

# Mortgage rates see sizable increase

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The average 30-year fixed rate mortgage increased to 3.45% during the week ending Jan. 13, up from 3.22% the week prior, according to the latest **Freddie Mac** PMMS [Mortgage Survey](#).

The 15-year fixed rate mortgage averaged 2.62% last week, up from 2.43% the week prior. A year ago at this time, it averaged 2.23%. [Mortgage rates](#) tend to move in concert with the 10-year Treasury yield, which reached 1.74% on Wednesday, up from 1.71% a week before.



This is the third week of mortgage rate increases, after the 30-year fixed rate fell to 3.05% on [Dec. 23](#) amid fears of the Omicron variant. The report is focused on conventional, conforming, fully amortizing home purchase loans for borrowers who put 20% down and have excellent credit.

Rates rose across all mortgage loan types, according to Sam Khater, Freddie Mac's chief economist. Driving the increase is the expectation of a faster than expected tightening of monetary policy in response to a continued inflation caused by disruptions in labor and supply chains.

"The rise in mortgage rates so far this year has not yet affected purchase demand, but given the fast pace of home price growth, it will likely dampen demand in the near future," Khater said.

The **Mortgage Bankers Association (MBA)** showed on Tuesday that [mortgage applications](#) climbed 1.4% for the week ending Jan. 7. The growth was buoyed by a 2% increase in the trade group's seasonally adjusted purchase index. On the refinance front, the index dipped by 0.1% from the previous week, coming in 50% lower than the same week one year ago.

Economists expect rates to increase in 2022 but will still be close to record-low levels. The MBA forecasts that 30-year mortgage rates will reach 4% by the end of 2022.

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