Mortgage rates inched up ahead of inflation reading

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January 11, 2024, 12:37 pm *By Sarah Marx*

Mortgage rates ticked up this week as the 10-year Treasury yield made its way back above 4%.

The 30-year fixed-rate mortgage averaged 6.66% as of Jan. 11, a slight increase from last week's 6.62%, according to Freddie Mac's Primary Mortgage Market Survey released on Thursday. The 15-year fixed-rate mortgage averaged 5.87% this week, down from 5.89% the prior week. HousingWire's Mortgage Rates Center showed Optimal Blue's average 30-year fixed rate on conventional loans at 6.66% on Thursday, down from 6.68% recorded at the same time last week.

"Mortgage rates have not moved materially over the last three weeks and remain in the mid-six percent range, which has marginally increased homebuyer demand," Sam Khater, Freddie Mac's chief economist, said in a statement. "Even this slight uptick in demand, combined with inventory that remains tight, continues to cause prices to rise faster than incomes, meaning affordability remains a major headwind for buyers. Potential homebuyers should look closely at existing state and local resources, such as down payment assistance programs, which can considerably help defray closing costs."

Mortgage rates dipped below 7% before the start of the new year, steadily declining each week of December. Most housing professionals expect mortgage rates to continue trending downwards in 2024. Economists hope that declining rates will spur more sellers to list their homes. However, mortgage rates might not fall as fast as expected, hampering growth in listing activities. With about two-thirds of outstanding mortgages still carrying rates below 4%, home sellers may choose to delay their selling plans, waiting for a better opportunity.

Forecasters expected the Federal Reserve to begin cutting rates in March. However, given December's strong jobs report and today's inflation reading, it's becoming more likely that those rate cuts will come later in the year, Lisa Sturtevant, chief economist at Bright MLS, said in a statement.