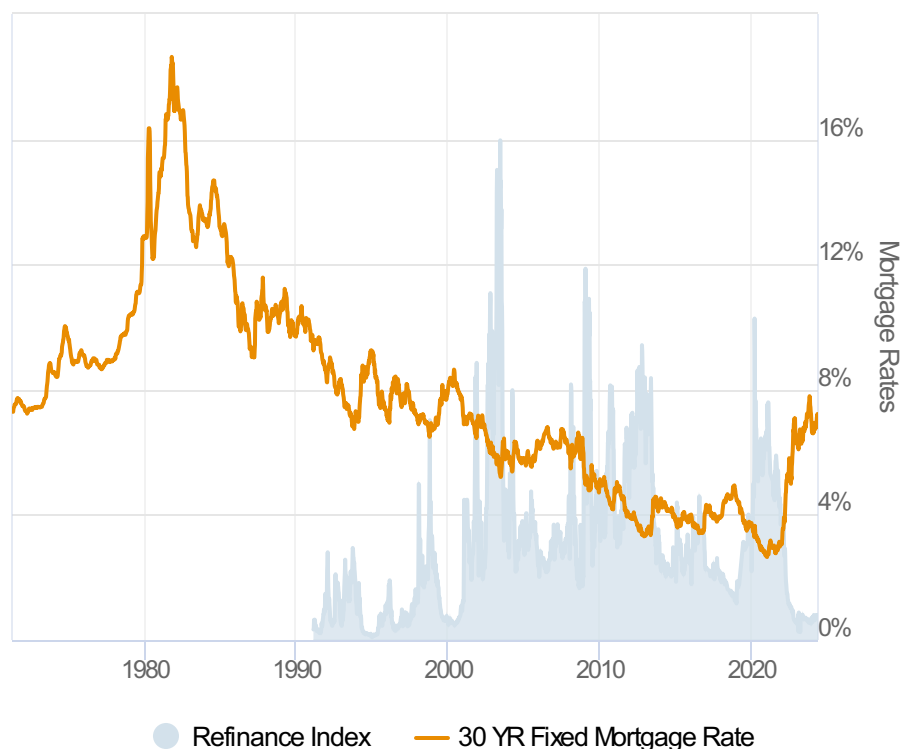




Refinancing Activity Responds to Rate Drop

Borrowers took advantage of lower mortgage rates again last week, seizing the opportunity, especially for refinancing. The Mortgage Bankers Association (MBA) said its seasonally adjusted Market Composite Index, a measure of mortgage loan application volume, increased 7.4 percent on a seasonally adjusted basis compared to the prior week and was 6.0 percent higher on an unadjusted basis.

The Refinance Index spiked a 19 percent gain week-over-week and was 27 percent higher than the same week one year ago. The refinance share of mortgage activity increased to 39.2 percent of total applications, its largest share since March 2022, up from 34.7 percent the previous week.



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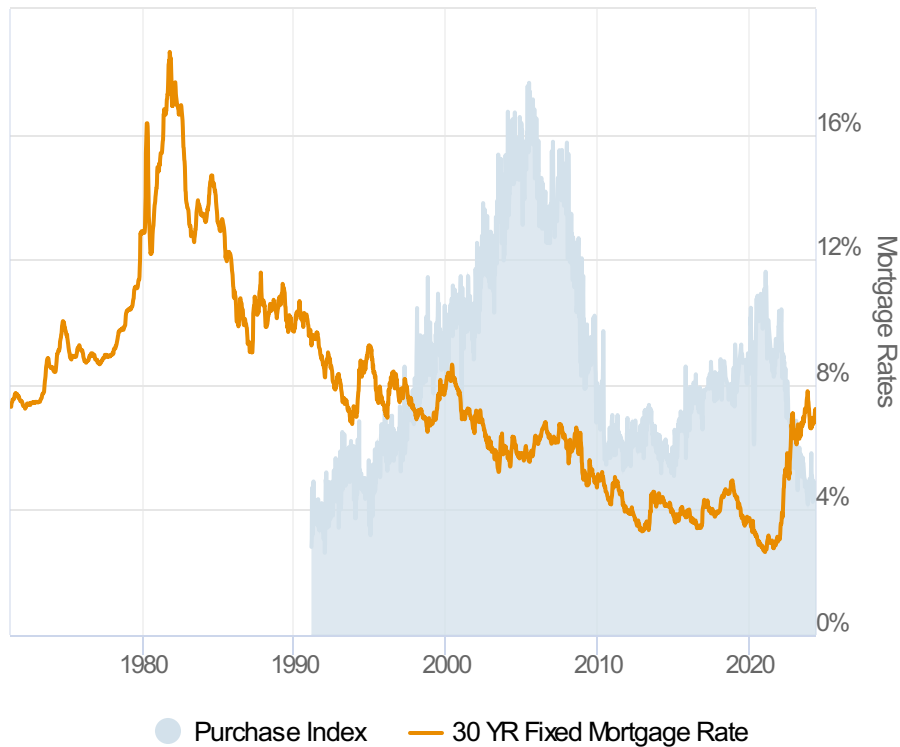
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The seasonally adjusted **Purchase Index** rose by 4.0 percent from a week earlier although was 1.0 percent lower before adjustment and 18 percent below its level during the same week in 2022.



“Mortgage rates dropped last week, as incoming data point to a slowing economy and support a pivot by the Federal Reserve to begin cutting rates next year. The average 30-year fixed mortgage rate declined to 7.07 percent, the lowest level since July,” said Mike Fratantoni, MBA’s SVP and Chief Economist. “Borrowers who had seen rates near 8 percent earlier this fall are now seeing some lenders quote rates below 7 percent. Refinance volume picked up in response to this drop in rates, with a particularly notable increase for FHA and VA refinance applications. Purchase volume was running about 18 percent below last year’s pace, as prospective homebuyers are **still challenged by a lack of inventory, even if rates have decreased.**”

Other Data from MBA’s Weekly Mortgage Applications Survey

- The average loan size rebounded last week from a near two-year low the week before. Both the average loan and loans for purchasing increased by just under \$10,000 to \$355,400 and \$407,900 respectively.
- The FHA share of total applications increased to 16.1 percent from 15.0 percent and the VA share jumped to 14.2 percent from 12.8 percent. USDA applications accounted for 0.4 percent of the total.
- The 7.07 percent average rate for conforming 30-year fixed-rate mortgages (FRM) represented a 10-basis point decline. Points dipped to 0.59 from 0.60.
- Jumbo 30-year FRM had an average rate of 7.22 percent with 0.37 point. The prior week the average was 7.35 percent with 0.44 point.
- Thirty-year FRM with FHA backing declined from 6.98 percent to 6.84 percent. Points fell to 0.72 from 0.84.
- The rate for 15-year fixed-rate mortgages dropped to 6.67 percent from 6.80 percent, with points decreasing to 0.58 from 0.77.
- The share of borrowers who applied for adjustable-rate mortgages (ARMs) continued to slide, down to 6.3 percent from 7.4 percent in a week.
- The average rate for 5/1 ARMs decreased to 6.47 percent from 6.58 percent, with points increasing to 0.76 from 0.69.