

Mortgage Apps Gaining Ground Despite Higher Rates

By: Jann Swanson | Wed, Sep 19 2018, 8:10 AM

Labor Day typically marks the end of summer and the resumption of business as usual. Hopefully it also marked the beginning of a turnaround for mortgage applications, which **increased across the board for the first time since mid-June**. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage application volume, was up 1.6 percent on a seasonally adjusted basis during the week ended September 14. On an unadjusted basis the volume increased 12 percent from the previous week which was shortened by the Labor Day holiday.

The seasonally adjusted **Purchase Index eked out an 0.3 percent gain**, the third week in a row it has increased. On an unadjusted basis the index was up 9 percent week-over-week and was 4 percent higher than the same week in 2017.

Even **refinancing managed a gain**. The volume of applications rose 4 percent from that of the week ended September 7 and the market share of refinancing increased from 37.8 percent to 39.0 percent.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

Applications for **FHA mortgages** accounted for 10.6 percent of the total, up from 10.4 percent the previous week. The VA share declined to 10.0 percent from 10.5 percent and the USDA share fell to 0.7 percent from 0.8 percent.

The **average contract interest rate rose** during the week for all products and the effective rate rose for all but one loan type. The outlier was the jumbo 30-year fixed-rate mortgage (FRM), loans with balances that exceed the conforming loan limit of \$453,100. The contract rate did rise from 4.72 percent to 4.77 percent, but a decline in points from 0.47 to 0.28 pulled the effective rate lower.

The average rate for **30-year FRM** with balances at or under the conforming limit, increased to its highest level since April 2011, 4.88 percent. The previous week the rate was 4.84 percent. Points decreased to 0.44 from 0.46.

Thirty-year **FRM backed by the FHA** had an average rate of 4.90 percent, an increase of 6 basis points from the prior week. Points jumped to 0.73 from 0.51.

The rate for **15-year FRM** rose to 4.30 percent from 4.28 percent. Points averaged 0.49 compared to 0.47 the week before.

The average rate for **adjustable rate mortgages (ARM)** bumped up 10 basis points to 4.17 percent while points dipped to 0.29 from 0.30. The ARM share of activity increased to 6.5 percent of total applications from 6.4 percent.

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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