

MORTGAGE

# Mortgage rates rise again, ahead of the Fed decision

By [Holden Lewis](#) • Bankrate.com



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Mortgage rates went up for the ninth time in 10 weeks. The good news is that they aren't rising as fast as they were a few weeks ago.

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The Federal Reserve's monetary policy committee is scheduled to meet next week, and mortgage rates usually don't move much in the week preceding a Fed meeting. The Fed is expected to raise a short-term interest rate by a quarter of a percentage point. Economists and mortgage bankers say that the increase already has been "baked into" mortgage rates.

"My opinion is that the rates moved up quickly in response to a (Donald) Trump presidency because the focus is on growth," says A.W. Pickel III, president of the Midwest division of AmCap Mortgage Ltd.

This is the consensus opinion among economists and bankers: That the Republican-led Congress will be more free-spending with a Republican in the White House. Presumably, the deficit spending would stimulate the economy and cause interest rates to rise.

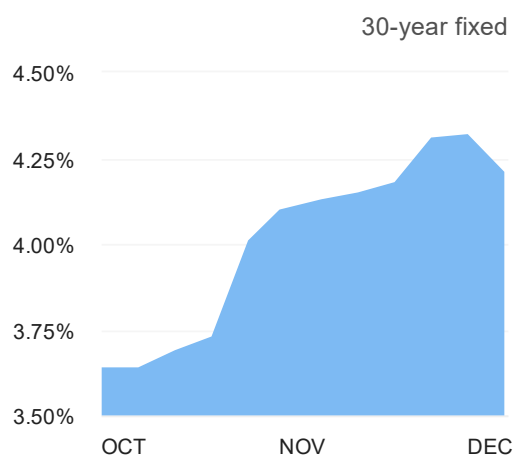
Pickel believes that mortgage rates might actually fall -- a little, not a lot -- after the Fed announces an increase in the federal funds rate next week. That might sound counterintuitive, but Fed rate hikes were followed by declines in mortgage rates frequently in 2006. At the time, the central bank was in the beginning stages of a two-year rate-hike campaign. The Fed would raise short-term interest rates, and about half the time, long-term rates for mortgages would go down.

## Mortgage rates this week

The benchmark 30-year fixed-rate mortgage rose this week to 4.15 percent from 4.13 percent, according to Bankrate's weekly survey of large lenders. A year ago, it was 4.06 percent. Four weeks ago, the rate was 3.73 percent.

This is the highest that the 30-year fixed has been since Dec. 30, 2015. It was 4.15 percent that week, too. The last the benchmark rate was higher was July 15, 2015, at 4.17 percent.

The 30-year fixed mortgages in this week's survey had an average total of 0.21 discount and origination points. Over the past 52 weeks, the 30-year fixed has averaged 3.78 percent. This week's rate is 0.37 percentage points higher than the 52-week average.



- The benchmark 15-year fixed-rate mortgage rose to 3.40 percent from 3.39 percent.
- The benchmark 5/1 adjustable-rate mortgage fell to 3.45 percent from 3.48 percent.
- The benchmark 30-year fixed-rate jumbo mortgage rose to 4.14 percent from 4.09 percent.

## Weekly national mortgage survey

Results of Bankrate.com's Dec. 7, 2016, weekly national survey of large lenders and the effect on monthly payments for a \$165,000 loan:

	<a href="#">30-year fixed</a>	<a href="#">15-year fixed</a>	<a href="#">5-year ARM</a>
<a href="#">This week's rate:</a>	4.15%	3.40%	3.45%
Change from last week:	+0.02	+0.01	-0.03
Monthly payment:	\$802.07	\$1,171.47	\$736.33
Change from last week:	+\$1.92	+\$0.81	-\$2.75

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**3.804% APR | 3.750% rate**

\$1,925.00 fees | \$1,343 /mo | 0 pts

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**3.875% APR | 3.875% rate**

\$0.00 fees | \$1,364 /mo | 0 pts

Next

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**3.875% APR | 3.875% rate**

\$0.00 fees | \$1,364 /mo | 0 pts

Next

★ 4.7/5 Lender info

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**3.896% APR | 3.875% rate**

\$750.00 fees | \$1,364 /mo | 0 pts

Next

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### A long streak

The 30-year fixed averaged 3.54 percent in Bankrate's Sept. 28 survey. It has gone up every week since then, except for Oct. 26, when it was unchanged compared with the previous week.

The rate increases zoomed after the election, rising more than a quarter of a percentage point in the week after Trump's unexpected victory, then almost a tenth of a percentage point the week after that. It has crawled upward the last couple of weeks.

### Refinancing isn't over

Mortgage rates have risen almost five-eighths of a percentage point since the end of September, and that has made it unprofitable for some homeowners to refinance their mortgages. But not all homeowners. Plenty

of people have mortgages with interest rates of 5 percent or higher, and they could still benefit from refinancing.

"We have been encouraging our clients to lock in rates over the past year," says Matthew Carbray, certified financial planner for Ridgeline Financial Partners, in Avon, Connecticut. "A lot of people have been rushing to lock in a rate before the December Fed meeting, but that rate move has already priced into mortgage rates, as I see it."

The central bank will issue its monetary policy statement the afternoon of Dec. 14, followed by a news conference with Federal Reserve Board Chair Janet Yellen.

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