RATES & TIMING

What's Actually Driving Mortgage Rates Higher Right Now

Coltrain Mortgage Team · September 2026 · 7 min read

Your mortgage rate was never the Fed's to control.

Rates have quietly climbed for weeks, and if your gut says "blame the Fed," you're not alone. Almost everyone assumes that. It's wrong, and once you see why, the whole picture makes a lot more sense.

WHAT'S PUSHING RATES UP RIGHT NOW

3.4%	**INFLATION** August CPI, still above the Fed's 2% target
+162K	**JOBS REPORT** August payrolls, triple what was expected. Good economic news, but it lowers the odds of a rate cut.
$90/bbl	**OIL PRICES** Climbing on renewed Mideast conflict
$40T	**NATIONAL DEBT** Crossed this level for the first time ever

Your rate follows the bond market, not the Fed's calendar

The Fed only directly controls one rate: the federal funds rate, what banks charge each other overnight. Your mortgage rate answers to something else entirely: the bond market, specifically the 10-year Treasury yield and the mortgage-backed securities that actually fund home loans.

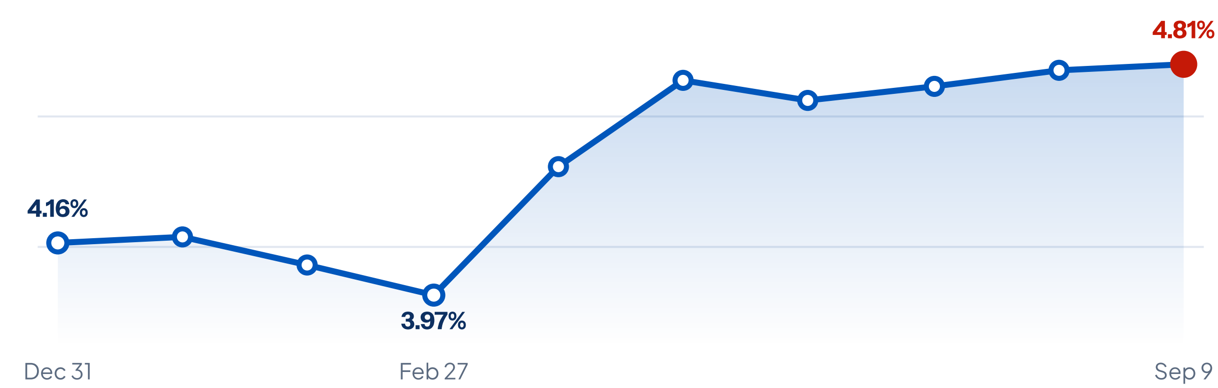
Bond investors don't care what the Fed's rate is right now. They care what they think it will be in six months, based on inflation, growth, and everything else in the pipeline. That's why mortgage rates move *before* the Fed does anything at all, sometimes climbing ahead of a hike that never comes, sometimes dropping ahead of a cut nobody's announced yet.

You're watching it happen right now. The Fed doesn't meet again until September 16, and rates have already climbed through early September anyway. The bond market read the data below and moved first.

6.71%	**4.81%**	**3.4%**	**Sept 16**
30-Yr Fixed Avg. (Freddie Mac, 9/9)	**10-Yr Treasury Yield (9/9)**	**August CPI (Headline, Y/Y)**	**Next Fed Meeting (FOMC)**

The 10-year Treasury, year to date

Closing yield, January through September 2026. Hover or tap a point for the exact date.



Why your rate sits well above the "headline" rate

10-Year Treasury Yield **4.81%**

30-Year Fixed Mortgage Rate **6.71%**

Mortgage rates always trade above the 10-year Treasury. Lenders need extra yield to cover prepayment risk and to make mortgage-backed securities worth holding. Right now that gap runs about 1.9 percentage points. When people say "rates," they usually mean the bottom bar, not the top one.

