

Average U.S. long-term mortgage rate falls to 6.48%

BY ALEX VEIGA

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The average long-term U.S. mortgage rate eased this week from its highest level in nine months, welcome relief for prospective homebuyers.

The benchmark 30-year fixed rate mortgage rate fell to 6.48% from 6.53% last week, mortgage buyer Freddie Mac said Thursday. The average rate remains below 6.85%, where it was a year ago.

When mortgage rates decline they give homebuyers more purchasing power.

Rates have been mostly trending higher since the war with Iran began, disrupting the passage of tankers ferrying crude oil from the Persian Gulf to customers worldwide. That's sent oil prices sharply higher — a key driver of inflation.

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.

Expectations of higher oil prices as the war drags on have kept long-term bond yields elevated, causing mortgage rates to mostly trend higher.

The yield on the U.S. 10-year Treasury note was at 4.47% in midday trading Thursday on the bond market, up from 4.45% a week ago. It was just 3.97% in late February, before the war broke out.

As recently as late February, the average rate on a 30-year mortgage had slipped just under 6% for the first time since late 2022. It's hasn't fallen below that threshold since. Last week, it surged to its highest level since August 28, when it was 6.56%.

While average long-term mortgage rates remain lower than they were at this time last year, their mostly upward trajectory and uncertainty over how much higher they may go as bond markets react to the economic fallout from the conflict in the Middle East have been a drag on the housing market.

Sales of previously occupied U.S. homes were essentially flat in April after declining from a year earlier in the first three months of the year, extending a nationwide housing slump that dates back to 2022 when mortgage rates began to climb from pandemic-era lows. The May existing home sales snapshot is due out next week.

The median price of U.S. homes listed for sale fell 2.4% last month from a year earlier, the steepest decline on data going back to 2017, according to Realtor.com.

**Average rate on a 30-year
fixed mortgage**



Source: Freddie Mac

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