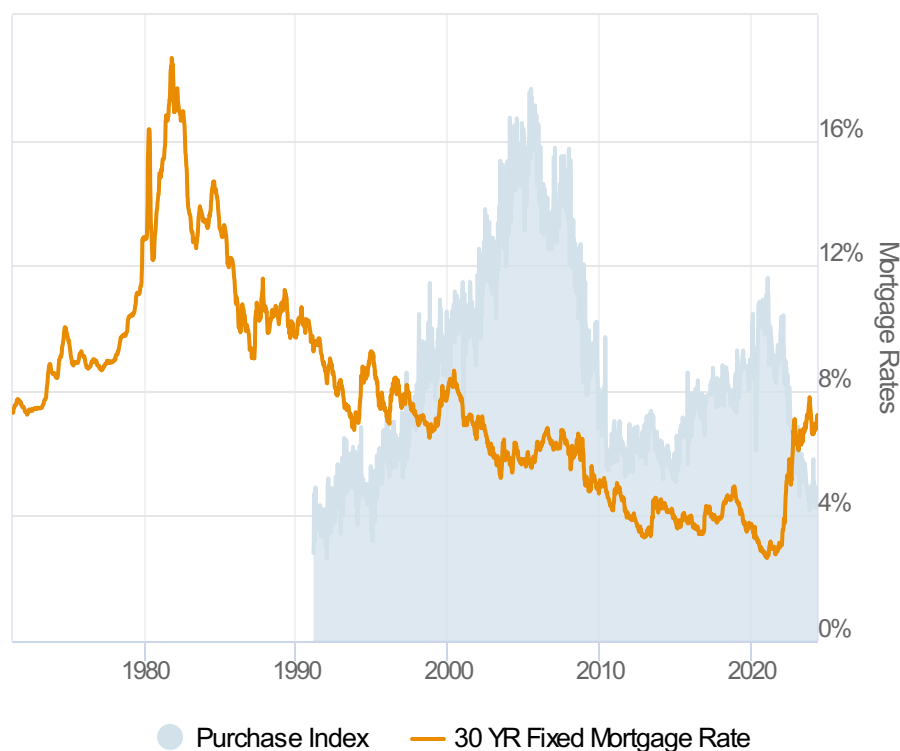




Purchase Applications Increase as Rates Hit 10-Week Low

Despite the three-day week observed by most businesses last week, purchase mortgage applications more than held their own. The Mortgage Bankers Association (MBA) said its **seasonally adjusted Purchase Index gained 5 percent for the week** although it lost 31 percent on an unadjusted basis. It was 19 percent lower than the same week in 2022, also a holiday week.



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The **Refinance Index** did not fare nearly as well. It was **down 9 percent from the previous week** and was 1 percent higher than the same week one year ago. The refinance share of mortgage activity decreased to 30.6 percent of total applications from 32.4 percent the prior week.



As a result, the Market Composite Index, a measure of all mortgage application volume, eked out a 0.3 percent gain on a seasonally adjusted basis from one week earlier and fell by 33 percent before adjustment.

“Mortgage rates decreased for the fourth time in five weeks, with the 30-year fixed rate dipping to 7.37 percent, the lowest level in 10 weeks. There was a slight increase in applications overall, driven by a five percent increase in purchase applications, but refinance applications decreased over the week,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Rates have declined more than 50 basis points over the past six weeks, which has helped to spur a small increase in purchase applications, but activity last week was still around 20 percent lower than a year ago. The purchase market remains depressed because of the **ongoing, low supply of existing homes on the market**. Similarly, refinance activity will likely be muted for some time, even with the recent decline in rates, as many borrowers locked in much lower rates in 2020 and 2021.”

Additional Data from MBA’s Weekly Mortgage Application Survey

- Loan sizes increased significantly. Purchase loans averaged \$411,100 compared to \$402,600 the previous week and the average size of all loans grew by more than \$11,000 to \$362,200.
- The FHA share of total applications declined to 13.5 percent from 14.8 percent and the VA share increased to 12.6 percent from 11.3 percent. The USDA share of total applications ticked up to 0.5 percent from 0.4 percent.
- The 7.37 percent rate for conforming 30-year fixed-rate mortgages (FRM) was an average of 4 basis points lower week over week. Points increased to 0.64 from 0.62.
- The rate for 30-year FRM with jumbo loan balances averaged 7.54 percent, up from 7.51 percent. Points were unchanged at 0.62.
- Thirty-year FRM backed by FHA had an average rate of 7.18 percent with 0.81 point, essentially unchanged from the 7.19 percent and 0.79-point average the previous week.
- The rate for 15-year FRM decreased 1 basis point to 6.88 percent, but points dropped to 0.52 from 0.76.
- The rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 6.59 percent from 6.76 percent and points fell to 0.76 from 0.82.
- ARMs accounted for 8.1 percent of total applications, down from 8.3 percent the prior week.

