

11-8-2024

# Average rate on a 30-year mortgage increases for the 6th straight week



A for-sale sign hangs in front of a home in the Park Slope neighborhood in Brooklyn, New York, on Oct. 10. PETER MORGAN — ASSOCIATED PRESS FILE

BY ALEX VEIGA

THE ASSOCIATED PRESS

The average rate on a 30-year mortgage in the U.S. rose for the sixth straight week, returning to its highest level since early July.

The rate ticked up to 6.79% from 6.72% last week, mortgage buyer Freddie Mac said Thursday. That's still down from a year ago, when the rate averaged 7.5%.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners seeking to refinance their home loan to a lower rate, also edged higher this week. The average rate rose to 6% from 5.99% last week. A year ago, it averaged 6.81%, Freddie Mac said.

When mortgage rates increase they can add hundreds of dollars a month in costs for borrowers, reducing homebuyers' purchasing power at a time when home prices remain near all-time highs, even though the housing market remains in a sales slump going back to 2022.

Mortgage rates are influenced by several factors, including the yield on U.S. 10-year Treasury bonds, which lenders use as a guide to price home loans. Bond yields have been rising following encouraging reports on inflation and the economy.

This week, bond yields surged on expectations that President-elect Donald Trump's plans for higher tariffs, lower tax rates and lighter regulation could lead to bigger economic growth, inflation and U.S. government debt.

The yield on the 10-year Treasury was at 4.36% at midday Thursday. It was at 3.62% as recently as mid-September.

The average rate on a 30-year home loan hasn't been this high since July 11, when it was 6.89%. In late September, the average rate got as low as 6.08% — its lowest level in two years — following the Federal Reserve's decision to cut its main interest rate for the first time in more than four years.

While the central bank doesn't set mortgage rates, its policy pivot cleared a path for mortgage rates to generally go lower.

"While we still expect mortgage rates to stabilize by the end of the year, they will likely be at a higher level than markets were initially expecting prior to election week," said Ralph McLaughlin, senior economist at Realtor.com.

The recent uptick in mortgage rates has discouraged some would-be home shoppers. Mortgage applications fell last week for the sixth week in a row, sliding 10.8% on a seasonally adjusted basis from the prior week, according to the Mortgage Bankers Association.

Applications for loans to refinance a mortgage fell 19%, though they were still 48% higher than in the same week last year, when rates were higher.

"Rates and borrower demand will likely remain volatile in the coming weeks as financial markets digest both the election results and the Fed's upcoming monetary policy decisions," said MBA CEO Bob Broeksmit.