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## Application Volume Rises Ahead of Next Fed Move

The mortgage market disregarded a slight increase in [interest rates](#) last week. Refinance applications posted a second weekly gain, and the **Purchase Mortgage Index resumed the upward trend** it has pursued since early November after a small correction the previous week.

The Mortgage Bankers Association (MBA) said its Market Composite Index for the week ended December 9 increased 3.2 percent on a seasonally adjusted basis. On an unadjusted basis, it was up 0.4 percent compared with the previous week.

**The Refinance Index was 3 percent higher** week-over-week but 85 percent lower than the same week in 2021. Refinance applications made up 29.4 percent of total applications, up from 28.7 percent the previous week.

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The seasonally adjusted **Purchase Index increased 4 percent** from one week earlier although the pace declined 1 percent before adjustment and was 38 percent lower than the same week a year earlier.

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“[Mortgage rates](#) increased slightly after a month of declines, as financial markets reacted to mixed signals regarding inflation and the Federal Reserve’s next policy moves. The 30-year fixed rate inched to 6.42 percent, which is still close to the lowest rate in a month,” Joel Kan, MBA’s Vice President and Deputy Chief Economist said. “Overall applications increased, driven by increases in purchase and refinance activity. However, with rates more than three percentage points higher than a year ago, both purchase and refinance **applications are still well behind last year’s pace.**”

He added, “The ongoing moderation in home-price growth, along with further declines in mortgage rates, may encourage more buyers to return to the market in the coming months.”

MBA provided additional data from its Weekly Mortgage Application Survey:

- The FHA share of total applications decreased to 13.1 percent from 13.7 percent and the VA share ticked up to 11.5 percent from 11.4 percent. USDA’s share was unchanged at 0.6 percent compared to the prior week.

## Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

- The average contract interest rate of 6.42 percent for conforming 30-year fixed-rate mortgages was **1 basis point higher than the average the prior week**. Points increased to 0.64 from 0.63.
- The average rate for 30-year FRM with jumbo loan balances increased to 6.14 percent from 6.08 percent, with points decreasing to 0.42 from 0.50.
- The rate for 30-year FRM backed by the FHA also rose 1 basis point to 6.40 percent. Points increased to 1.03 from 0.93.
- Fifteen-year FRM had an average rate of 5.92 percent with 0.54 point. The prior week the average was 5.84 percent with 0.55 point.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 5.58 percent from 5.59 percent, with points decreasing to 0.80 from 0.91. The adjustable-rate mortgage (ARM) share of activity increased from 7.6 percent to 7.7 percent.
- The size of mortgage loans rose last week to \$364,400 from \$352,000 the previous week. The purchase loan size jumped from \$387,300 to \$401,400.