



Mortgage Applications Dropped Sharply in Response to The Recent Rate Spike

After the big spike seen 2 weeks ago, mortgage rates remained elevated enough to greatly dampen the demand for refinancing according to the Mortgage Bankers Association's (MBA) weekly application survey. As is typically the case, refi demand showed the most rate sensitivity, but purchases took a hit as well.

Notably, the rate spike had already happened at the time of last week's MBA survey, but as we discussed at the time, the full effects likely hadn't been felt in the numbers. The chart below shows how much more the refi index declined in the past week (highlighted in red).



Purchase demand remains higher relative to its recent norms, but experienced a similarly larger pull-back in the most recent week.



Brett Darchuk

Wealth Mortgage Loan
Officer, TD Bank

easyhomeapply.tdbank.com/l/bdarchuk/retailmlo

P: (215) 962-3220

M: (215) 962-3220

New York NY

NMLS 697206

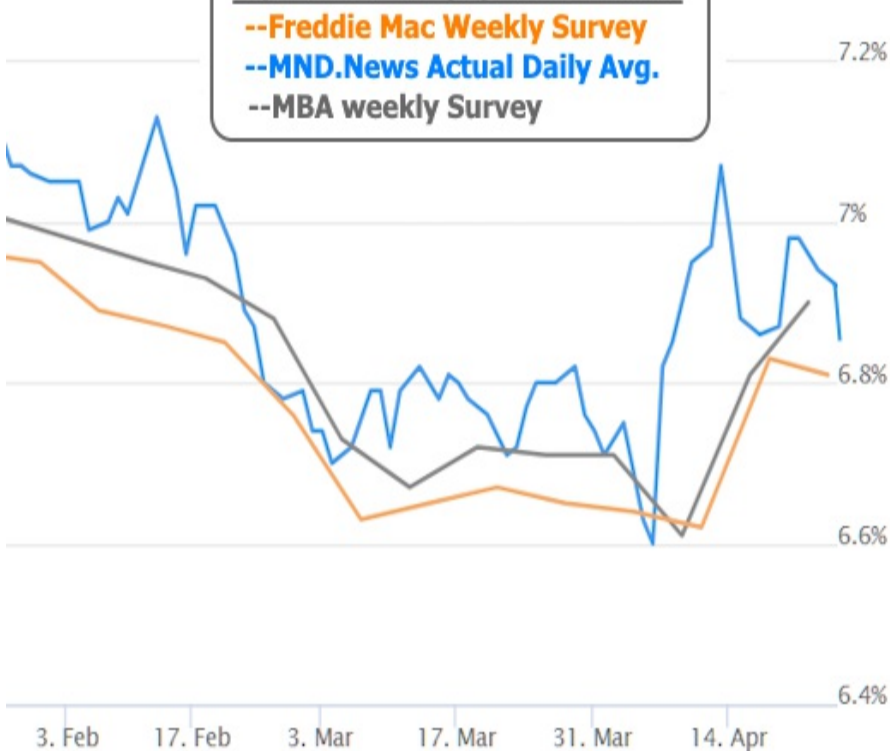


MBA Purchase Index



As for rates, they've been all over the place since the April 2nd tariff announcement. The volatility is impossible to appreciate via weekly surveys which reduce 5 days of movement to a single number. The following chart shows MBA and Freddie Mac's weekly rate averages as well as our actual daily average rates. Point being, we're back to the lowest levels since April 7th, which should help arrest the decline in applications.

30yr Fixed Mortgage Rate Indices



“Overall mortgage application activity declined last week, as rates increased to their highest level in two months. The 30-year fixed rate rose for the second straight week to 6.9 percent, an almost 30-basis-point increase over two weeks,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “These higher rates drove a 20 percent drop in refinance applications, especially for higher balance loans, with the average loan size falling substantially. The refinance share of applications at 37.3 percent was the lowest since January. Similar to the previous week, economic uncertainty and rate volatility impacted prospective homebuyers as we saw a 7 percent decline in purchase applications. Both conventional and government purchase activity fell relative to the week before, but the overall level of purchase applications was still 6 percent higher than a year ago.”