

# Interest Rate Alert

## Rate Alert

Five-year bond yields have risen around 20 to 25 basis points in the past four weeks. Shorter-term yields are up by lesser amounts. There is a high probability that five-year fixed mortgage rates will increase by a similar amount to reflect the higher cost of funds. The three-year fixed mortgage rate could increase as well but by a lesser amount.

Bond yields are higher due to the recent signing of the USMCA and to rising U.S. bond yields reflecting the U.S. economy growing faster than potential and the Fed's rate normalization actions. The inflationary impact of higher oil prices factors into this as well. This is seen as an upshift and not a spike in yields.

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