

## Bond Yields Rise and Stocks Retreat as Summer Price Pressures Loom

This morning's data releases indicated some economic softening, but few reasons to expect any significant near-term inflation relief.

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Mortgage applications fell -2.3% last week and are now down -51.6% year-over-year. New purchase apps were down -0.6% and -14.2% year-over-year, while refi apps dropped -5.4% and -75.1% over the same period last year.

The huge reduction in mortgage activity (especially in refinancing) is directly related to the surge in lending costs. Freddie Mac reported an average 30-year fixed rate of 5.10% last week. This is down from a 13-year high of 5.30% two weeks earlier, but nearly two full percentage points higher since the year began.

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