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Average long-term U.S. rate eases to 6.3%

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The average rate on a 30-year U.S. mortgage edged lower this week, returning to its lowest level in about a year.

The average long-term mortgage rate slipped to 6.3% from 6.34% last week, mortgage buyer Freddie Mac said Thursday. A year ago, the rate averaged 6.32%.

The modest drop brings the average rate back to where it was two weeks ago, after a string of declines brought down home loan borrowing costs to their lowest level since early October 2024.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also eased this week. The average rate dropped to 5.53% from 5.55% last week. A year ago, it was 5.41%, Freddie Mac said.

"Despite the decline, rates continue to hover within a narrow band they've maintained since mid-September, as markets remain in a holding pattern amid fiscal and monetary uncertainty, including the ongoing government shutdown," said Anthony Smith, senior economist at Realtor.com.

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.

The 10-year yield was at 4.13% at midday Thursday, up from around 4.09% the same time last week. The yield has been trending higher since it slid to around 4.02% on Sept. 11.

In late July, mortgage rates started declining in the lead-up to the Federal Reserve's widely anticipated decision last month to cut its main interest rate for the first time in a year amid growing concern over the U.S. job market.

The average rate on a 30-year mortgage has stayed above 6% since September 2022, the year mortgage rates began climbing from historic lows. The housing market has been in a slump ever since.