



Mortgage Apps and Rates Stall, Making Borrowers Hesitate

Interest rates were **largely unchanged** during the week ended July 26. The Mortgage Bankers Association (MBA) says its Market Composite Index, a measure of mortgage loan application volume, decreased 3.9 percent on a seasonally adjusted basis from one week earlier and was **down 4.0 percent on an unadjusted basis**.

The Refinance Index dropped 7 percent from the previous week but has still risen 32 percent on an annual basis. The refinance share of total applications decreased to 38.2 percent from 39.7 percent during the week ended July 19.

Alan Holom

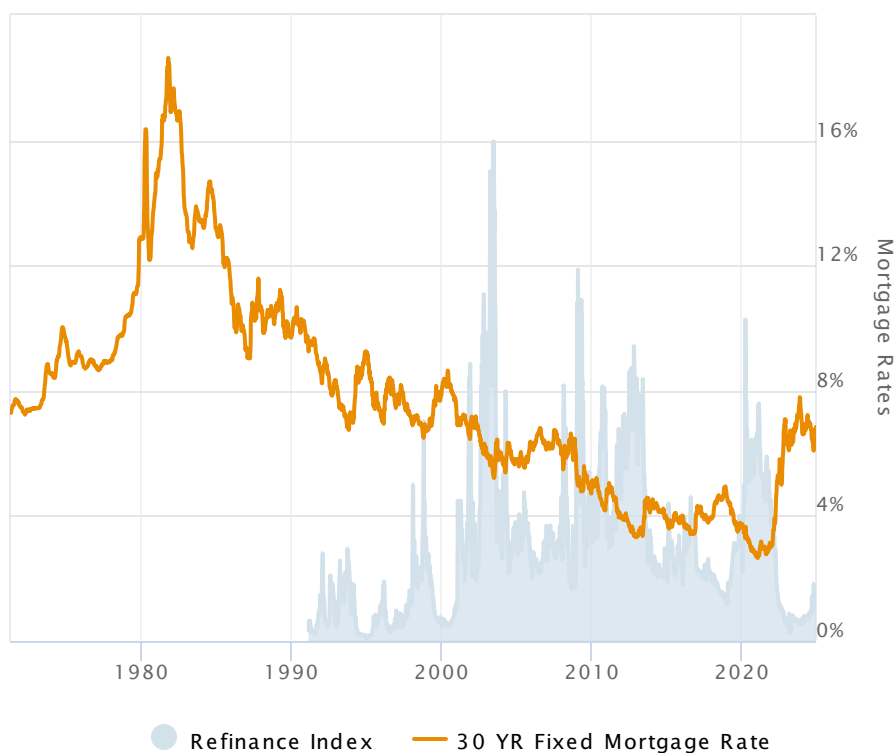
SVP, Stockman Bank

www.stockmanbank.com

P: (406) 234-8438

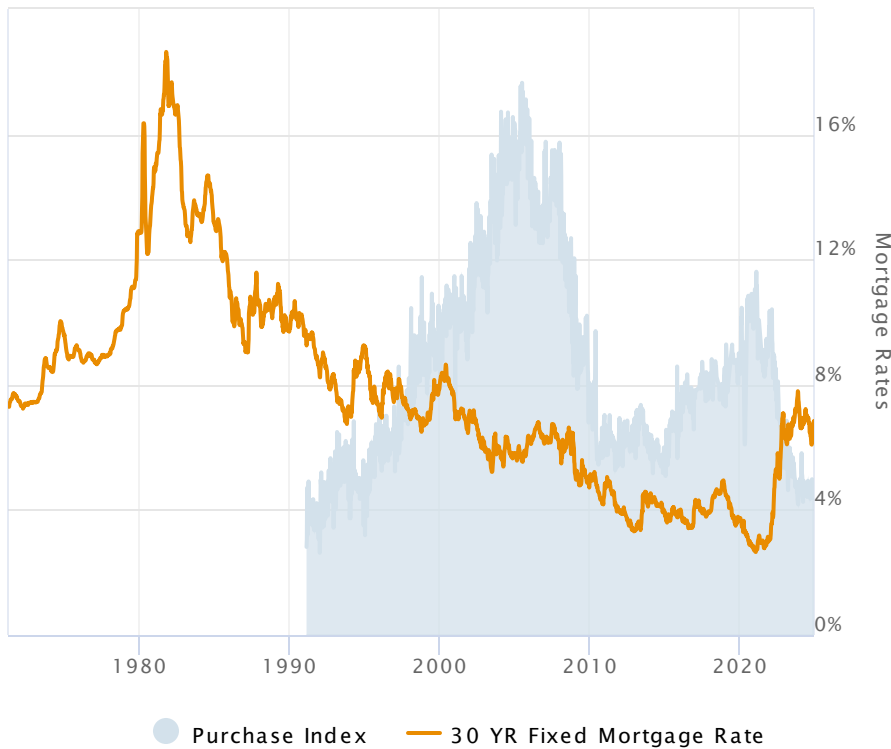
2700 King Ave

Billings MT 59102



● Refinance Index — 30 YR Fixed Mortgage Rate

The seasonally adjusted **Purchase Index** declined by **2.0 percent** from one week earlier and was down 1.0 percent before adjustment. Purchase loan activity lagged that of one year earlier by 14 percent for the third straight week.



"Mortgage rates were little changed last week, with the 30-year fixed mortgage rate unchanged at 6.82 percent," said Mike Fratantoni, MBA's SVP and Chief Economist. "In recent weeks, there have been some small bursts of refinance activity, particularly for FHA and VA loans. Last week, VA refi application volume dropped sharply, which drove the aggregate result. **Borrowers may be waiting for signs that mortgage rates will drift lower as the Federal Reserve begins to cut short-term rates.** Purchase volume also dropped slightly because of ongoing affordability challenges."

Highlights from MBA's Weekly Mortgage Applications Survey

- The size of loan requests was little changed from the prior week with the average nearly flat at \$367,400 while purchase loan sizes declined by \$2,200 to \$425,800.
- The FHA share of applications increased to 14.2 percent from 13.4 percent and the VA share decreased to 13.5 percent from 14.8 percent the week prior. The USDA share of total applications increased to 0.5 percent from 0.4 percent.
- The average 6.82 percent contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was accompanied by an increase in points from 0.59 to 0.62.
- The rate for jumbo 30-year FRM decreased 2 basis points to 7.07 percent. Points decreased to 0.53 from 0.54.
- Thirty-year FRM with FHA guarantees had a rate of 6.69 with 0.84 point. The prior week the rate was 6.71 percent with 0.86 point.
- The average contract interest rate for 15-year fixed-rate mortgages increased to 6.27 percent from 6.21 percent, with points decreasing to 0.49 from 0.51.
- The share of applications for adjustable-rate mortgages (ARMs) was 5.7 percent compared to 5.8 percent the previous week.
- The average rate for 5/1 ARMs increased to 6.22 percent from 6.19 percent, with points decreasing to 0.45 from 0.52.