



Refinance Volume Proves Brighter than Last Year

Higher interest rates knocked mortgage application volume back last week. But, while purchase volume appears to lose ground year-over-year, refinancing activity is steadily improving compared to the same week in 2023. The Mortgage Bankers Association said its Market Composite Index, a measure of that application volume, **decreased 2.6 percent on a seasonally adjusted basis from one week earlier and rose 8.0 percent on an unadjusted basis.**

Alan Holom

SVP, Stockman Bank

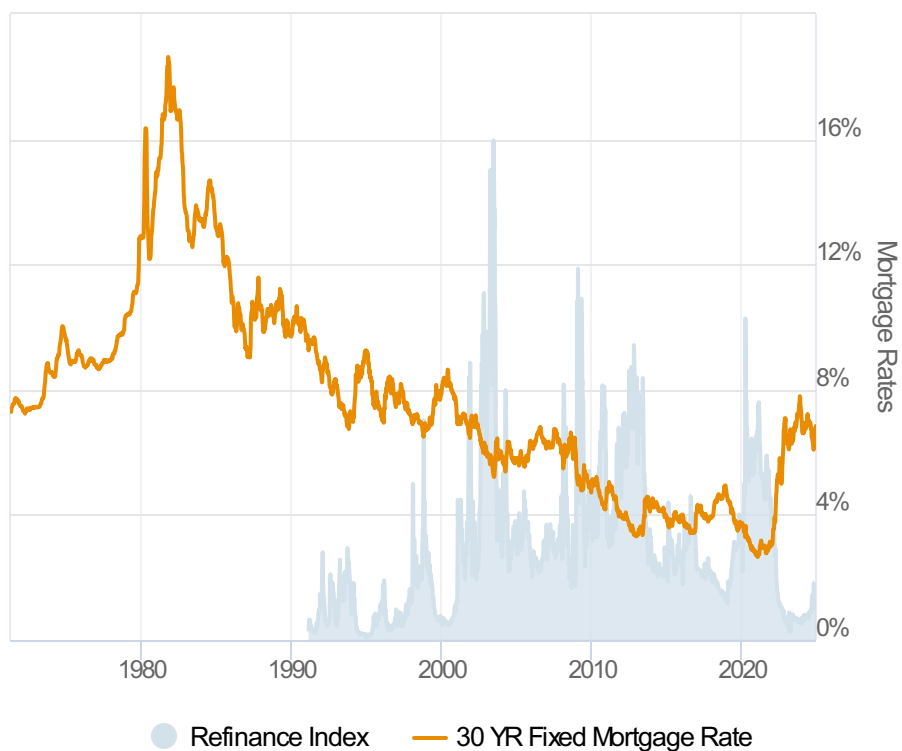
www.stockmanbank.com

P: (406) 234-8438

2700 King Ave

Billings MT 59102

The Refinance Index was down 2.0 percent compared to the week ended June 20 and was 29.0 percent higher than the same week one year ago. The refinance share of mortgage activity increased to 35.7 percent of total applications from 35.1 percent the previous week.



The seasonally adjusted Purchase Index fell 3.0 percent from one week earlier. The unadjusted Purchase Index increased 7.0 percent compared with the previous week and was 12.0 percent lower than the same week one year ago.



“Mortgage rates moved higher last week, crossing the 7 percent mark, even as the latest inflation data has kept market expectations alive for a rate cut from the Fed later this year,” said Mike Fratantoni, MBA’s SVP and Chief Economist. “Purchase applications decreased the final full week of June, **even as both new and existing inventories have increased over the past few months.** Refinance activity also remains subdued – although there was a slight increase in applications for conventional refinance loans.”

Highlights from MBA’s Weekly Mortgage Application Survey

- Loan sizes rose last week. The average loan was \$374,900 up from \$372,300 while purchase loans jumped from \$420,300 to \$434,200.
- The FHA share of total applications was unchanged at 13.1 percent and the VA share fell to 12.9 percent from 13.8 percent. The USDA share of total applications hit a recent low of 0.3 percent.
- The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances increased 10 basis points to 7.03 percent. Points increased to 0.62 from 0.61.
- Jumbo 30-year FRM saw an average rate increase to 7.11 percent from 7.04 percent, with points decreasing to 0.5 from 0.60.
- Thirty-year FHA-backed FRM had a rate of 6.90 percent, up from 6.82 percent. Points declined to 0.95 from 0.99.
- The average rate for 15-year fixed-rate mortgages increased to 6.56 percent from 6.46 percent, with points decreasing to 0.54 from 0.75.
- Adjustable-rate mortgage (ARM) rates also increased with the 5/1 year adjustable at 6.38 percent with 0.54 point. The prior week that rate was 6.29 with 0.50 point. The ARM share of activity remained at the previous week’s level of 6.0 percent.