

MARKET SUMMARY

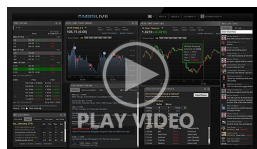
Complete Recap of Today's Market Activity

Powell Avoided Throwing Cold Water on Rate Outlook. Bonds Approved

Market Summary: Wednesday, December 10, 2025 - 5:36PM

Today's gains ended up being all about Powell's press conference. While there were a few potentially friendly comments (current rates in high end of neutral range, recent job gains overstated, no decision yet on January, inflation coming down), we can also consider that Powell simply avoided the same sort of [hawkish](#) reminders seen in the last press conference. On a day where bonds had already been selling fairly aggressively for 2 weeks, this could be all the market needed to breathe a sigh of relief and reinforce the ceiling of the prevailing trading range. All in all a fairly tame Fed day reaction, but one with a happy ending nonetheless.

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Powell Avoided Throwing Cold Water on Rate Outlook. Bonds Approved



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MBS & Treasury Markets

UMBS 5.0	99.41	+0.43	10YR	4.144%	-0.042%	12/10/2025 5:00PM EST
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Back up to Best Levels

Bonds have reversed the initial press conference weakness and are now at their best levels of the day with MBS up 3/8ths and 10yr down 4.1bps at 4.145.

UPDATE: Treasuries Turning Unchanged on Powell Comments

UPDATE: No Major Reaction to Rate Cut and Dot Plot Yet

30YR Fixed	6.30%	-0.05%	15YR Fixed	5.80%	+0.01%	12/10/2025
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Mortgage Rates Improve After Fed Announcement

The Fed cut its policy rate by 0.25% today and moved lower after the announcement. That said, those two developments are not related.

In fact, there was no movement in the bonds that underlie mortgage rates when the rate cut was announced. Instead, the market (and rates) moved in response to Fed Chair Powell's press conference.

While there is a mistaken belief that such press conferences "always" result in upward pressure on rates, today shows they can go both ways. Key comments that may have helped:

Powell: Job gains could have been overstated in recent months

Powell: Growing evidence that inflation is coming down

Powell: Rates are now in a high range of neutral

The reference to "neutral" means the Fed Funds Rate is near the levels that should neither help nor hurt the economy. Being in the higher end of that range means there could be room for another rate cut or two in 2026. This possibility was already reflected in the rate forecasts that came out with today's announcement, but the market appreciated hearing it from Powell.

Up until Powell's press conference, mortgage rates had been little changed from yesterday. Afterward, most lenders made mid-day changes resulting in the lowest rates of the week.

Time	Event	Actual	Forecast	Prior
Wednesday, Dec 10				
12:00AM	Roll Date - UMBS 30YR			
7:00AM	Dec/05 MBA Refi Index	1190.6		1041.9
7:00AM	Dec/05 MBA Purchase Index	181.6		186.1
7:00AM	Dec/05 Mortgage Market Index	327.9		313.0
8:30AM	Q3 Employment costs (%) ★	0.8%	0.9%	0.9%
10:30AM	Dec/05 Crude Oil Inventory (ml)	-1.812M	-2.3M	0.574M
2:00PM	Nov Federal budget (bl)	\$-173B	\$-205B	\$-284B
2:00PM	Fed Interest Rate Decision ★★	3.75%	3.75%	4.0%
2:00PM	FOMC Economic Projections ★★			
2:00PM	Interest Rate Projection - 1st Yr	3.4%		3.4%
2:00PM	Interest Rate Projection - 2nd Yr	3.1%		3.1%
2:00PM	Interest Rate Projection - 3rd Yr	3.1%		3.1%
2:00PM	Interest Rate Projection - Longer	3%		3%
2:00PM	Interest Rate Projection - Current	3.6%		3.6%
2:30PM	Fed Press Conference ★★			
2:30PM	Powell Press Conference ★★			
Thursday, Dec 11				
8:30AM	Sep Trade Gap (bl)	\$-52.8B	\$-63.3B	\$-59.6B
8:30AM	Oct PPI YoY ★			2.7%
8:30AM	Oct Core Producer Prices MM (%) ★			0.1%
8:30AM	Oct Producer Prices (%) ★			0.3%
8:30AM	Dec/06 Jobless Claims (k) ☆	236K	220K	191K
8:30AM	Nov/29 Continued Claims (k) ☆	1838K	1950K	1939K
1:00PM	30-Yr Bond Auction (bl) ☆	22		
1:00PM	30-Year Bond Auction ☆	4.773%		4.694%








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Are Rates About to Make a Move Because of The Fed?

December 10th will be the most interesting Fed announcement in more than a year. It's the first time since mid-2024 where a rate cut (or lack thereof) has not been a foregone conclusion. This means the Fed has a chance, albeit a small one, to surprise the market. The market currently sees a better-than-85% chance of a cut at next week's meeting according to Fed Funds Futures (contra...

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