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(Continued from page 1)

It is hard to predict where mortgage rates will go due to the unpredictability of the current administration. The latest Federal Reserve interest rate decision from 3/18/26 saw the Fed hold steady at their target rate, the Fed Funds. On the same day, the PPI, Producer Price Index, wholesale inflation numbers for February 2026 came in hotter than expected at .7% compared to the prior month. The markets were expecting a .3% increase. Wholesale inflation came in at 3.4% compared to 2.9% at the same time last year in 2025.

Inflation is now firmly heading in the wrong direction from the Federal Reserve's desired 2% target. Inflation impacts everything we purchase and carries over to the bond market, which causes mortgage rates to rise. The combination of tariffs and rising oil prices keeps inflation from coming down and is causing it to increase instead.

This will put continued pressure on the Fed to not lower their target rate, which leaves mortgage rates in limbo. Even the current poor jobs market and slowing economy

will not put enough downward rate pressure on the Fed if inflation is increasing, as it clearly is doing now. More turbulence ahead!

If you are curious to see how you can use the current market conditions to your benefit, please reach out for a free consultation. Stay tuned here for future updates and feel free to reach out for a free consultation if you want to understand more about interest rates and mortgage products.

As always, your mortgage guy,

Viral (Vic) Joshi
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Vic's Mortgage Report

"Home of REAL Mortgage Advice®"



Vic Joshi
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MORTGAGE
Home of REAL Mortgage Advice®

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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Mortgage Rates are Confused

Hi Friends,

Mortgage rates are up again thanks to higher inflation.

Many of you may have seen the media report on 2/25/2026 that 30-year fixed mortgage rates fell below 6% for the first time since 2022.

The catalyst for his media attention was the 10-year treasury bond yield falling back below 4% again to 3.95%, which caused mortgage rates to break through a level of resistance that we keep hitting and can't get past for a sustained period.

Thursday, 2/26/26 and Friday 2/27/26 it looked like we were on the cusp of the 10-year bond yield being below 4% for the foreseeable future. Then on Saturday 2/28/26, we went to war with Iran and by Monday, 3/2/26 the yield went back up to 4.07%. By Friday, 3/13/26, the yield was back up to 4.29% and on Wednesday 3/18/26, prior to the Federal Reserve's latest interest rate decision, the media was advertising 30-year fixed rates back above 6.3%.

Within 2.5 weeks, we saw the promise of 30-year fixed mortgage rates in the high 5's evaporate and climb back to the mid 6's. One event, plus the ongoing

fallout of it, is to blame for higher mortgage rates, right when we ready to start rolling again on refinances and home purchases. If we can get out of the events that are causing inflation, the bond market will like that, and mortgage rates will be lower accordingly.

Unfortunately, these positive moments in the bond market have been fleeting since December of 2023 with the 10-year bond yield getting below 4% a handful of times and usually for only a few days at the most. The last time we touched this level was 11/28/25 for a day and prior to that was 10/21/25 for 2 days. Prior to that, we have to go all the way back to 4/4/25 for only one day below 4% on the 10-year bond yield.

Average 30-year fixed interest rates are roughly 1.85% higher than the 10-year treasury bond yield in the current market. At times, that spread can increase or decrease based on other market factors. Historically, this spread hovers around 2% but in 2022 post-pandemic, as inflation was increasing, this spread increased to 3%. 2025 is when we started to see this spread come back down toward the 2% range and now the spread is slightly below that.

(Continued on back page)