Why this hits different on Long Island

Rising rates land harder here than almost anywhere else in the country, because Long Island buyers are already absorbing two other pressures at the same time.

Start with price. Long Island is already one of the most expensive housing markets in the country. We broke down exactly what different budgets buy in **our recent look at 2026 home prices**. A rate increase hits harder here, because it's landing on a bigger loan to begin with.

Then property taxes. Suffolk County's FY2026 budget raised property taxes 3.18%, and towns like Riverhead and Smithtown are adding their own increases on top of that. Nassau homeowners are seeing average tax bills push past $10,000 a year.

3 Pressures, 1 Payment

Purchase price, mortgage rate, and property taxes are all climbing on Long Island at once. That's exactly why a real payment estimate has to use real local numbers, not a generic national calculator.

It's also the case for working with someone who actually knows this market. **Suffolk County** and **Nassau County** each have their own tax quirks, town by town differences, and assessment schedules a national lender's calculator will never catch.

Three forces pushing rates up right now

None of this is random. Three specific things are colliding in the bond market at the same time, and each one alone would be enough to push yields, and your mortgage rate, higher.

INFLATION

August's headline CPI came in at 3.4% year-over-year, still above the Fed's 2% target, part of a stretch of elevated inflation that's now run past five years. When investors expect inflation to eat into their return, they demand a higher yield to lend money at all. That pressure flows straight into your mortgage rate.

A CONFUSING JOBS PICTURE

July's jobs report showed a surprise loss of about 23,000 jobs. Then August's came in stronger than anyone expected, flipping the story overnight. A resilient job market plus sticky inflation makes it a lot harder for the Fed to justify cutting rates. Some futures markets briefly priced the odds of a *hike*, not a cut, above 60% heading into the September meeting.

BOND MARKET & GLOBAL PRESSURE

Renewed conflict involving Iran has pushed oil toward $90 a barrel, adding fresh inflation worry on top of everything else. Meanwhile the total U.S. national debt just crossed $40 trillion for the first time ever. More government borrowing means more Treasury bonds hitting the market, and investors want a higher yield to absorb all that supply.

That's the whole pattern in one sentence: the bond market moved first, and the Fed hasn't even met yet.

What the Fed Actually Controls

The federal funds rate, an overnight bank-to-bank lending rate. It moves credit cards, HELOCs, and auto loans a lot more directly and immediately than it moves a 30-year mortgage.

What Actually Sets Your Mortgage Rate

The bond market, mainly the 10-year Treasury yield and mortgage-backed security pricing. Both react in advance to inflation data, jobs reports, and whatever investors think the Fed is about to do.

> **This isn't permanent.** Rates move in both directions, and today's number is not a life sentence. If the picture above shifts, inflation cools, the jobs data settles, oil prices ease, rates can come back down just as fast as they went up. See our earlier piece on **why buying now and refinancing later** is a legitimate strategy, not a consolation prize.

What this means for you right now

IF YOU'RE SHOPPING NOW

A higher rate doesn't have to mean putting your search on hold. Run your actual numbers with our **affordability calculator**, and ask about temporary rate buydowns or the buy-now-refinance-later math. Both can meaningfully soften today's rate without waiting on the market to move first.

IF YOU ALREADY OWN

Rising rates make new purchases more expensive, but they also make the equity already sitting in your home more valuable to tap without touching your current mortgage. If property taxes or other costs are squeezing your budget, a **HELOC** or **home equity loan** is worth a look.

Want this explained against your actual numbers, not the national average?

SOURCES

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CNN Business, "Mortgage rates hit a new high for 2026, marching closer to 7%," September 3, 2026

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10-year Treasury year-to-date closes: **CNBC, December 31, 2025** and **Advisor Perspectives Treasury Yields Snapshots**, **July 31**, **August 14**, and **August 28, 2026**

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Suffolk County FY2026 adopted budget; local reporting on Nassau and Suffolk County property tax trends

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