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Refinance Spree Continues with Rates at Near 3-Year Lows

The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of **mortgage application volume**, rose **21.7 percent** on a seasonally adjusted basis during the week ended August 9. MBA attributed the substantial decline in interest rates at the beginning of the week for the surge of applications which were concentrated on mortgage refinancing. The Composite Index rose 20 percent before seasonal adjustment.

Purchase mortgage applications were only slightly affected by the tsunami; that index rose only 1.9 percent from the previous week on an unadjusted basis and 1 percent before adjustment. The unadjusted index was 12 percent higher than during the same week in 2018. The Refinance Index however was up 37 percent from the previous week to its highest level since July 2016 and was 196 percent higher than the same week one year ago. The share of applications that were for refinancing rose to 61.4 percent from 53.9 percent the previous week.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting, explained the week's application activity. "The 2019 refinance wave continued, as homeowners last week responded to **extraordinarily low mortgage rates**. Fears of an escalating trade war, combined with economic and geopolitical concerns, once again pulled U.S. Treasury rates lower. The 30-year fixed mortgage rate decreased eight basis points to 3.93 percent - the lowest level since November 2016 - and has now dropped more than 80 basis points this year. Refinance Spree Continues as Rates

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00
Freddie Mac			
30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/26

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

at Near 3-Year Lowsear," he said. "In just the last two weeks, rates have decreased 15 basis points and the refinance index has increased more than 50 percent, reaching its highest level since July 2016. The government refinance index, driven by a 25 percent increase in VA refinance applications, is now at its highest level since May 2013."

	Value	Change
Builder Confidence	91	+6.25%

Added Kan, "Purchase applications also benefited from these lower rates, with activity increasing 1.9 percent last week and 12 percent from a year ago."

The FHA share of total applications fell to 9.5 percent from 11.0 percent the previous week and the VA share decreased to 12.2 percent from 12.8 percent. USDA mortgage applications accounted for 0.5 percent of the total, down from 0.6 percent the prior week. The average loan price during the week was \$345,300. Purchase mortgages averaged \$323,500.

Both contract and effective rates declined for all fixed-rate mortgage (FRM) products during the week while adjustable rates moved higher. The average contract interest rate for 30-year FRM with origination balances at or below the conforming limit of \$484,350 or less fell to its lowest level since November 2016, 3.93 percent, from 4.01 percent, with points decreasing to 0.35 from 0.37.

Jumbo mortgages, those with balances higher than the conforming limit of \$484,35, had an average rate of 3.88 percent with 0.24 point. This was down from the previous week's 3.96 percent with 0.26 point and the lowest level since November of 2016.

The average contract interest rate for 30-year FRM backed by the FHA also reached a near three-year low at 3.81 percent with 0.29 point. This was down from 3.86 percent with 0.38 point a week earlier.

The rate for 15-year FRM, also the lowest since November 2016, was 3.28 percent with 0.34 point. The prior week it was 3.37 percent with 0.37 point.

The average contract interest rate for 5/1 adjustable rate mortgages (ARM) rose to 3.43 percent from 3.36 percent with points dipping to 0.35 from 0.36. The effective rate increased from last week. The ARM share of activity increased to 6.0 percent of total applications.

MBA's Weekly Mortgage Applications Survey been conducted since 1990 and covers over 75 percent of all U.S. retail residential 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.

Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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