

Refinance Volume Exceeds Expectations in August Despite Broader Market Slowdown

MCT's August Lock Volume Indices shows surprising growth across all refis, while corrected jobs report data alludes to a potential September rate cut.

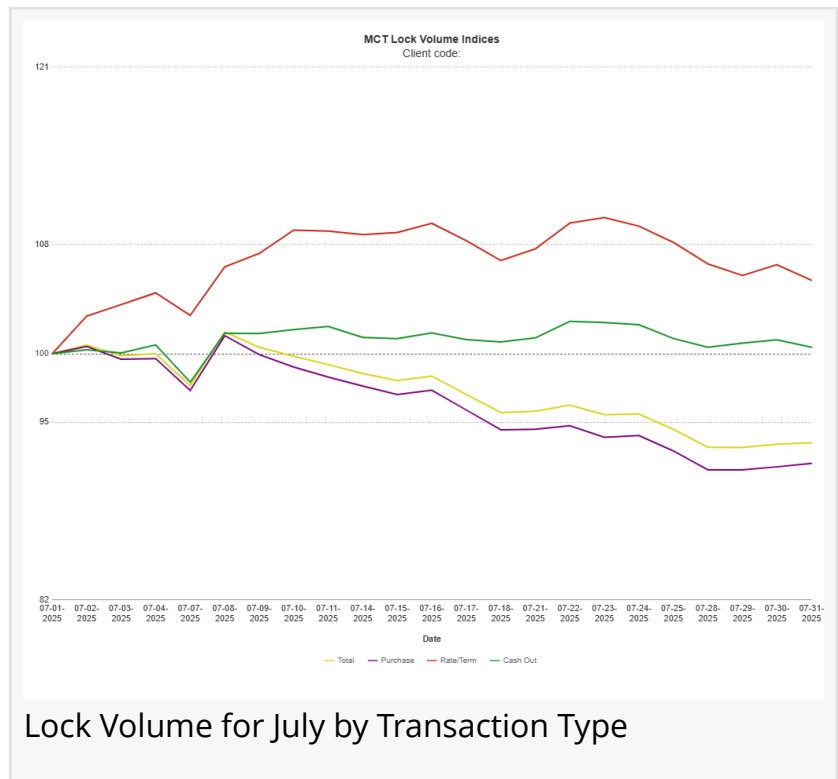
SAN DIEGO, CA, UNITED STATES, August 6, 2025 /EINPresswire.com/ -- [Mortgage Capital Trading, Inc. \(MCT®\)](#), the de facto leader in innovative mortgage capital markets technology, announced the release of its August Lock Volume Indices, showing a modest decline in overall activity with refinance segments outperforming expectations despite continued uncertainty in the housing market.

According to [MCT's data](#), total lock volume fell 6.51% month-over-month, driven by an 8.03% decline in purchase activity. However, rate/term refinances increased by 5.38%, while cash-out refinances remained virtually flat, rising just 0.48%. Year-over-year trends continued to show strength: total volume rose 7.28%, with rate/term refinances up 27.25% and cash-out refinances up 31.89%. Purchase activity held onto a 4.13% year-over-year increase, as this month's purchase volume slowdown likely reflects seasonality in the market.

This month's slowdown in purchase activity is likely reflective of seasonal patterns, with many homebuyers completing transactions earlier in the summer.

"It's likely we're seeing a seasonal slowdown after a front-loaded spring and early summer," said Andrew Rhodes, Senior Director and Head of Trading at MCT. "Historically, homebuyers aim to move before the school year begins, so it makes sense to see volume tapering as we head into fall."

