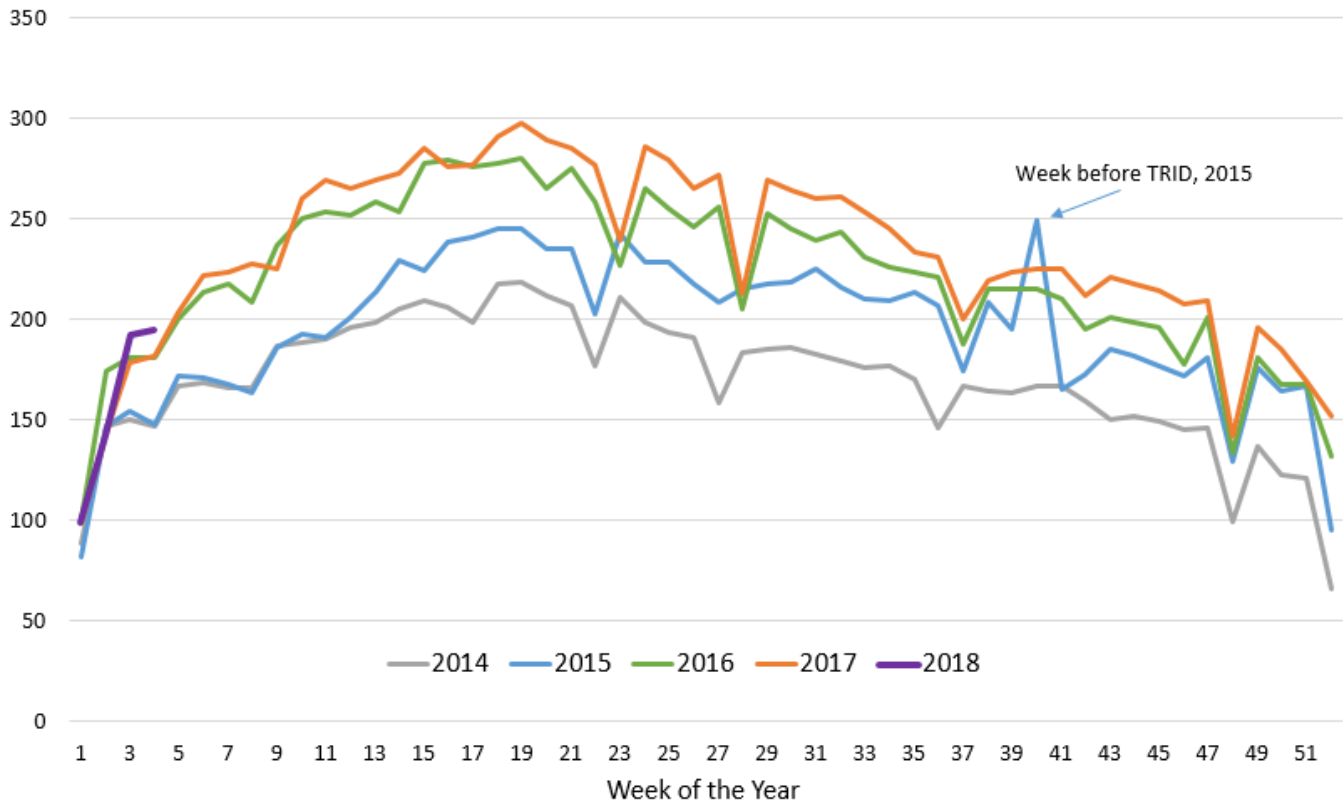


Chart of the Week - January 26, 2018 Purchase Mortgage Applications Index (by week of the year, NSA)



Source: MBA's Weekly Application Survey

This week's chart shows MBA's purchase mortgage application index, which is based on loan counts, without any seasonal or holiday adjustments (therefore some holiday weeks appear as sharp declines). Looking back, the purchase market first began its recovery in the second quarter of 2015, and grew by 15 percent in 2015 relative to 2014. In 2016, purchase market growth continued apace with approximately 13 percent growth. Growth then cooled in 2017, and while persistent, purchase applications grew by just 5 percent relative to 2016. The early numbers for 2018 suggest that a similar modest but steady rate of growth may be on tap for this year. Purchase apps have been up by nearly 8 percent over the same week in 2017 in the last two weeks.

At the heart of the slowdown in overall home sales is a lack of housing inventory for sale and the modest pace of new home building. Our forecast for growth in purchase origination dollar volume -- which can be viewed as resulting from a combination of purchase application activity, available housing supply for purchase and house price appreciation -- is currently 6.6 percent for 2018 relative to 2017.