

MORTGAGE RATES CONTINUE TO SOAR

Holden Lewis / November 15, 2016



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Mortgage rates went up again Tuesday, but not by much. That's a relief.

Since last week's election, mortgage rates have gone up almost half a percentage point. Most of that rise happened Wednesday through Monday. It slowed down Tuesday, with a key Fannie Mae bond yield going up by 0.02 percent.

Bankrate conducts its mortgage rate survey every Wednesday. The 30-year fixed averaged 3.73 percent last Wednesday. It's on track to be about 4.05 percent tomorrow. But maybe tomorrow holds a surprise.

History of big mortgage hikes

Such a one-week rate rise is rare.

The last time it happened was during the Taper Tantrum, in June 2013. That's when investors freaked out at a Federal Reserve announcement. The Fed said it would eventually slow (taper) its program of buying bonds to keep interest rates artificially low. Investors sold off their bonds. Result: The average rate on the 30-year fixed jumped from 4.12 percent on June 19, 2013, to 4.61 percent the next week.

Mortgage rates took big jumps several times in 2008, in the run-up to the financial crisis and during it. The biggest one-week increase happened when the 30-year fixed went from 6.2 percent to 6.74 percent from Oct. 15 to Oct. 22, 2008. It fell 42 basis points (a basis point is 0.01 percent) the next week, and then it rose another 45 basis points the week after that.

Keep some perspective

I'm pretty sure the average 30-year fixed will be above 4 percent in Bankrate's survey tomorrow.

Don't get discouraged if you're about to get a mortgage, counsels Michael Chadwick, a financial adviser for Chadwick Financial Advisors. A rate around 4 percent is still good by historical standards.

"My fundamental message is you've been spoiled," Chadwick says. "People get wound up about it, and I say, You didn't expect this to last forever, right?"

Chadwick has a point. Until the middle of 2010, people didn't get 30-year mortgages under 5 percent. (Maybe they did in, like, the 1950s, but not in the age of hip-hop.) Getting a mortgage rate at around 4 percent is a gift, from a historical perspective.