



Mortgage Application Volume Not Impressed by Lower Rates

Slightly lower mortgage rates failed to impress potential borrowers last week. The Mortgage Bankers Association said its Market Composite Index, a measure of mortgage loan application volume, ticked up 0.8 percent on a seasonally adjusted basis from one week earlier but was down 10.0 percent before adjustment.

The Refinance Index was essentially unchanged from the previous week and was 26.0 percent higher than the same week in 2023. Refinancing accounted for 35.1 percent of total applications compared to 35.2 percent the previous week.



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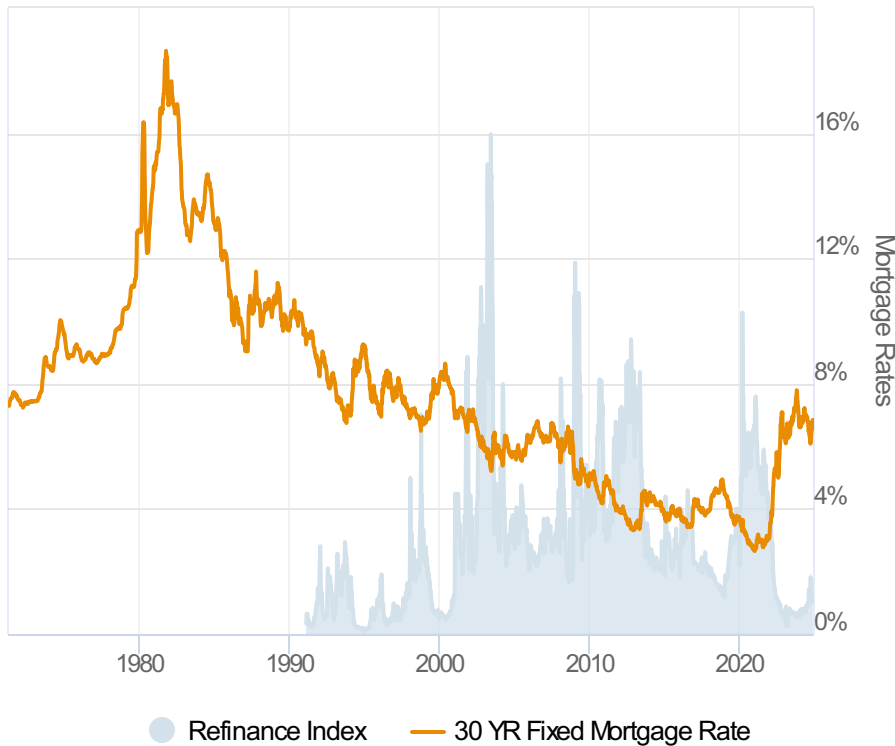
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The seasonally adjusted **Purchase Index** gained **2.0 percent** from one week earlier. Applications were down 10.0 percent on an unadjusted basis and 13.0 percent lower than the level the same week one year ago.



Volume data includes an adjustment for the Juneteenth holiday.

Mortgage rates were mostly lower last week, with the 30-year fixed rate declining slightly to 6.93 percent, the lowest level in more than three months,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Lower rates, however, were still not enough to entice refinance borrowers back, as **most continue to hold mortgages with considerably lower rates.**”

Added Kan, “Purchase applications did see a small increase after adjusting for the Juneteenth holiday. Government purchase loans, primarily FHA and VA, saw gains of more than 2 percent over the previous week, as homebuyers in those segments sought to take advantage of the recent rate relief.”

Highlights from MBA’s Weekly Mortgage Application Survey

- Loan sizes reversed direction last week, ending a three-week slide. The average loan was \$374,100, up from \$373,200. Purchase loans averaged \$430,500, almost \$2,000 more than the prior week.
- The FHA share of total applications increased to 13.1 percent from 12.7 percent and the VA share decreased to 13.8 percent from 14.8 percent. The USDA share was unchanged at 0.4 percent.
- As Kan noted, the average contract interest rate for 30-year fixed-rate mortgages (FRM) with loan balances below the conforming limit of \$766,550 decreased to 6.93 percent from 6.94 percent, with points unchanged at 0.61.
- Jumbo 30-year FRM had a rate of 7.04 percent compared to 7.12 percent the prior week. Points increased to 0.6 from 0.48.
- Thirty-year FHA-backed FRM rates averaged 6.82 percent, down 3 basis points from the prior week. Points rose to 0.99 from 0.93.
- The average contract interest rate for 15-year fixed-rate mortgages dipped to 6.46 percent from 6.47 percent, with points increasing to 0.75 from 0.60.
- The average contract interest rate for 5/ 1 adjustable-rate mortgages (ARMs) increased to 6.29 percent from 6.27 percent, with points decreasing to 0.5 from 0.96.
- ARM activity accounted for 6.1 percent of total applications,