

Mortgage Apps: Purchases Up, Refis Retreat During Holiday Hampered Week

By: Jann Swanson | Wed, Sep 12 2018, 8:10 AM

Mortgage applications for home **purchases managed to move higher** for the second straight time last week in spite of the usual lag in activity that accompanies a holiday shortened work week. The Mortgage Bankers Association said its Market Composite Index, a measure of application volume, declined 1.8 percent on a seasonally adjusted basis during the week ended September 17. On an unadjusted basis the index was down by 13 percent, reflecting the Labor Day holiday on Monday. The weeks numbers were further adjusted to account for the holiday.

The seasonally adjusted **Purchase Index** gained 1.0 percent compared to the week ended August 31 although it declined by 11 percent unadjusted. The unadjusted index was 4.0 percent higher than during the same week in 2017.

The **Refinance Index dropped** by another 6.0 percent from the previous week. That measure is now at its lowest level since December 2000. The market share of refinance applications dipped to 37.8 percent from 38.9 percent.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

Applications for **FHA mortgages** accounted for 10.4 percent of the week's total, up from 10.2 percent the previous week and the VA share rose to 10.5 percent from 10.0 percent. The USDA share remained at 0.8 percent.

The average contract **interest rate for 30-year fixed-rate** mortgages (FRM) with origination balances at or under the conforming limit of \$453,100 increased to 4.84 percent from 4.80 percent. Points increased to 0.46 from 0.43 and the effective rate moved higher.

Jumbo 30-year FRM, loans with balances exceeding the conforming limit, had an average contract rate of 4.72 percent with 0.47 point. The previous week the rate was 4.67 percent with 0.30 point. The effective rate also increased.

The average contract interest rate for 30-year **FRM backed by the FHA** increased to 4.84 percent from 4.79 percent. Points fell to 0.51 from 0.69, pulling the effective rate lower.

Fifteen-year FRM saw average rates tick up 5 basis points to 4.28 percent. Points rose to 0.47 from 0.45 and the effective rate also increased.

The average contract interest rate for **5/1 adjustable rate mortgages (ARMs)** ticked down to 4.07 percent from 4.09 percent, with points decreasing to 0.30 from 0.31. The effective rate decreased from last week. The ARM share of activity increased to 6.4 percent of total applications from 6.1 percent a week earlier.

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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