

MARKET SUMMARY

Complete Recap of Today's Market Activity

Complete Silence After AM Volatility

Market Summary: Tuesday, December 2, 2025 - 1:21AM

Bonds were mostly flat overnight before a sharp sell-off from 8am through 10am ET. After that, momentum went flat again--especially the last 4 hours of trading. No one is still debating whether or not the AM sell-off was due to Japan's central bank news or a post-holiday return to reality. Yields are back in the pre-Thanksgiving range and ready to respond to this week's bigger-ticket econ reports.

Market Movement Recap

09:27 AM	Mostly flat overnight but selling steadily since 8am. MBS down a quarter point and 10yr up 6.9bps at 4.084
11:09 AM	No reaction to ISM data. Holding at weakest levels. MBS down 9 ticks (.28) and 10yr up 7.6bps at 4.09
02:34 PM	Steady at weakest levels. MBS still down 9 ticks (.28) and 10yr up 7.9bps at 4.093

Latest Video Analysis



Complete Silence After AM Volatility



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MBS & Treasury Markets

UMBS 5.0	99.56	+0.03	10YR	4.087%	-0.001%	12/2/2025 1:20AM EST
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Breaking Down Early Weakness. Is It Japan?

Bonds are sharply weaker to begin the new week and the new month. This is the first (and probably best) clue as to the nature of this morning's market movement. Thanksgiving weeks are prone to random volatility and today's selling basically erases the entirety of last week's movement. Then there's the Bank of Japan's comments on considering rate hikes at the next meeting. Past examples of policy shifts in Japan are burned into the memory of US markets as the source of several large, surprising reactions in bonds. Today's example is getting attention because there's nothing more obvious to blame. And while it could be having an impact for some traders, it's hard to confirm it's the main source of weakness this morning.

If US bonds were obviously destined for pain over Japan, we would have expected stronger correlation with dollar/yen (USD/JPY) in the overnight session, but the selling didn't really start until domestic hours.

Contrast that to S&P futures, which had no problem moving with the Yen sell-off.

There's been some suggestion that the Japanese influence was more of a domino effect that first played out in other bond markets. But here too, overseas markets were moving while Treasuries were flat.

None of this is to say that the Japan news isn't having an impact. The simple fact that everyone's talking about it ensures that at least some accounts are trading it. Perhaps this helps explain why the timing lines up with US traders waking up and reading the news. Nonetheless, our favorite explanation is to take the entirety of last week's volatility and throw it out. In so doing, today's levels seem right in line with the pre-Thanksgiving range.

MBS MORNING: Stronger Data. Weaker Start For Bonds

MBS MORNING: 10yr Flirting With 4.0%, But Not Because of Data

Today's Mortgage Rates

30YR Fixed	6.31%	+0.09%	15YR Fixed	5.80%	+0.02%	12/1/2025
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Mortgage Rates Erase Last Week's Gains

are based on bonds and the bond market is prone to erratic behavior on major holiday weeks. One of the more common patterns is for the holiday week to see a noticeable departure from a prevailing trend only to return to that trend in the following week.

That's exactly what we're seeing on the first day of the new week. The prevailing trend saw rates hold a narrow, sideways range with the average top tier 30yr fixed rate in the 6.3s. Last week saw that average drop to 6.20% and now today, we're right back up to 6.31%.

[thirtyyearmortgagerates]

In the coming days, economic data should have a bigger impact on rates than the sort serendipity at work today.

Time	Event	Actual	Forecast	Prior
Tuesday, Dec 02				
10:00AM	Nov Total Vehicle Sales (ml)		15.4M	15.3M
10:00AM	Fed Bowman Speech ☆			
10:10AM	Dec IBD economic optimism		44.1	43.9
Wednesday, Dec 03				
7:00AM	Nov/28 Mortgage Market Index			317.6
7:00AM	Nov/28 MBA Refi Index			1090.4
7:00AM	Nov/28 MBA Purchase Index			181.6
8:15AM	Nov ADP jobs (k) ☆		10K	42K
8:30AM	Sep Import prices mm (%)		0.1%	0.3%
8:30AM	Sep Export prices mm (%)		0%	0.3%
9:15AM	Sep Industrial Production (%) ☆		0.1%	0.1%
9:45AM	Nov S&P Global Services PMI ☆		55.0	54.8
9:45AM	Nov S&P Global Composite PMI ☆		54.8	54.6
10:00AM	Nov ISM N-Mfg PMI ★★		52.1	52.4
10:00AM	Nov ISM Services New Orders ☆			56.2
10:00AM	Nov ISM Services Prices ☆			70.0
10:00AM	Nov ISM Biz Activity ☆			54.3
10:00AM	Nov ISM Services Employment ☆			48.2
10:30AM	Nov/28 Crude Oil Inventory (ml)			2.774M

Recent Housing News

- Conforming Loan Limit Rises to \$832,750 Amid Lowest Home Price Growth Since 2012
- Small Steps Higher, Same Stubbornly Low Territory for Existing Home Sales
- Rising Rates Pull Applications Lower, but Year-Over-Year Gains Hold Firm

Read My Latest Newsletter

Jobs Report and Stock Losses Help Rates Hold The Range

This week marked the return of delayed economic data from the government shutdown. Specifically, we received the important jobs report that was set to come out in early October. While this is September's data, and thus a bit stale, it was nonetheless responsible for the biggest volume spike in the bond market since the last Fed meeting. Such is the power of the jobs report relative to other econom...

Mortgage Calculators

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