

Application Volume Rises Despite Rate Surge

By: Jann Swanson | Wed, Jun 22 2022, 11:30 AM

An increase in home purchase activity drove mortgage applications higher during the week ended June 17. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, rose 4.2 percent on a seasonally adjusted basis and was up 3.0 percent from the prior week on an unadjusted basis.

The seasonally adjusted **Purchase Index increased by 8.0 percent for the second consecutive week** and was 6.0 percent higher before adjustment. Purchase activity continues to lag its performance year-over-year. It was 10 percent lower this week.

The Refinance Index, moved lower again, **declining another 3 percent during the past week and was 77 percent lower than the same week one year ago**. The refinance share of applications decreased to 29.7 percent from 31.7 percent the previous week. It appears, from *MortgageNewsDaily* records, to have been the first week since 2008 that the refinancing share failed to top 30 percent.

“[Mortgage rates](#) continued to surge last week, with the 30-year fixed mortgage rate jumping 33 basis points to 5.98 percent – **the highest since November 2008 and the largest single-week increase since 2009**. All other loan types also increased by at least 20 basis points, influenced by the Federal Reserve’s

75-basis-point rate hike and commentary that more are coming to slow inflation,” said Joel Kan, MBA’s Associate Vice President of Economic and Industry Forecasting. “[Mortgage rates](#) are now almost double what they were a year ago, leading to a 77 percent drop in refinance volume over the past 12 months.”

Added Kan, “Purchase applications increased for the second straight week – driven mainly by conventional applications – and the ARM share of applications jumped back to over 10 percent. However, purchase activity was still 10 percent lower than a year ago, as inventory shortages and higher [mortgage rates](#) are dampening demand. The average loan size, at just over \$420,000, is well below its \$460,000 peak earlier this year and is **potentially a sign that home price-growth is moderating**.”

Other highlights from the MBA Weekly Mortgage Applications Survey:

- The FHA share of total applications increased to 12.0 percent from 11.8 percent the week prior and the VA share dropped 1 point to 10.7 percent. USDA applications dipped to an 0.5 percent from 0.6 percent.
- The average interest rate for conforming 30-year fixed-rate mortgages (FRM) increased to 5.98 percent from 5.65 percent, with points increasing to 0.77 from 0.71.
- The average contract interest rate for jumbo 30-year FRM jumped 24 basis points to 5.49 percent. Points decreased to 0.45 from 0.54.
- FHA backed 30-year FRM had an average rate of 5.62 percent with 1.18 points. The previous week the rate was 5.36 percent with 1.00 point.
- The rate for 5/1 adjustable-rate mortgages (ARMs) was 4.78 percent compared to 4.57 percent the previous week. Points rose to 0.84 from 0.80. The adjustable-rate mortgage (ARM) share of activity increased to 10.6 percent of total applications from 8.1 percent a week earlier.
- Loan size averaged \$382,800, up from \$376,000 the prior week.

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