Mortgage rates rise due to inflation concerns

by Bend_Weekly_News_Sources

Mortgage rates rose slightly this week, with the average 30-year fixed mortgage rate moving to 6.19 percent. According to Bankrate.com's weekly national survey of large lenders, the 30-year fixed rate mortgages had an average of 0.29 discount and origination points.

The average 15-year fixed rate mortgage, popular for refinancing, was unchanged at 5.93 percent. On larger loans, the average jumbo 30-year fixed rate inched higher to 6.44 percent. Adjustable rate mortgages were mixed, with the average 5/1 ARM moving up to 6.08 percent and the average one-year ARM was unchanged at 5.96 percent.

Mortgage rates were up slightly as renewed inflation worries made it unlikely the Fed would trim interest rates any time soon. Larger than expected increases in the Consumer Price Index (CPI) and Producer Price Index (PPI) for February made it clear that inflation has yet to fade into the background. With inflation still on the Fed's radar screen, any likelihood of a Fed rate cut in the coming months was dimmed. Bond yields and mortgage rates both increased slightly. Mortgage rates are closely related to yields on long-term government bonds.

Fixed mortgage rates are notably lower than last summer when the Fed last raised interest rates. At the time, the average 30-year fixed mortgage rate peaked at 6.93 percent, and a $165,000 loan carried a monthly payment of $1,090.00. With the average 30-year fixed rate now 6.19 percent, the same loan originated today would carry a monthly payment of $1,009.50. Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS30-year fixed: 6.19% -- up from 6.16% last week (avg. points: 0.29)15-year fixed: 5.93% -- unchanged from last week (avg. points: 0.27)5/1 ARM: 6.08% -- up from 6.04% last week (avg. points: 0.26)

Bankrate's national weekly mortgage survey is conducted each Wednesday from data provided by the top 10 banks and thrifts in the top 10 markets.