

# MORTGAGE RATE WATCH

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## Mortgage Rates Back Up And Over 7.5%

A mortgage rate is highly subjective and can vary for a variety of reasons. A news story that provides an outright level like 7.5% requires context and qualification. Some online advertisements (especially among builders) could still be showing rates in the high 6's. Some borrowers will be seeing rates of 7.625 or higher.

Loans with less than 25% down will have higher and higher costs, either in terms of upfront closing costs or the rate itself. Investment properties incur significant extra costs as do lower credit scores (you start getting hit for anything under 780 in many cases these days).

These are just a few considerations to illustrate the point that a 30yr fixed rate isn't necessarily apples to apples. Fortunately, we can control for most of the variables by only ever looking at the same scenario, free from most of the subjective adjustments. We can also control for the practice of advertising lower rates by quoting them with implied discount points (extra upfront cost that goes toward "buying down" the prevailing rate). That's one of the reasons the MND index is higher than Freddie Mac's weekly survey.

All that to say, 7.5%+ might not be the exact rate you see today, but after adjusting for everything we can control, that's the most prevalently quoted top tier conventional 30yr fixed rate again today. It's the 3rd time we've seen 7.5 in the past 2 weeks.

Today's increase followed the release of the Employment Cost Index--one of the economic reports the Fed watches closely in determining rate policy. In not so many words, it suggested higher momentum in price pressures than previously expected. This wasn't necessarily out of line with any of the other recent inflation-related reports, but the confirmation was worth a bit of extra weakness in rates nonetheless.

Speaking of Fed rate policy, we'll get the latest Fed announcement tomorrow. There's zero chance of a cut (or a hike), but the Q&A portion is always worth some potential volatility in the afternoon.



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