

What Happened Last week to Affect Mortgage Rates?

Services Excel

Mortgage markets had another bumpy week as oil prices fluctuated, and investors digested the latest news from the Federal Reserve and the economy. Rates climbed to their highest levels in nearly three years early in the week but settled back down, ending the week close to where they started.

The most significant economic report released this week came from the Institute of Supply Management. The ISM national services sector index was 54.9, close to expectations. The sector remains comfortably in expansion territory above 50, suggesting businesses are still growing despite ongoing economic challenges.



We also got a closer look at the most recent Federal Reserve meeting on September 16 through the release of its meeting minutes. The minutes revealed that Fed officials have differing views on where inflation is headed and what that means for future interest rate decisions. Uncertainty around oil prices and tariffs is making the outlook even harder to predict. For now, the Fed is taking a wait-and-see approach, with future decisions likely to depend heavily on incoming economic data. Investors are increasingly expecting the next policy move to be a rate hike in December, although that could change as new information comes in.

According to the Mortgage Bankers Association, higher mortgage rates in recent weeks have been negative for overall loan origination activity but have boosted demand for adjustable-rate loans that offer lower rates. Applications to refinance dropped 8% from last week and were a massive 56% lower than one year ago, at the lowest level since February 2025. Purchase applications fell 2% from the prior week and were down 15% from last year at this time. The adjustable-rate mortgage share of total applications rose to over 10%, the highest level in about a year, up from levels around 3% in the early years of the pandemic.

Bottom Line: There's a lot for investors to keep an eye on right now, including persistent inflation, signs of slower economic growth, and ongoing global uncertainty. All of this could mean more volatility in the weeks ahead. Mortgage rates can change quickly as new economic reports, Fed comments, and global developments hit the headlines.

Looking ahead, attention will remain fixed on the conflict in the Middle East and oil prices. For economic reports, Existing Home Sales will come out on Tuesday. The Consumer Price Index (CPI), a widely followed monthly inflation indicator that looks at the price changes for a broad range of goods and services, will be released on



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