



Mortgage App Volume in a Wait and See Mood?

Home buyers remained on the sidelines as interest rates drifted lower, perhaps paying attention to the Federal Reserve's musings about future cuts. The Mortgage Bankers Association (MBA) reports its Market Composite Index, a measure of mortgage loan application volume, **decreased 2.2 percent on a seasonally adjusted basis last week and 2.0 percent before adjustment.**

There was a tiny increase in the Refinance Index from the prior week, 0.3 percent, and refinancing accounted for 39.7 percent of applications compared to 38.8 percent a week earlier. The Index was 38 percent higher than the same week in 2023.



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The seasonally adjusted **Purchase Index** decreased **4.0 percent** from one week earlier on both an adjusted and unadjusted basis and was 15 percent lower than the same week one year ago.



“Mortgage rates continued to ease, with the 30-year fixed rate dipping to 6.82 percent, the lowest level since February 2024,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Refinance applications were up, driven by conventional and FHA application activity, as some borrowers took the opportunity to act. Furthermore, **the conventional refi index was at its highest level since September 2022.**”

Added Kan, “Purchase applications decreased as ongoing affordability challenges persist with rates at their current levels and with home-price appreciation still strong in many markets.”

More Results from MBA’s Weekly Mortgage Applications Survey

- Loan sizes increased for the second straight week. Overall loan requests rose from an average of \$264,600 to \$368,700 and purchase loan sizes increased more than \$11,000 to \$429,000.
- The FHA share of total applications ticked down to 13.4 percent from 13.5 percent and the VA share decreased to 14.8 percent from 15.2 percent. The USDA share of total applications was unchanged at 0.4 percent.
- The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances was down 5 basis points to 6.82 percent. Points increased to 0.59 from 0.57.
- The average rate for jumbo 30-year FRM increased to 7.09 percent from 7.07 percent, with points decreasing to 0.54 from 0.57.
- Thirty-year FRM with FHA backing had an average rate of 6.71 percent with 0.86 point. The prior week the rate was 6.75 percent with 0.81 point.
- Declines in shorter-term loans were more substantial. The average rate for 15-year FRM declined to 6.21 percent from 6.49 percent, with points inching up to 0.51 from 0.50.
- Likewise, the rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 6.19 percent from 6.33 percent, with points decreasing to 0.52 from 0.58.
- The ARM share of activity was unchanged at 5.8 percent of total applications.

