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over the years, when rates are up but prices are down, the monthly payment can be equivalent as when rates are down, and prices are up.

With the Fed having to take more aggressive actions to try and get ahead of the rising inflation through more pronounced rate hikes, it seems more and more likely that the economy will be pushed into a recession. The 20% correction in the stock market that signals a Bear Market finally happened in June. A recession coupled with the correction in the stock market will eventually help mortgage rates to drop. I am still anticipating mortgage rates to drop near the end of 2022 and heading into 2023, which is when we will have another mortgage refinance run. Buying now while there is less competition, despite the higher interest rates, is not a bad plan, especially with the real possibility of refinancing in the next year or so.

The steep rise in mortgage rates over the last six months has caused my business to slow down to less than half of what it was over the course of the last two years, the busiest two years in the history of the mortgage industry.

I am using this lull in the action to do some move SCUBA diving, especially since there are some great deals with live aboard dive operators around the world who are eager to welcome divers back after the last 2+ years of Covid shutdowns. I will try and get some good shots over the coming months and post some pictures here and on my social media. I hope you all have fun summers and are able to travel again.

*As always, your mortgage guy
Viral (Vic) Joshi
Home of Real Mortgage Advice*

Viral (Vic) Joshi
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My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free “Mortgage 101” consultations, so they can make good decisions and get the best loan possible. I’ve revamped my website to give clients the best resources to supplement my consultations.

When I’m not doing loans, I’m an avid scuba diver and certified Rescue Diver. Eventually I’d like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).



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Vic’s Mortgage Report

“Home of REAL Mortgage Advice”

The Bears Are Back

Hi Friends,

It seems like inflation is the only topic in the markets these days and with good reason. The May reading of the Consumer Price Index, CPI, showed inflation up 8.6% year over year. Energy prices rose 3.9% from a month ago, which brings the annual gain to a whopping 35%! Fuel prices are over double what they were a year ago with gas prices exceeding \$5 a gallon nationally for the first time ever. Air fares are up 38% year over year. Hotel prices are also up over 20% year over year. Used car prices remain hot and are up 16% year over year. Rents are up 5.2% year over year nationwide. Mortgage rates are almost 3% higher now than they were in December of 2021!

As a much-needed response to the historic rise in inflation, the highest reading in 38 years, the Federal Reserve increased their target rate another .75% at the June meetings that concluded on June 8th. This is higher than the .5% increase that was anticipated and the highest single increase in 35 years. Mortgage rates improved slightly on this news, but then took more hits on June 13th with more global inflation fears and multiple rate hikes in other countries across the globe.

Mortgage rates continue to be the



highest levels in over 14 years, and I am finally starting to see the higher rates impact real estate and home purchases. There are less buyers in the markets and properties are starting to sit on the market for more than a few weeks. Even in the hot Bay Area market where I live, many listings are starting to sit more than one or two months. I am seeing some price reductions for the first time since the Great Recession, and it feels like the Seller’s Market has ended and shifted into a Buyer’s Market. As I have written in this newsletter many times

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“What is the difference between conventional and non-conventional loans?”
- 5 Cleaning Tips to Help Sell Your Home Faster!
- 11 Questions to Ask Your Mortgage Lender?

...And More Stuff Every Homeowner Should Know