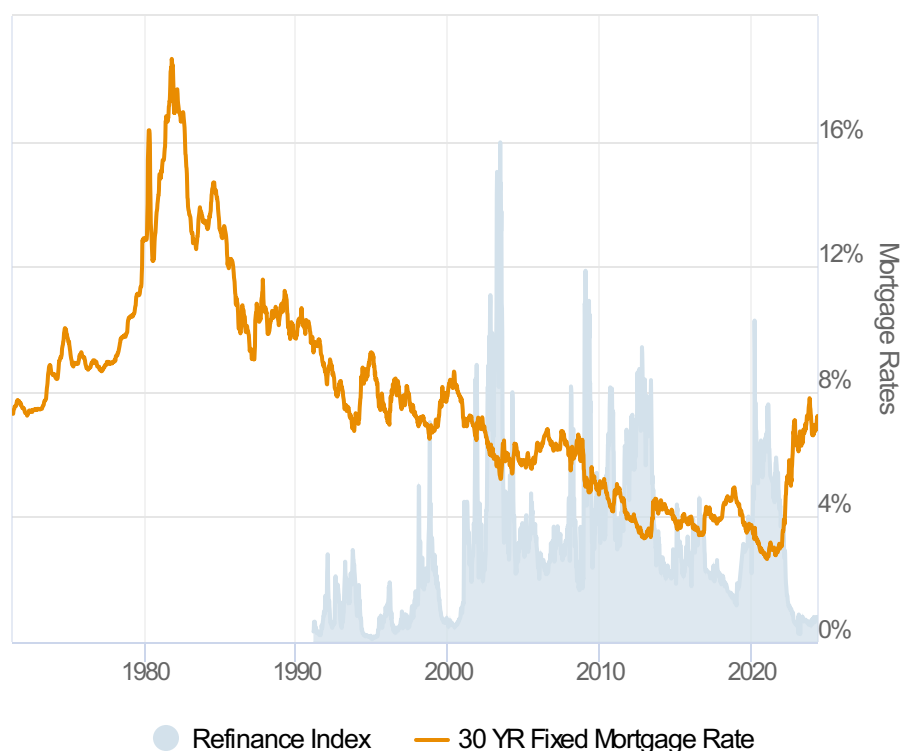




Refinancing Perks Up as Rates Drop

Double-digit declines in many mortgage rates helped revive interest in refinancing last week and a subsequent increase in the Mortgage Bankers Association's (MBA's) Market Composite Index. The Index, a measure of application volume, rose 2.8 percent on a seasonally adjusted basis. Before adjustment, the Index was up 43 percent, due in large part to a rebound from Thanksgiving week.

MBA said applications for refinancing were 14 percent higher than the previous week and 10 percent above the activity during the same week in 2022. The refinance share of applications reached 34.7 percent of total applications, up from 30.6 percent the previous week.



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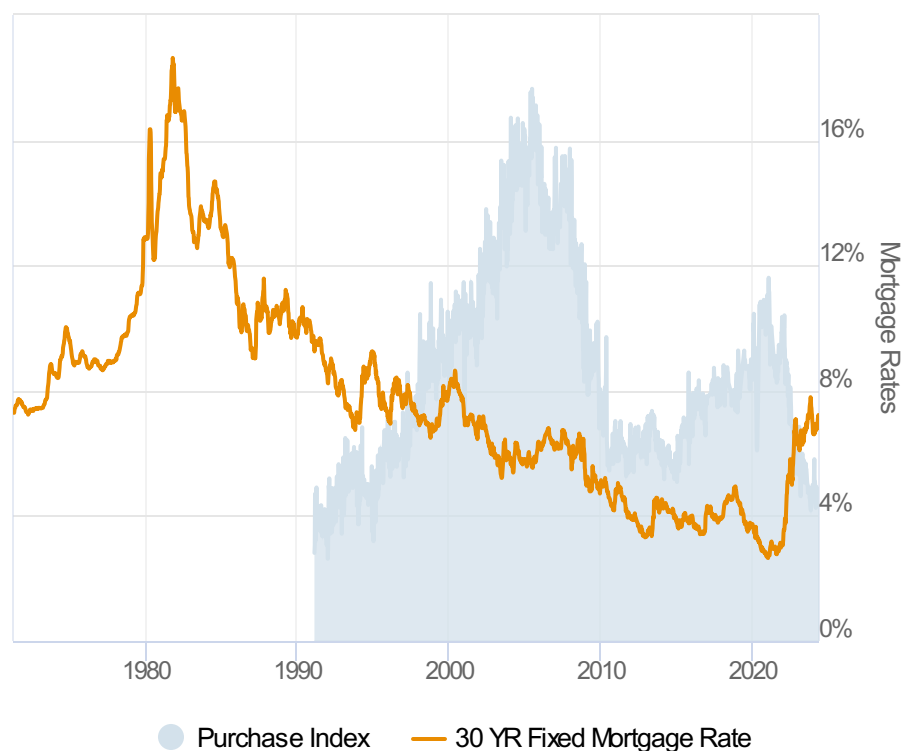
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The seasonally adjusted Purchase Index slipped by 0.3 percent from one week earlier but was up 35 percent on an unadjusted basis. It was 17 percent lower than the same week one year ago.



“Mortgage rates declined last week, with the 30-year fixed-rate mortgage falling to 7.17 percent – the lowest level since August 2023. Slower inflation and financial markets anticipating the potential end of the Fed’s hiking cycle are both behind the recent decline in rates,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Refinance applications saw the strongest week in two months and increased on a year-over-year basis for the second consecutive week for the first time since late 2021. The overall level of refinance applications is still very low, but recent increases could signal that 2023 was the low point in this cycle for refinance activity, consistent with our originations forecast. Purchase applications remained 17 percent lower than a year ago, held back by low inventory and still-challenging affordability conditions.”

Other Highlights from MBA’s Weekly Mortgage Application Survey

- The average size of all loans and of those for home purchases each fell by more than \$15,000 last week. The overall loan size of \$345,900 was the smallest since the first week of 2022. The average purchase loan amount was \$396,500.
- The FHA share of total applications increased to 15.0 percent from 13.5 percent and the VA share rose to 12.8 percent from 12.6 percent. USDA loan applications accounted for 0.5 percent of the week’s total.
- The 7.17 percent rate for conforming 30-year fixed-rate mortgages (FRM) represented a 20-basis point decline from the prior week. Points decreased to 0.60 from 0.64.
- Jumbo 30-year FRM carried an average rate of 7.35 percent and 0.44 point. The previous week the rate was 7.54 percent with 0.62 point.
- FHA-backed 30-year FRM had an average rate of 6.98 percent, down from 7.18 percent a week earlier. Points increased to 0.84 from 0.81.
- Fifteen-year FRM rates declined by an average of 8 basis points to 6.80 percent. Points rose to 0.77 from 0.52.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) ticked down to 6.58 percent from 6.59 percent, with points decreasing to 0.69 from 0.76.
- The ARM share of activity decreased to 7.4 percent of total applications, a 3 percentage point drop over the previous month.