

MORTGAGE RATE WATCH

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Mortgage Rates Approaching 7% Again

There are some broad rate surveys/indices that show 30yr fixed mortgage rates under 6.5% or close to it, but it's a bit of a mystery as to how such a thing could be justified--even after accounting for the typical lag between weekly surveys and our daily records.

Indeed, most of the past week saw the average top tier rate at 6.625% or higher for the average lender. And as of today, we're painfully close to 7.0% again. To be fair, we were already close to 7.0% on Friday. Most lenders didn't move much higher since then, and many lenders were already there.

As always, keep in mind that we're talking about top tier scenarios with no additional upfront costs due to FICO/LTV. And just because it bears repeating in light of some of the atrocious journalism on the topic, keep in mind that the best loan pricing is still reserved for those with the highest credit scores (many news sites continue to get this wrong, sadly).

What's behind the spike? In general, the market is coming to terms with the possibility that the Federal Reserve may not have been that off-base over the past few months as it has maintained the need to keep rates "higher for longer." Recent economic data has confirmed more economic resilience (and more inflation persistence) than initially expected after the Fed's last forecast update in March.

The true trajectory of rates will depend on additional economic data, with the more important reports not coming out until the first 2 weeks of June.



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