

# Refi Apps Technically Higher, But Bouncing Along The Gutter Overall

By: Jann Swanson | Wed, Jul 15 2015, 9:21 AM

The take-away from the Mortgage Bankers Association's (MBA's) current press release on mortgage volume was its summary of performance over the last two weeks. MBA reported a net drop in its seasonally adjusted **Purchase Index** of 1.4 percent from the week ended June 26 while its **Refinance Index increased 6.5 percent**.

That aside is necessary because the week ended July 10 followed a week shortened by a holiday. The holiday and consumer reaction to it often make data for both that week and the week following it an exercise in confusion with both big variations between seasonally adjusted and unadjusted data within the short week and atypical swings in component indices from one week to the next. For example, during the Independence Day week of July 3 there was a more than 10 percentage point gulf between MBA's Market Composite Index on a seasonally adjusted basis (+4.6 percent) and when unadjusted (-6 percent). There was then a rebound creating a comparable difference in the most recent data.

For the week ended July 10 the MBA reported that its Composite Index was down 1.9 percent on a seasonally adjusted basis but increased 9 points unadjusted. The **Refinance Index** rose 4 percent from the week ended July 3 and refinancing's share of application activity increased to 50.8 percent from 48 percent the previous week.

The seasonally adjusted Purchase Index was down 8 percent from one week earlier while it increased 3 percent unadjusted. The unadjusted index was 17 percent higher than the same week one year ago.

## Refinance Index vs 30 Yr Fixed

## Purchase Index vs 30 Yr Fixed

The **FHA share** of total applications **increased to 13.8 percent** from 13.7 percent the previous week while VA and USDA shares remained unchanged at 10.8 percent and 0.9 percent respectively.

There was little movement in contract interest rates for fixed rate mortgages (FRM) during the week but effective rates all increased. The average contract rate for 30-year FRM with conforming loan balances of \$417,000 or less was unchanged at **4.23 percent**. Points increased to 0.39 from 0.37. The jumbo 30-year FRM (balances above \$417,000) carried a 4.20 contract rate compared to 4.18 percent the previous week. Points declined from 0.30 to 0.28.

Contract rates for 30-year FRM backed by **FHA** had an average increase of 1 basis point to 4.02 percent. Points increased to 0.26 from 0.18.

The rate for **15-year FRM** was an average of 3.43 percent compared to 3.41 percent a week earlier. Points rose to 0.33 from 0.31.

The share of applications that were for adjustable rate mortgages (**ARMs**) increased for the week from 7.1 percent to 7.4 percent. The average contract rate for 5/1 ARMs jumped 10 basis points to 3.13 percent. Points increased to 0.42 from 0.37.

MBA's data is compiled from a Weekly Mortgage Application Survey it has conducted since 1990. The survey covers over 75 percent of all U.S. retail residential mortgage applications with respondents that include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100. Interest rate information assumes a mortgage with an 80 percent loan to value ratio and points that include the origination fee.

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