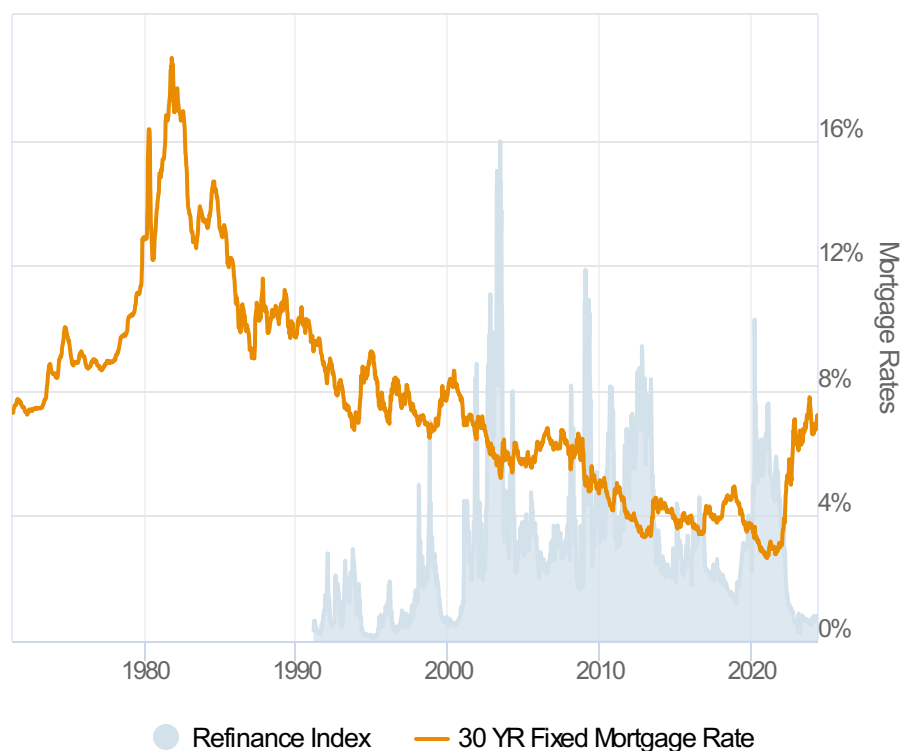




Little Change in Mortgage Application Volume, Despite Lower Rates

The Mortgage Bankers Association said its Market Composite Index moved lower last week, apparently indifferent to a slight improvement in mortgage interest rates. The Index, which measures loan application volume, decreased 0.7 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index declined 0.4 percent compared with the previous week.

The Refinance Index decreased 2.0 percent from the previous week and was 9.0 percent lower than the same week one year ago. The refinance share of mortgage activity accounted for 30.8 percent of total applications compared to 31.2 percent the previous week.



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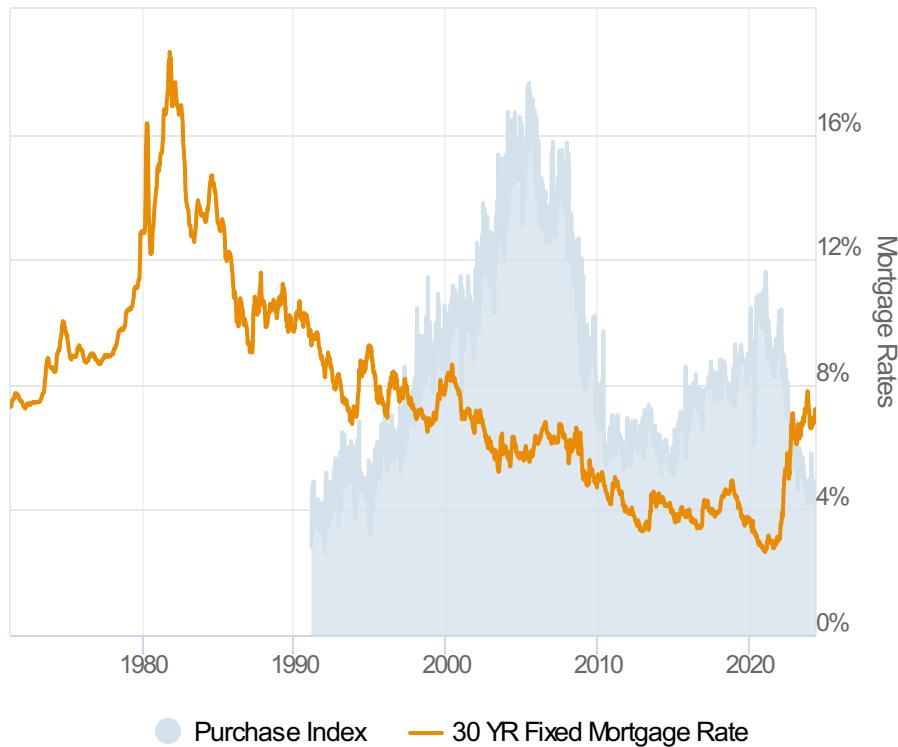
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The Purchase Index ticked down 0.2 percent both before and after its seasonal adjustment. It was 16.0 percent lower than the same week one year ago.



“Mortgage application activity was muted last week despite slightly lower mortgage rates. The 30-year fixed rate edged lower to 6.93 percent, but that was not enough to stimulate borrower demand,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Purchase applications were essentially unchanged, as homebuyers continue to hold out for lower mortgage rates and for more listings to hit the market. **Lower rates should help to free up additional inventory as the lock-in effect is reduced, but we expect that will only take place gradually,** as we forecast that rates will move toward 6 percent by the end of the year. Similarly, with rates remaining elevated, there is very little incentive right now for rate/term refinances.”

Additional Highlights from the MBA Weekly Mortgage Application Survey

- Loan sizes slipped slightly lower last week. The average was \$387,000, down from \$389,800 and purchase loans averaged \$441,800 compared to \$445,000.
- FHA and the VA applications each accounted for a 12.0 percent share of the total, declining 0.1-point from the prior week. The USDA share remained at 0.5 percent.
- The average contract interest rate (6.93 percent) for conforming 30-year fixed-rate mortgages (FRM) was 4 basis points lower than a week earlier. Points decreased to 0.60 from 0.64.
- Jumbo 30-year FRM had an average interest rate of 7.14 percent, unchanged week-over-week. Points dropped to 0.38 from 0.54.
- The average contract interest rate for 30-year FRM backed by the FHA decreased to 6.75 percent from 6.89 percent, with points decreasing to 0.97 from 1.04
- Fifteen-year FRM rates were down 3 basis points from the previous week to an average of 6.46 percent with points increasing to 0.75 from 0.70.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 6.27 percent from 6.33 percent. Points increased to 0.6 from 0.55.
- The ARM share of activity moved from 7.2 percent of applications to 7.0 percent.