

Mortgage Rates Are Actually The Highest Since Mid November

Wednesday's Consumer Price Index caused a brutally fast spike in mortgage rates. It wasn't notable for taking us to exceptionally high levels (October 2023 was much higher), but it was one of the biggest single-day jumps. Either way, it easily took the average lender back to highest levels since November 2023.

Today was very tame by comparison although rates moved just a bit higher. The average lender is at the weakest levels since November 20th, 2023. This reality is at odds with many of today's mortgage rate headlines which mention 6.88% as this week's rate. So what's the true story?

6.88% is a product of Freddie Mac's weekly survey. What Freddie really means is that 6.88% was the 5 day average from last Thursday through yesterday. Moreover, Freddie's survey doesn't adjust for upfront discount points and several other loan features that can push rates down. Combined with the averaging methodology and lag, Freddie's rate is frequently misleading for consumers who are trying to get a sense of where rates may be on any given day.

Please be very well assured and very certain that 6.88% is not today's rate. While a mortgage lender could technically still quote such rates, they would not be able to do so without higher upfront costs (aka "points"). Based on our apples to apples approach, today's rate would need to be 0.25-0.375% higher to be quoted with the same upfront costs as a rate from Tuesday (before the big spike).

Today brought only a modest increase by comparison. In both cases, the average lender would be in the 7.3's for a top tier scenario. On a side note, our index **does** include a proprietary adjustment for points. 7.3's can mean lenders quoting rates of 7.125, for instance, but with some additional upfront cost. It can also mean rates of 7.5% with lower upfront costs.

The calendar of potential drama is relatively quiet tomorrow. The next report of note is Monday's Retail Sales. But even then, we're really waiting for the beginning of May before we get more data with the power to truly challenge the suggestions of this week's CPI.



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