

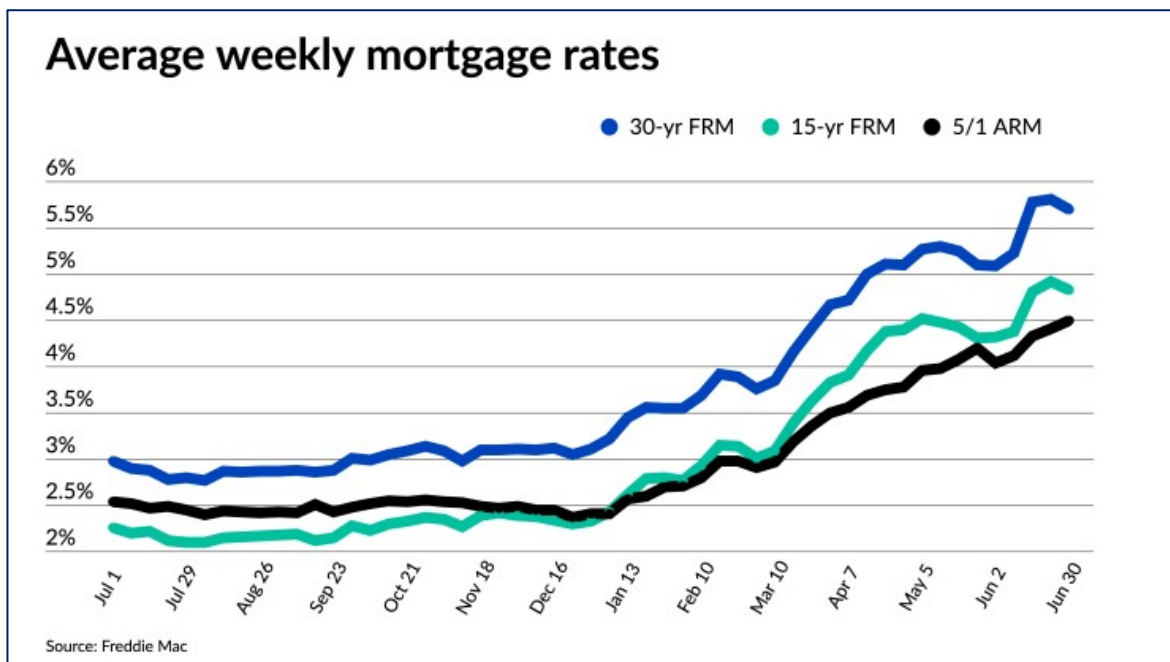
Mortgage rates fall as recession fears rise

By [Spencer Lee](#) June 30, 2022, 12:07 p.m. EDT 2 Min Read

After three straight weeks of increases, mortgage rates retreated over the past seven days, as investors pondered how Federal Reserve moves will impact economic growth, Freddie Mac said.

The 30-year fixed-rate mortgage average fell 11 basis points to 5.7% from 5.81% [a week ago](#) for the period ending June 30, according to Freddie Mac's Primary Mortgage Market Survey. In the same weekly time frame of 2021, the 30-year average came in at 2.98%.

"The rapid rise in mortgage rates has finally paused, largely due to the countervailing forces of high inflation and the increasing possibility of an economic recession," said Sam Khater, Freddie Mac's chief economist, in a press release.



Just four weeks ago, the 30-year average stood at 5.1%. But the Fed's announcement mid month of a 75-basis-point increase in the federal-funds rate intended to help curb inflation – with more likely to come down the road – led to the largest surge in mortgage rates in [over 30 years](#). Markets are now trying to determine the right balance to fight inflation without completely halting economic growth. Revised [gross domestic product numbers](#) released this week showed the U.S. economy shrinking 1.6% in the first quarter.

“Rates declined from highs last week as recession concerns raised the potential for slowing rate increases in the future,” said Paul Thomas, vice president of capital markets at Zillow, in a research blog post.

“Markets are struggling to price in the competing dynamics of persistent high inflation and the impact of Federal Reserve rate hikes,” he noted. Investors will be looking at manufacturing data and pricing data coming out over the next week for further signals regarding inflation and economic health, results which could affect mortgage rates.

The sudden acceleration of interest-rate hikes has shown signs of shifting housing market trends that are more [amenable to buyers](#) for the first time in well over a year. But home prices in the first four months of 2022 still [increased at record pace](#), according to several researchers, putting homeownership [out of reach](#) for many. Initial signals of [a slowdown](#) have emerged based on early May data, though.

“This pause in rate activity should help the housing market rebalance from the breakneck growth of a seller's market to a more normal pace of home price appreciation,” Khater said.

The average for the 15-year fixed-rate mortgage also decreased by a similar margin as the 30-year over the past week, dropping 11 basis points to 4.83% from 4.92%. In the same period one year ago, the 15-year average was at 2.26%.

Meanwhile, the 5-year Treasury-indexed hybrid adjustable rate headed in the other direction, rising for the fourth week in a row to an average of 4.5%. One week earlier, the 5-year ARM averaged 4.41%, and in the same period last year, came in at 2.54%.