

Average long-term mortgage rate ticks higher for second week

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The average long-term U.S. mortgage rate edged up for the second week in a row, but remains just above its lowest level in more than three years.

The benchmark 30-year fixed rate mortgage rate rose to 6.1% from 6.09% last week, mortgage buyer Freddie Mac said Thursday. One year ago, the rate averaged 6.95%.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also rose this week.

That average rate inched up to 5.49% from 5.44% last week. A year ago, it was at 6.12%, Freddie Mac said.

Mortgage rates are influenced by several factors, from the Federal Reserve's interest rate policy decisions to bond market investors' expectations for the economy and inflation.

They generally follow the trajectory of the 10-year Treasury yield, which lenders use as a guide to pricing home loans.

^{Note}
The 10-year Treasury yield was at 4.24% at midday Thursday, just below where it was a week ago.

The latest increase in mortgage rates comes a day after the Fed decided to pause cuts to its main interest rate after lowering rates three times in a row to close out 2023 in an attempt to shore up the job market.

The central bank doesn't set mortgage rates, but its decisions to raise or lower its short-term rate are watched closely by bond investors and can ultimately affect the yield on 10-year Treasuries that influence mortgage rates.

Mortgage rates have also moved higher in recent weeks as the bond market reacted to geopolitical tensions.

The U.S. housing market has been in a sales slump dating back to 2022, when mortgage rates began to climb from pandemic-era lows.

^{Note}
The combination of higher mortgage rates, years of skyrocketing home prices and a chronic shortage of homes nationally following more than a decade of below-average home construction have left many aspiring homeowners priced out of the market. Sales of previously occupied U.S. homes remained stuck last year at 30-year lows.

Still, the pullback in mortgage rates that began late last summer helped give sales of existing U.S. homes a boost toward the end of last year. In December, sales jumped 5.1% from the previous month.

The recent uptick in rates led to fewer home shoppers applying for a home loan.