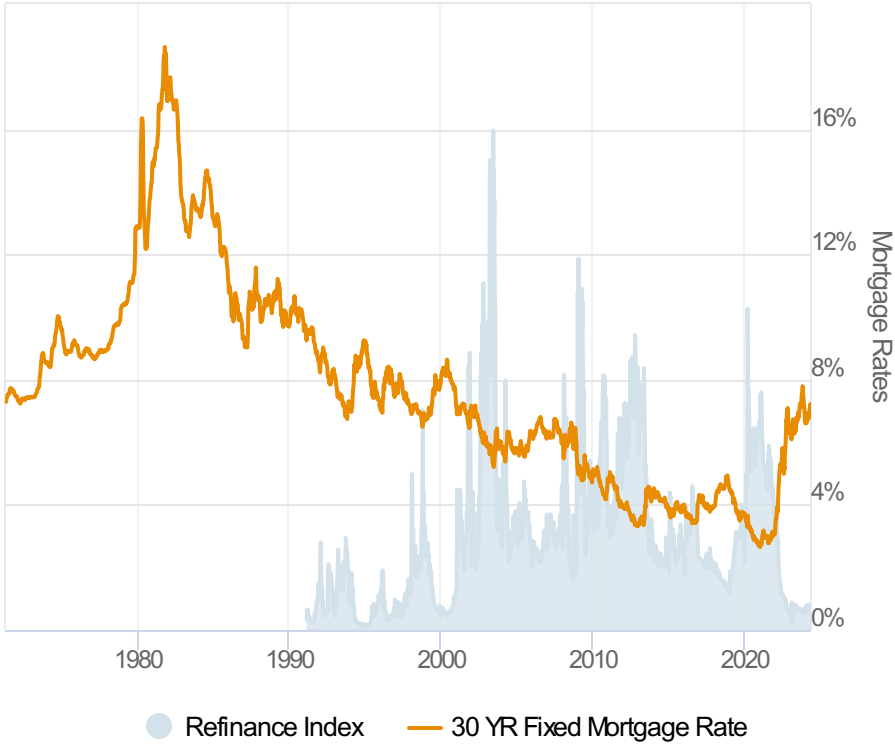
dan@cliftonmortgageservices.com

1177 Louisiana Ave
Winter Park FL 32789

NMLS #852745



The Refinance Index increased 2.0 percent from the previous week and was 8.0 percent lower than the same week one year ago. The refinance share of mortgage activity increased to 31.4 percent of total applications from 30.5 percent a week earlier. Both adjusted and unadjusted Purchase Indices were 2.0 percent lower than the prior week Purchase applications were down 22 percent on an annual basis.



“Ten-year Treasury yields climbed higher last week, as global investors remained concerned about the prospect for higher-for-longer rates and burgeoning fiscal deficits. Mortgage rates followed Treasuries higher, with the 30-year fixed mortgage rate jumping 20 basis points to 7.9 percent – the highest since 2000. Rates have now risen seven consecutive weeks at a cumulative amount of 69 basis points,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Mortgage activity continued to stall, with applications dipping to the slowest weekly pace since 1995. These higher mortgage rates are keeping prospective homebuyers out of the market and continue to suppress refinance activity. **The ARM share of applications inched up to 9.5 percent, its highest since November 2022.**”

Highlights from MBA’s Weekly Mortgage Application Survey

- Loan sizes continued to inch lower. The average loan size dipped \$400 to \$362,100 and purchase loans declined to \$410,700 from \$412,600.
- The FHA share of total applications increased to 15.2 percent from 14.8 percent and the VA share decreased to 10.5 percent from 10.7 percent. The USDA share was 0.4 percent, down from 0.5 percent the previous week.
- The 20-basis point increase in the contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was accompanied by an increase in points from 0.71 to 0.77.
- The rate for jumbo 30-year FRM jumped to 7.78 percent from 7.56 percent, with points decreasing to 0.71 from 0.85.
- Rates for 30-year FRM backed by the FHA increased to 7.52 percent from 7.36 percent, and points rose to 1.15 from 1.02.
- Fifteen-year FRM had an average rate of 7.08 with 1.42 points. The previous week the rate was 6.98 percent, with 1.04 points.
- The rate for 5/1 adjustable-rate mortgages (ARMs) increased by 47 basis points to 6.99 percent. Points declined to 0.68 from 1.50