

What Determines Mortgage Rates?



6 Factors that may affect interest rates

1 ECONOMIC DATA



Rates go UP

- Labor statistics show higher pay roll
- Unemployment rate decreases



Rates go DOWN

- Slow manufacturing
- Weak housing market



2 INFLATION



Rates go UP

- High consumer prices
- Higher hourly wages



Rates go DOWN

- Lower consumer prices
- Lower hourly wages



3 STOCK MARKET



Rates go UP

- Stock market on the rise



Rates go DOWN

- Stocks in decline



4 FEDERAL RESERVE



Rates go UP

- Pulling money out of the monetary system indicates the Fed is expecting inflation



Rates go DOWN

- Adding money into the monetary system creates a looser credit environment to stimulate the economy



5 GEO POLITICS



Rates go UP

- Foreign value of goods and services improves
- Improvement of foreign relations



Rates go DOWN

- Foreign economy sinks
- Foreign conflict



6 GLOBAL EVENTS



Rates go UP

- Smooth activity around the world with no catastrophic weather or events.



Rates go DOWN

- Earthquakes
- Droughts
- Acts of terror



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