

# Average rate on long-term mortgages leaps to 6.38%

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The average long-term U.S. mortgage rate climbed this week to its highest level in more than six months, driving up borrowing costs during what's typically the busiest time of the year for prospective homebuyers.

The benchmark 30-year fixed rate mortgage rate rose to 6.38% from 6.22% last week, mortgage buyer Freddie Mac said Thursday. One year ago, the rate averaged 6.65%

This marks the largest one-week increase since April 2025 and the largest three-week increase since October 2024, according to Realtor.com.

The last time the average rate was higher was Sept. 4, when it was at 6.5%.

When mortgage rates rise, they can add hundreds of dollars a month in costs for home shoppers, limiting what they can afford to buy.

Only four weeks ago, the average rate had dropped to just under 6% for the first time since late 2022, but it has been rising as skyrocketing oil prices due to the war with Iran fuel worries about high inflation.

Meanwhile, borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also rose this week. That average rate rose to 5.75% from 5.54% last week. A year ago, it was at 5.89%, 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.

The 10-year Treasury yield was at 4.39% at midday Thursday, up from around 4.26% a week ago.

Treasury yields have been climbing as higher oil prices increase expectations for higher inflation. As long-term bond yields rise, that pushes up mortgage rates.

Higher inflation could also keep the Fed from cutting interest rates. 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. Note

At its meeting last week, the Fed decided to hold off on cutting interest rates. Chair Jerome Powell highlighted the increasingly uncertain outlook for the U.S. economy and inflation in the wake of the Iran war, suggesting the Fed could stand pat for an extended period.

The U.S. housing market has been in a slump since 2022, when mortgage rates began to climb from pandemic-era lows. Sales of previously occupied U.S. homes were essentially flat last year, stuck at a 30-year low. They have remained sluggish so far this year, declining in January and February versus a year earlier.