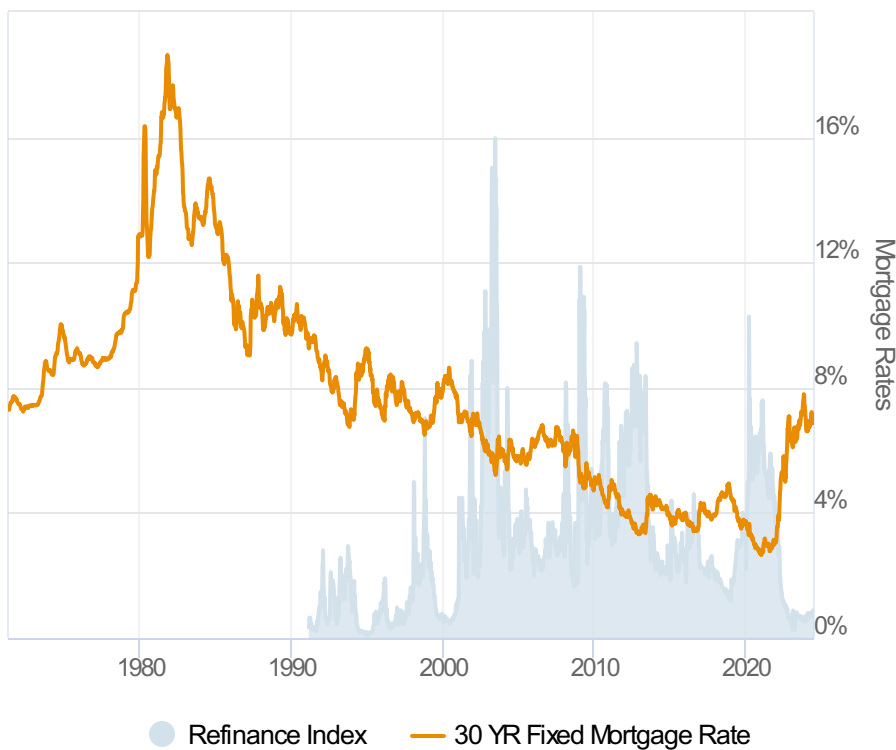




Lower Rates or Not, Last Week's Applications were "Tepid"

The Thanksgiving holiday was followed by two strong weeks for mortgage applications, especially for refinancing, as mortgage rates fell. This past week, however, the lowest rates in six months failed to stir much interest among borrowers. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, eased back by 1.5 percent on a seasonally adjusted basis and was down 3.0 percent before adjustment.

Refinancing, which had increased by an aggregate of 33 percent over the previous two weeks, seemed to run out of steam. The Refinance Index declined 2.0 percent from the previous week, remaining 18 percent higher than the same week in 2022. The refinance share of mortgage activity increased to 39.7 percent of total applications from 39.2 percent the previous week.



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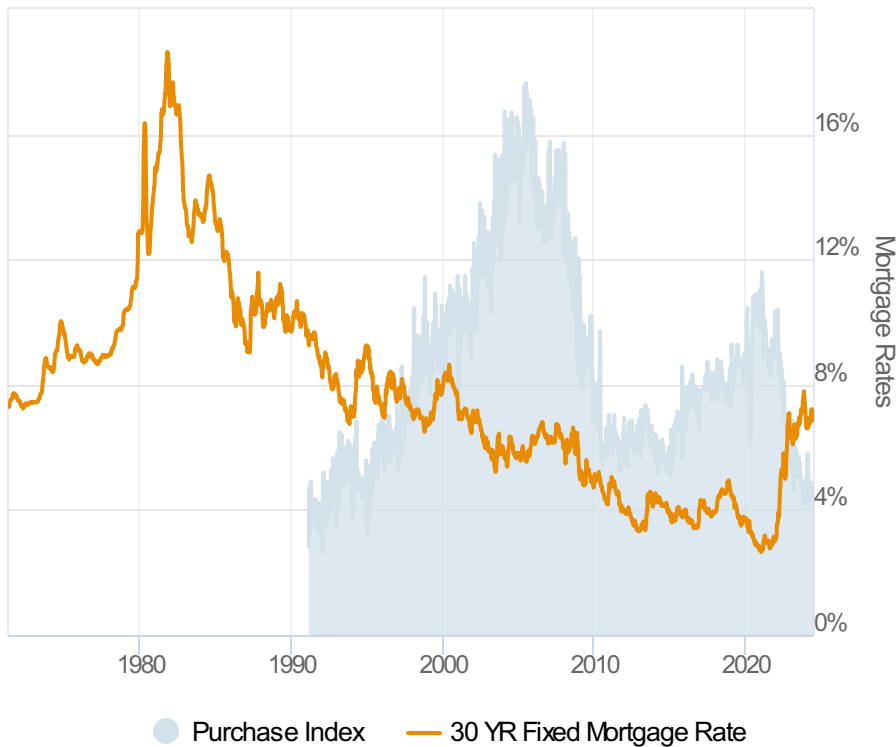
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The seasonally adjusted Purchase Index ticked down 1.0 percent and was 4.0 percent lower on an unadjusted basis. It was 18 percent lower than during the same week in 2022.



"With the positive news about the drop in inflation, and the FOMC (Federal Open Market Committee) projections proclaiming a pivot towards rate cuts, the 30-year fixed mortgage rate reached its lowest level since June 2023, declining to 6.83 percent," said Mike Fratantoni, MBA's SVP and Chief Economist. "At least as of last week, borrowers' response to this rate move was rather tepid. VA refinance applications jumped 18 percent for the week, but otherwise, both refinance and purchase applications showed small declines."

Other Highlights from MBA's Weekly Mortgage Applications Survey

- Loan sizes rose for the second week. The average loan amount was \$360,100, up from \$355,400, and purchase loans increased by \$8,000 to \$416,000.
- The FHA share of total applications decreased to 15.5 percent from 16.1 percent while the VA share increased to 15.6 percent from 14.2 percent. USDA loans accounted for 0.4 percent of the total.
- The 6.83 percent average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was 24 basis points lower than the rate during the week ended December 8. Points ticked up to 0.60 from 0.59.
- The rate for jumbo 30-year FRM decreased to 7.12 percent from 7.22 percent, with points increasing to 0.55 from 0.37.
- Thirty-year FRM backed by the FHA had a rate of 6.65 percent with 0.69 point. The average rate a week earlier was 6.84 percent with 0.72 point. The rate for 15-year FRM dropped to 6.41 percent from 6.67 percent, with points increasing to 0.77 from 0.58. The rate for 5/1 adjustable-rate mortgages (ARMs) averaged 6.33 percent, down from 6.47 percent, with points decreasing to 0.57 from 0.76. The adjustable-rate mortgage (ARM) share of activity remained at 6.3 percent of total applications.

MBA's offices will be closed next week in observance of the Christmas holiday so there will be no application volume report. The office will reopen on January 2 and reports for the weeks ending December 22 and December 29, 2023 will be released on January 3, 2024.