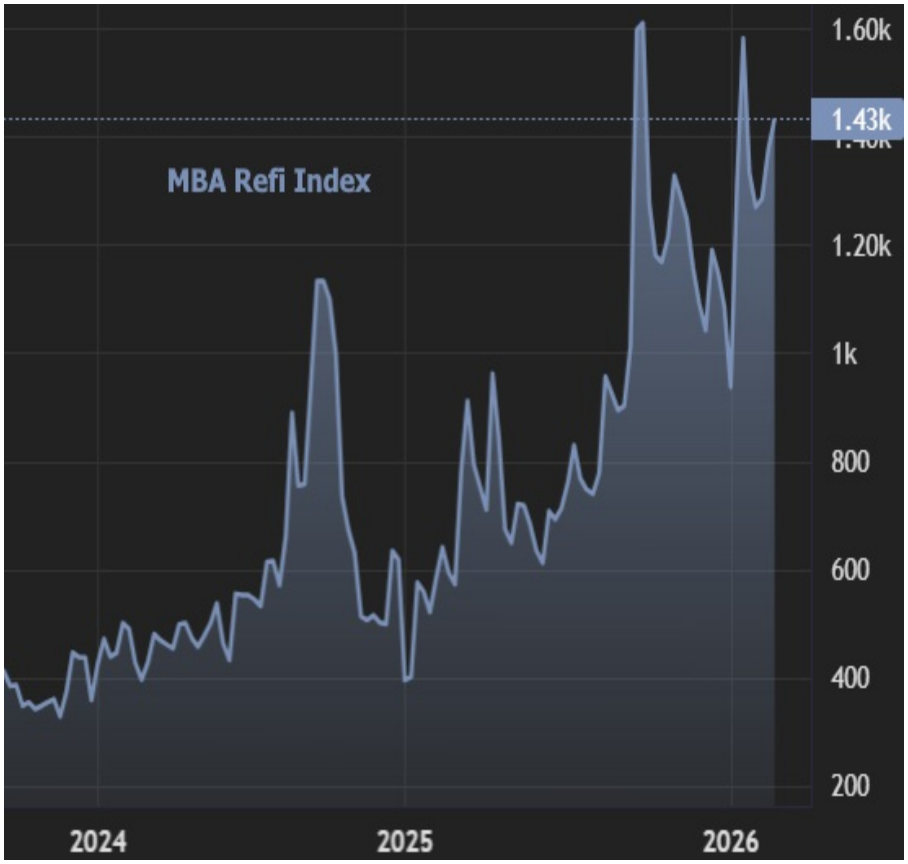
Mortgage Demand Calm Before The Storm?

Mortgage application activity edged ever-so-slightly higher last week, with the Mortgage Bankers Association (MBA) reporting an increase of **0.4%** on a seasonally adjusted basis for the week ending February 20.

Refi applications continue to do the heavy lifting. The Refinance Index increased **4%** from the previous week and was **150%** higher than the same week one year ago. Conventional refinance applications rose 5% for the week, while VA refinances jumped 26%, as rates declined to their lowest levels since September 2022.

Notably, rates have moved even lower this week and have held these new multi-year lows in very stable fashion. If history is any guide, this should lead to an even higher refi index next week.



Purchase demand moved lower, falling **5%** on a seasonally adjusted basis, though activity remains **12% higher** than the same week one year ago.

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Joel Kan, MBA's Vice President and Deputy Chief Economist, attributed the modest increase in overall activity to declining Treasury yields, which helped push the 30-year fixed rate to its lowest level in several months.

The composition of activity shifted further toward refinances. The refinance share of total applications increased to **58.6%** from 57.4% the prior week, while ARM share held steady at **8.2%**. FHA share decreased to **16.1%**, VA share rose to **18.7%**, and USDA share remained unchanged at **0.4%**.

Mortgage Rate Summary:

- **30yr Fixed:** 6.09% (from 6.17%) | **Points:** 0.53 (from 0.56)
- **15yr Fixed:** 5.48% (from 5.50%) | **Points:** 0.70 (from 0.73)
- **Jumbo 30yr:** 6.20% (from 6.21%) | **Points:** 0.42 (from 0.27)
- **FHA:** 5.97% (from 5.99%) | **Points:** 0.65 (unchanged)
- **5/1 ARM:** 5.23% (from 5.29%) | **Points:** 0.41 (from 0.62)

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