

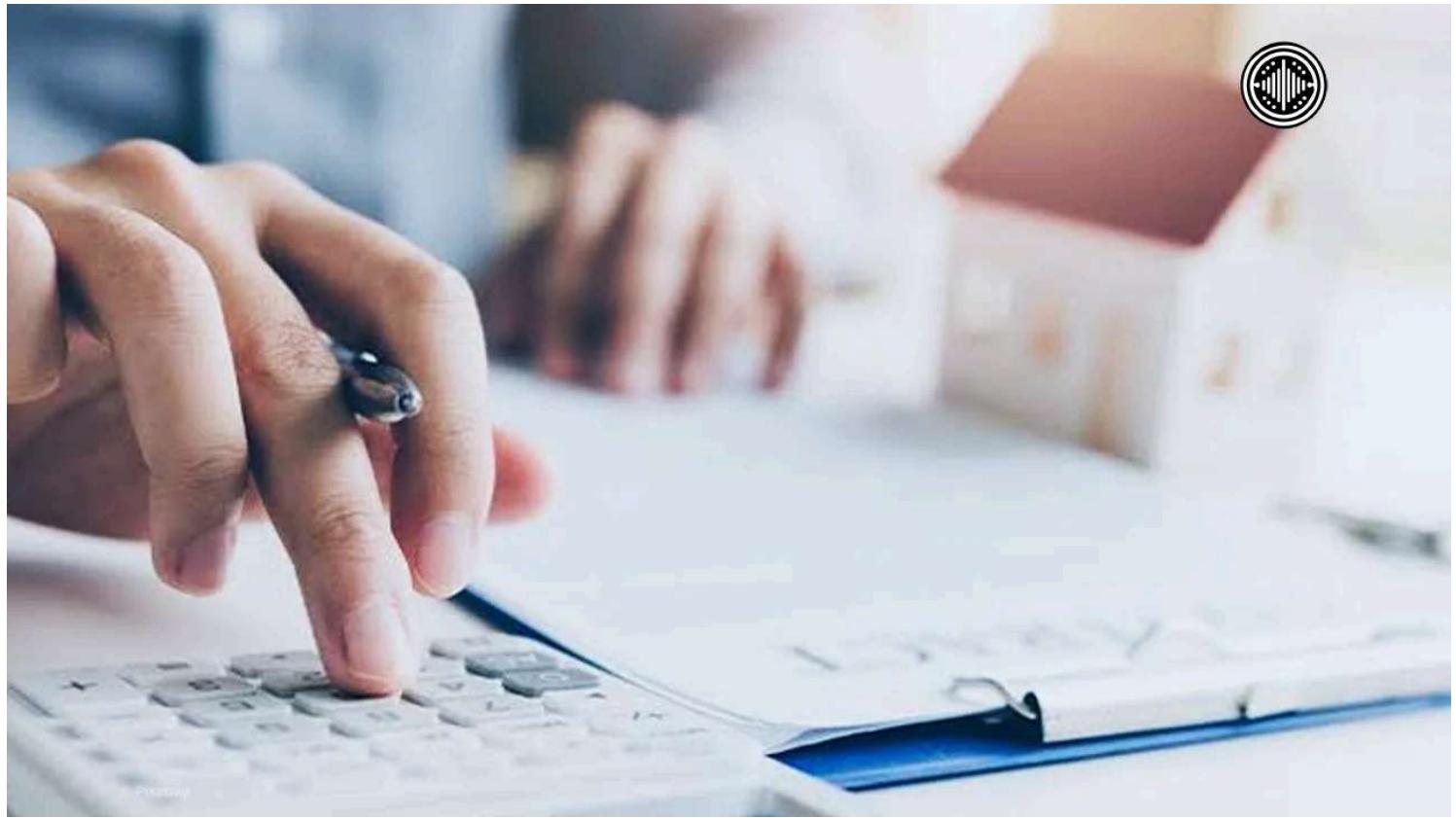
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Mortgage Rates Edge Up Slightly as July Winds Down

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Average mortgage rates ticked up this week, adding to the challenges facing would-be homebuyers in an already strained market. Here is what borrowers need to know and how they might respond.

The average rate for a 30-year fixed-rate mortgage (FM) is 6.81 percent today, up 0.05 percentage points from one week ago. Meanwhile, the 15-year FM rate has risen to 6.03 percent, a 0.06-point increase over the same period. Steps such as boosting your down

payment, improving your credit score, or buying mortgage points can still help you secure a slightly lower rate.

Persistent inflation concerns continue to put upward pressure on borrowing costs. Investors closely watch the 10-year U.S. Treasury note yield (10-yr TNY), often setting the tone for long-term loans such as mortgages. Global trade tensions, led by a looming tariff standoff, and ongoing policy turbulence in Washington have all contributed to uncertainty in the bond market.

Since the start of the year, the Federal Reserve (Fed) has opted for a wait-and-see approach, holding its policy rate steady. The Fed's decision-makers have cited mixed economic signals, tepid growth alongside solid hiring data as reasons to pause. Most economists expect the Fed to begin trimming rates in September, particularly if tariffs are scaled back or the labor market shows signs of weakening.

Buyer Outlook

Prospective homebuyers should not expect a sudden drop in mortgage rates, however. The Fed does not set lenders' rates directly. Instead, those rates reflect the cost of borrowing in the secondary market, where lenders buy and sell loan packages. Even as benchmark rates eventually fall, experts warn that volatility is likely to persist.

"Rates could ease if inflation cools and hiring slows," said Jeb Smith, a licensed real estate agent and CNET Money's expert review board member. "On the flip side, renewed tariff threats or widening government deficits could push rates back up." His comments reflect the balancing act between economic growth and price pressures.

With home prices still elevated and other costs such as insurance and property taxes rising, many buyers find themselves financially stretched. In some metropolitan areas, families must earn two or three times the national median income just to afford a modest home. The risk of a job-loss recession has also prompted many to tighten budgets and delay big purchases.

Those serious about buying often choose to get pre-approved now, locking in a rate they hope will fall before closing. Others are adopting a more patient stance, waiting for clearer signs that borrowing costs are trending downward. Shopping for different loan products such as adjustable-rate mortgages or shorter-term loans can also pay dividends.

Looking ahead, Fannie Mae (FNMA) forecasts mortgage rates around 6.5 percent by year-end, easing further to 6.1 percent by the close of 2026. Yet if trade disputes reignite inflation or the federal deficit balloons, those projections could prove overly optimistic. Homebuyers and industry observers will watch every Fed statement for clues about the next move.

In today's market, mortgage rates represent just one hurdle. High home prices, rising ownership costs, and broader economic uncertainty keep many buyers on the sidelines. Still, careful planning, improving credit, saving more for a down payment, and exploring points can help borrowers navigate even a tough rate environment.