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Rate climbs to where it was four weeks ago

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to 6.66
from 6.65%

By Alex Veiga
The Associated Press

Mortgage rates ticked higher this week, nudging the average long-term U.S. home loan rate closer to its recent high for the year.

The benchmark 30-year fixed rate mortgage rate edged up to 6.66% from 6.65% last week, mortgage buyer Freddie Mac said Thursday. One year ago, the average rate was 6.56%.

Higher mortgage rates can add hundreds of dollars a month in costs for borrowers, limiting homebuyers' purchasing power. As rates rise, that can lead prospective home shoppers to delay buying a home, one reason U.S. home sales remain in a rut this year.

The average rate is now back to where it was four weeks ago and is just shy of 6.69%, the high for the year it reached earlier this month.

Borrowing costs on 15-year fixed-rate mortgages, often sought by borrowers refinancing a home loan, also rose this week. That average rate increased to 5.98% from 5.95% last week. A year ago, it was at 5.69%.

Mortgage rates are influenced by several factors, including inflation, broader policy rate decisions from the Federal Reserve and expectations from bond market investors for the economy. They generally follow the trajectory of the 10-year Treasury yield, which lenders use as a guide to pricing home loans.

Both mortgage rates and the bond market have been mostly rising this year due to the U.S. war with Iran, which has fueled expectations for hotter inflation as crude oil prices soared. Long-term bond yields remain steeper than they were before the conflict began in late February, helping drive mortgage rates higher.

Worries about the U.S. government's gargantuan and growing debt have also helped drive up long term bond yields, prompting the U.S. Treasury Department made to intervene last week, though analysts say its effect could be limited.

The 10-year Treasury yield was 4.66% as of midday Thursday on the bond market. Before the war, it was just 3.97% in late February.