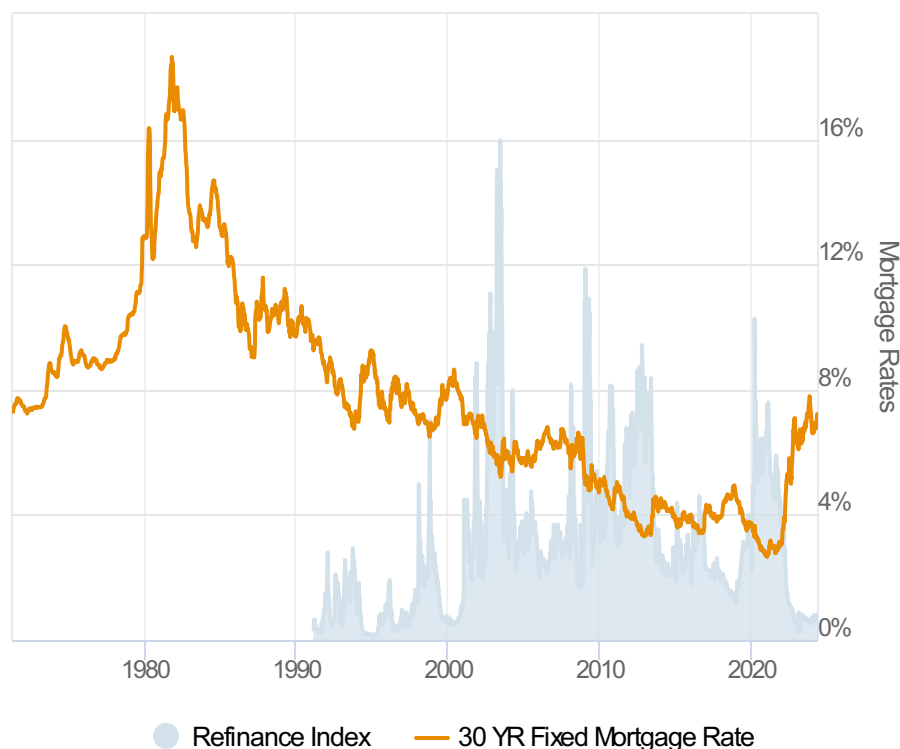


## Borrowers Pick Up Pace of Refinancing

The interest rate for conforming 30-year fixed-rate mortgages (FRM) again topped 7 percent last week, but mortgage application activity still squeezed out a tiny gain. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of application volume, **increased 0.1 percent on a seasonally adjusted basis**. On an unadjusted basis, the Index increased 0.2 percent compared with the previous week.

**But that tiny gain was due solely to a 10.0 percent increase in refinancing** (plus 4.0 percent year-over-year) while the purchase mortgage level fell 5.0 percent on a seasonally adjusted basis. Refinancing accounted for 33.3 percent of applications during the week compared to 30.3 percent a week earlier.



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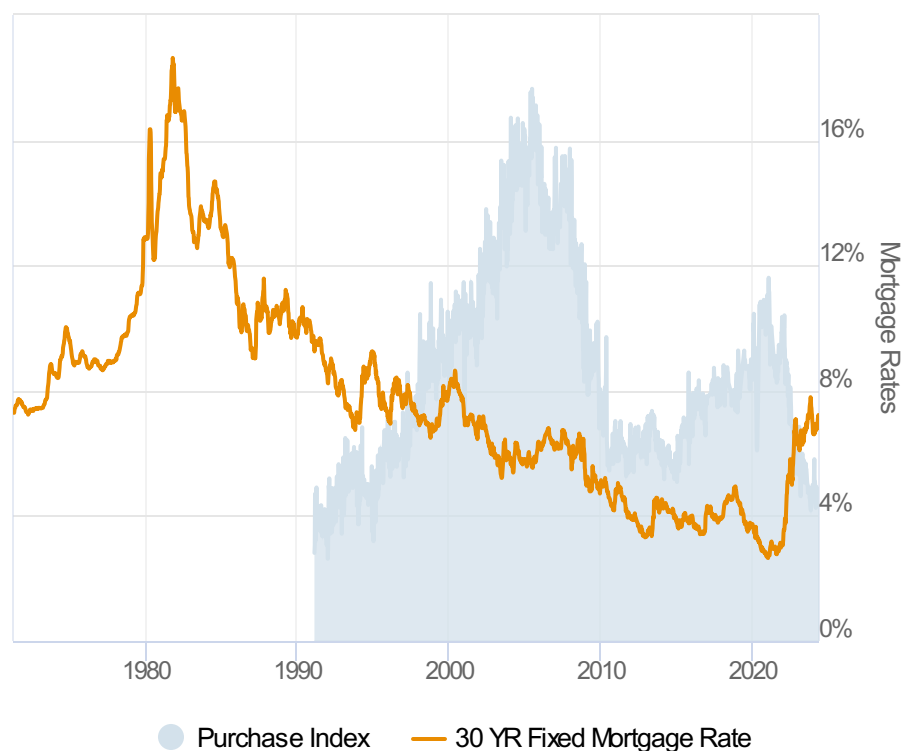
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The non-seasonally adjusted Purchase Index was 4.0 percent lower last week and down 23 percent from its level the same week one year ago.



“Mortgage rates moved higher last week as several Federal Reserve officials reiterated a patient posture on rate cuts. Inflation remains stubbornly above the Fed’s target, and the broader economy continues to show resiliency. Unexpectedly strong employment data released last week further added to the upward pressure on rates,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “The 30-year fixed rate increased to 7.01 percent, the highest in over a month. Purchase applications were down almost five percent to the lowest level since the end of February, but refinance applications were up 10 percent, driven particularly by VA refinance applications.”

#### Other Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes fell last week with the average dropping to \$388,200 from \$395,500 the prior week. Purchase loan sizes, often viewed as an indicator of home prices, fell to \$449,400 from \$453,000.
- The FHA share of total applications increased to 12.1 percent from 11.7 percent and the VA share rose to 14.0 percent from 12.1 percent. USDA applications accounted for 0.4 percent of the week’s total.
- The 7.1 percent average contract interest rate for conforming 30-year FRM was a 10-basis point increase from the prior week. Points remained at 0.59.
- Jumbo 30-year FRM had an average rate of 7.13 percent compared to 7.06 percent, with points decreasing to 0.56 from 0.57.
- The rate for 30-year FRM backed by the FHA increased to 6.80 percent from 6.74 percent, and points increased to 0.93 from 0.90.
- Fifteen-year FRM had a rate of 6.46 percent with 0.60 point. The rate a week earlier was 6.35 percent, with 0.56 point.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) increased to 6.41 percent from 6.37 percent, with points decreasing to 0.67 from 0.68.
- The ARM share of activity decreased to 6.9 percent of total applications from 7.0 percent in each of the two previous weeks.