Modest Bounce in Refi Demand Despite Rate Volatility

Mortgage applications bounced higher last week after the holiday-shortened period, though the increase largely reflected a normalization in activity rather than a meaningful improvement in underlying demand. The Mortgage Bankers Association (MBA) reported a **10.8% increase** in total application volume on a seasonally adjusted basis for the week ending June 5.

The gain was led by refinance activity, which rose **15%** from the previous week. Refinance demand was also **20%** higher than the same period one year ago, showing that activity remains well ahead of last year's pace despite continued rate volatility.

Purchase demand also moved higher. The seasonally adjusted Purchase Index increased **7%** week over week and was **4%** above year-ago levels.

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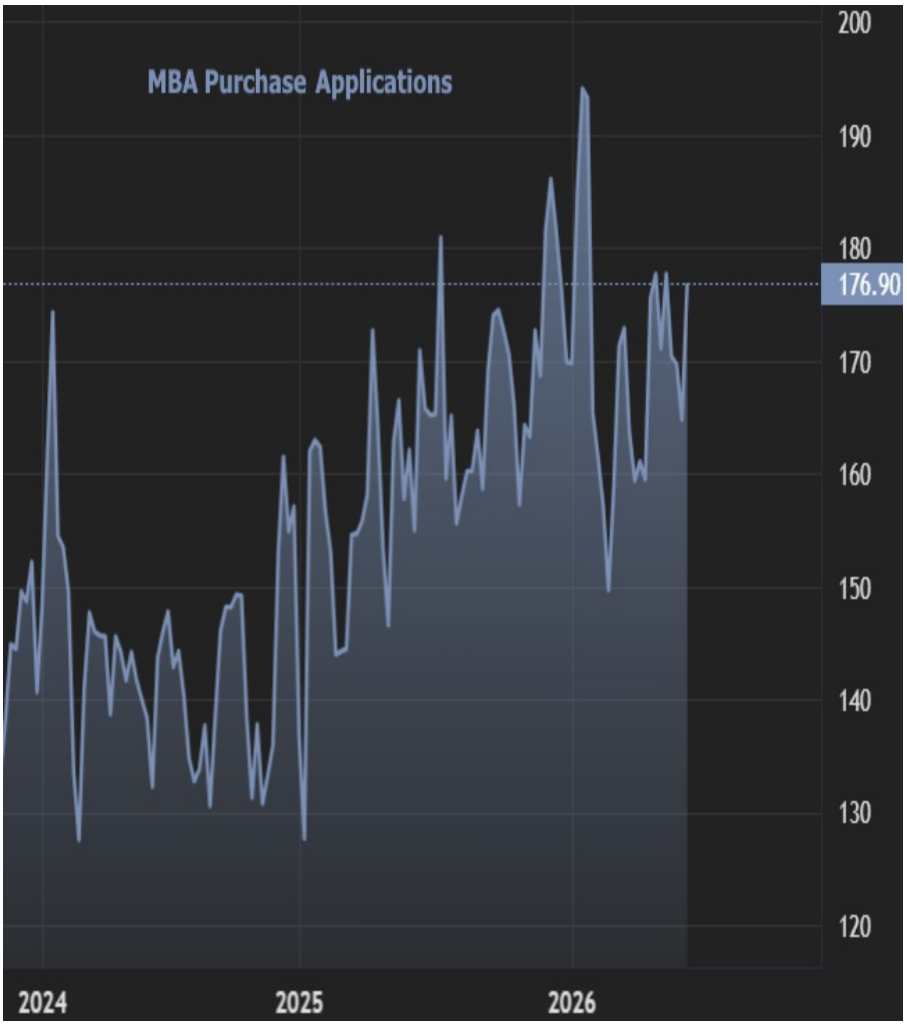

The average 30-year fixed mortgage rate rose to **6.60%** from 6.57%, but borrowers still found pockets of opportunity as markets continued to react to developments in the Middle East. MBA's Mike Fratantoni said mortgage rates were volatile last week, noting that "while the average rate was up slightly," both refinance and purchase applications rebounded following the holiday week.

Fratantoni added that the 30-year fixed rate now stands at 6.60%, while refinance and purchase activity each recovered from the prior week's holiday-affected pace.

Adjustable-rate mortgage activity also edged higher. The ARM index increased **12%** over the week, and ARM share rose to **8.6%** from 8.5%. Meanwhile, the refinance share of mortgage activity climbed to **40.2%** from 38.0%.

Application composition shifted across several government-backed categories. FHA share increased to **17.4%** from 17.0%, while VA share declined to **13.4%** from 14.4%. USDA share slipped to **0.4%** from 0.5%.

Mortgage Rate Summary:

- **30yr Fixed:** 6.60% (from 6.57%) | **Points:** 0.63 (from 0.67)
- **15yr Fixed:** 5.99% (from 5.93%) | **Points:** 0.68 (from 0.76)
- **Jumbo 30yr:** 6.66% (unchanged) | **Points:** 0.54 (from 0.35)
- **FHA:** 6.27% (from 6.26%) | **Points:** 0.78 (from 0.75)
- **5/1 ARM:** 5.96% (from 5.82%) | **Points:** 0.75 (from 0.88)

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