

Refi Applications at 8-Year Low

By: Jann Swanson | Wed, May 16 2018, 9:18 AM

Mortgage activity **slowed again last week**. The Mortgage Bankers Association said its Market Composite Index, which measures the volume of mortgage loan applications, was down on a seasonally adjusted basis by 2.7 percent during the week ended May 11 compared to a week earlier. It was the fourth consecutive week the composite lost ground. The index was down 3.0 percent on an unadjusted basis.

Both the adjusted and unadjusted Purchase Indices fell 2 percent. The unadjusted index remained 4.0 percent higher than during the same week in 2017.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

Refinancing volume **declined 4.0 percent to its lowest level since August 2008**, while the share of total applications that were for refinancing was 35.9 percent, also the lowest since August 2008. During the week ended May 4 refinancing garnered a 36.3 percent share.

Applications for **FHA loans comprised 10.3 percent** of the total received, up from 10.1 percent the previous week. The VA share ticked down to 10.3 percent from 10.4 percent and the USDA share increased to 0.8 percent from 0.7 percent the prior week.

Both contract and effective interest rates were mixed on average. The average contract rate for 30-year fixed rate mortgages (FRM) with conforming loan balances of \$453,100 or less averaged 4.77 percent, down 1 basis point from the rate a week earlier. Points were unchanged at 0.50 and the effective rate declined.

The rate for **jumbo 30-year FRM**, loans that exceed the conforming loan limit, rose to 4.73 percent from 4.65 percent. Points declined to 0.35 from 0.36 and the effective rate moved higher.

The average contract interest rate for **FHA-backed 30-year FRM** declined 2 basis points to 4.78 percent. Points rose to 0.76 from 0.75 and the effective rate was lower.

Fifteen-year FRM remained at the previous week's contract rate of 4.20 percent. Points increased from 0.48 to 0.53 and the effective rate was up.

The rate for **5/1 adjustable rate mortgages (ARM)** increased to the highest level since MBA began tracking the product, 4.09 percent with 0.56 point. The previous week the rate was 4.00 percent with 0.43 point. The effective rate increased. The share of applications for ARMs was unchanged from the previous week at 6.5 percent of all those received.

MBA's Weekly Mortgage Applications Survey has been conducted since 1990 and covers over 75 percent of all U.S. retail residential mortgage applications. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and interest rate information is based on loans with an 80 percent loan-to-value ratio and points that include the origination fee.

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