



Rates Push Application Volume Back to March Levels

Higher interest rates helped to wipe out three weeks of gains in mortgage application activity. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of that activity, **decreased 5.7 percent on a seasonally adjusted basis and 6.3 percent before adjustment** during the week ended May 24.

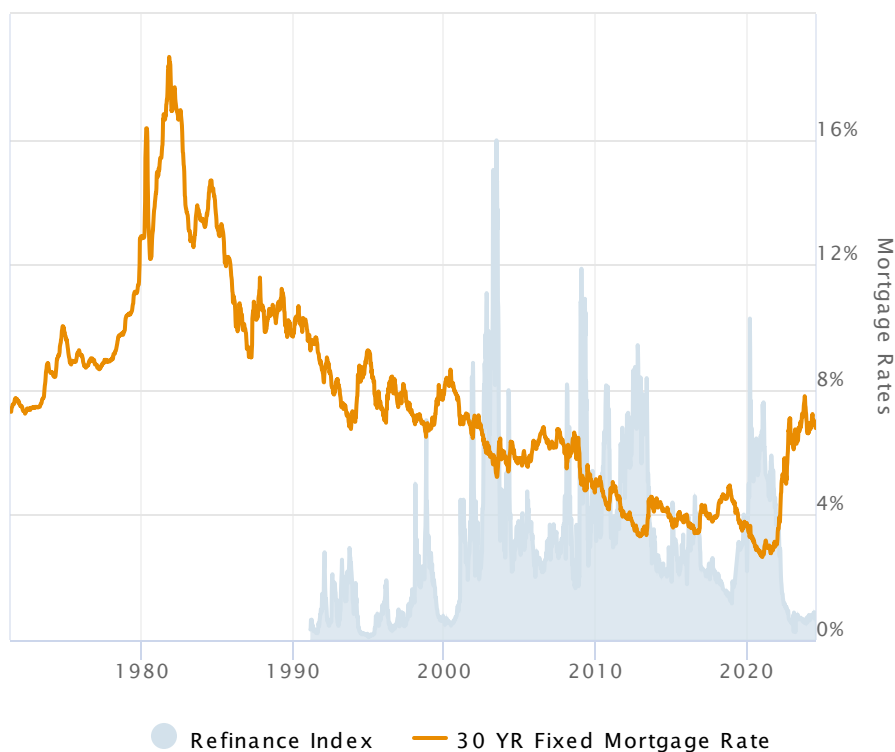
The Refinance Index plummeted by 14.0 percent from the previous week's level but stayed 12.0 percent higher than during the same week one year ago. The refinance share of mortgage activity decreased to 31.3 percent from 34.0 percent.



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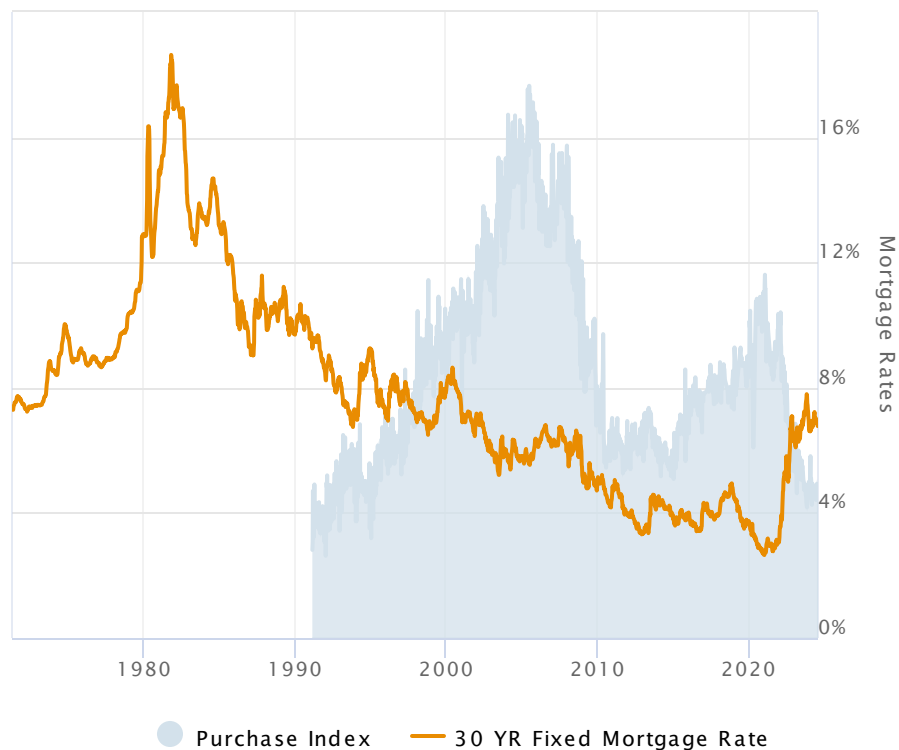
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● Refinance Index — 30 YR Fixed Mortgage Rate

The seasonally adjusted **Purchase Index** declined for the third straight week, slipping **1.0 percent** on a seasonally adjusted basis and **3.0 percent** on an unadjusted basis. Purchase loan applications were down **10.0 percent** compared to the same period in 2023.



“Mortgage rates increased for the first time in four weeks, with the 30-year fixed rate up to 7.05 percent and all other loan types also seeing increases. The uptick in rates led to a decline in mortgage applications heading into Memorial Day weekend,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Both purchase and refinance applications fell, pushing overall activity to the lowest level since early March. **Borrowers remain sensitive to small increases in rates, impacting the refinance market and keeping purchase applications below last year’s levels.** There continues to be limited levels of existing homes for sale and many buyers are struggling to find listings in their price range that meet their needs.”

Highlights from MBA’s Weekly Loan Application Survey.

- Last week we referred to loan sizes, an indicator of home prices, as a “see-saw.” The up and down pattern has continued now for four weeks but the overall trend is negative. Since the last increase, the average has lost more than \$4,000 and purchase loans have retreated by \$6,000.
- The FHA share of total applications dipped to 12.7 percent from 12.8 percent and the VA share fell 1.7 percentage points to 12.0 percent. The USDA share of total applications returned to its usual 0.4 percent share after falling off that pace fractionally the prior week.
- The 7.05 percent average rate for conforming 30-year fixed-rate mortgages (FRMs) was 4 basis points higher than the prior week with points increasing to 0.63 from 0.60.
- The rate for jumbo 30-year FRM moved to 7.22 percent from 7.18 percent and points ticked up to 0.43 from 0.44.
- Thirty-year FRM backed by the FHA saw an average increase of 8 basis points to 6.85 percent, with points increasing to 0.95 from 0.88.
- The rate for 15-year FRM averaged 6.66 percent with 0.69 point. The previous week the rate was 6.42 percent, with 0.54 point.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) rose to 6.64 percent from 6.48 percent. Points moved 0.22 higher to 0.77. The ARM share of activity decreased to 6.4 percent of total applications from 6.6 percent.

