



07/02/2008

Mortgage applications up from a 6 ½ yr low

The Mortgage Bankers Association reported a 3.6 percent rise on its seasonally adjusted application index in the week ended June 27. The MBA's survey covers about half of all U.S residential mortgage applications. The jump coincides with rates falling .06 percent on a 30 year fixed mortgage from a 10 month high at 6.39 to 6.33 percent, and falling .05 percent on a 15 year fixed mortgage from 5.95 percent to 5.9 percent.

The previous week the application rate had hit a 6 ½ year low.

What do all these numbers mean though? Yahoo Finance has made it a little clearer and reported that an index value of 100 is equal to the application volume on March 16, 1990, the first week the MBA tracked application volume. So what does a 3.6 percent increase to 477.7 mean? It means that mortgage application activity is 4.777 times higher compared to when the MBA first starting tracking the application data. That means when the market hit its high at 1856.7 during the week ending May 30, 2003 it was it was 18.567 times higher than in May of 1990.

The survey is designed to "provide a snapshot of mortgage lending activity among mortgage bankers, commercial banks and thrifts" as reported by Yahoo Finance.