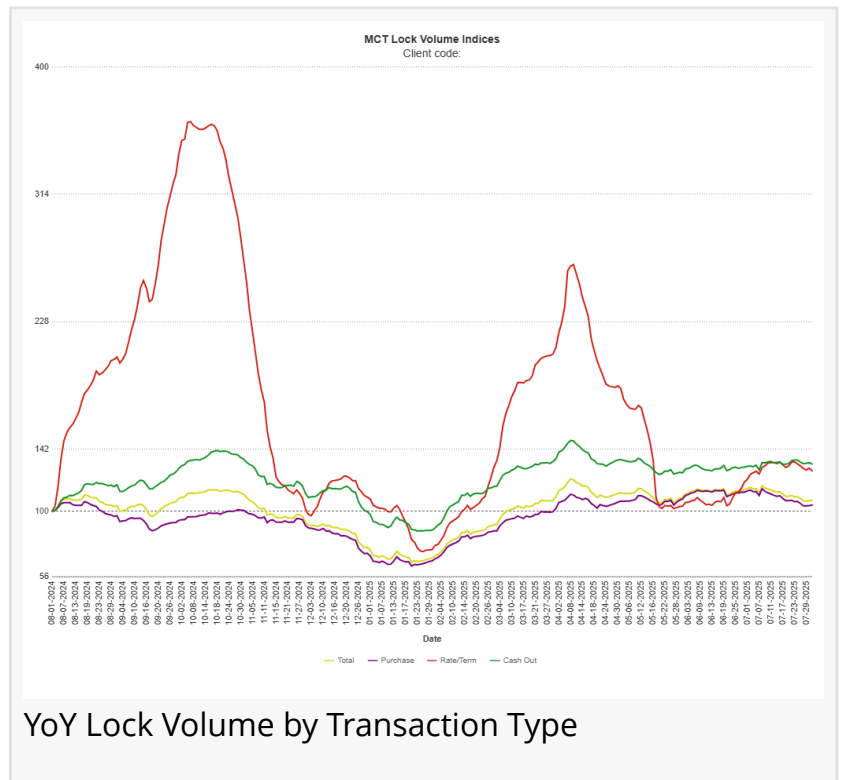
Rhodes observed that while purchases typically drive the overall market, refinance activity has



proven unexpectedly resilient in recent months.

“Rate/term and cash-out refinances are still moving, which is surprising given current rates,” he said. “But for cash outs in particular, it feels more like a necessity than a luxury. People may be pulling equity to consolidate debt or cover expenses, not because it’s the optimal time to borrow.”

He added that rate/term refis, while still volatile, are likely driven by borrowers who locked in higher rates previously and now see an opportunity to save.



With uncertainty in the labor market and economy, many are watching to see how the Federal Reserve will respond at its September meeting. The July jobs report showed just 73,000 jobs added, and revisions to May and June erased over 200,000 previously reported gains, a surprising correction that has shifted market expectations.

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“The labor market was one of the main pillars the Fed was leaning on,” explained Andrew Rhodes, Senior Director and Head of Trading at MCT. “Now, with those revisions, it’s clear that footing isn’t as solid as it appeared.”

Despite the weaker labor data, Rhodes emphasized that CPI and inflation trends are more likely to drive the Fed’s decision on whether to cut rates in September.

“I believe the Fed will primarily be looking to see if inflation data shows enough softening to justify action,” he said.

The market appears to agree. CME futures reflected a

sharp shift in sentiment, with the probability of a September rate cut jumping from 40% to nearly 90% following the job revisions. Markets rallied on the news, with MBS pricing improving and yields easing.

“We’re probably going to stay range-bound until the Fed meeting,” Rhodes added. “If inflation numbers stay consistent, I expect they’ll move. But we still have a few more data points to go

before anything's locked in."

MCT remains committed to delivering expert guidance and data-driven insights. MCT's Lock Volume Indices present a snapshot of rate lock volume activity in the residential mortgage industry broken out by lock type (purchase, rate/term refinance, and cash out refinance) across a broad diversity of lenders (e.g., sizes, products/services offered, business models) from MCT's national footprint.

Press release: <https://mct-trading.com/press-release/august-mortgage-lock-volume/>

Ian Miller

Mortgage Capital Trading (MCT)

+1 480-299-3986

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