

MARKET SUMMARY

Complete Recap of Today's Market Activity

Limited Follow-Through After Shockingly Big Miss

Market Summary: Thursday, December 18, 2025 - 11:49PM

If you told the average trader that today's core CPI would come in at 2.6% vs 3.0% year over year, they would have expected a much bigger reaction than we saw today. Ironically, the size of the miss may be one of those reasons. It's so far outside the realm of expected possibilities that traders immediately assumed the presence of legitimate issues with November's data collection. Nonetheless, it was worth a moderate extension of the overnight rally.

Latest Video Analysis



Limited Follow-Through After Shockingly Big Miss



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MBS & Treasury Markets

UMBS 5.0	99.65	-0.07	10YR	4.137%	+0.016%	12/19/2025 4:49AM EST
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Big Drop in Annual CPI, But Only a Cautious Rally So Far

Great news for bonds on the inflation front this morning: Core annual inflation came in at 2.6% compared to a 3.0% forecast and 3.0% last time. It's the lowest reading of the cycle and the first attempt to break below the stagnant sideways/elevated levels that have prevented more aggressive Fed rate cuts. Despite those facts, the bond market is only rallying moderately (but certainly rallying). Traders could be skeptical about the thoroughness of post-shutdown data collection, or this could foreshadow year-end bearish biases. Whatever the case, the data itself was better for bonds than anyone could have hoped for (and better than any economist predicted). NOTE: there is no month-over-month data due to the non-existence of October CPI.

UPDATE: MBS Nearly an Eighth Off Best Levels

MBS MORNING: Quiet Calendar Ahead of Thursday's CPI

Today's Mortgage Rates

30YR Fixed	6.25%	+0.03%	15YR Fixed	5.75%	+0.01%	12/19/2025
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Mortgage Rates Near Lowest Levels Since October

Officially, there were 2 days at the end of November where the average lender's 30yr fixed rates were just a hair lower (0.02% difference). Otherwise, today's rates would be the lowest since late October.

The improvement follows this morning's release of November's Consumer Price Index (CPI). Inflation was so far below expectations that it raised new questions about just how much the government shutdown impacted data collection. The market still treated it as good news for rates, but most of the improvement was already in place before the data came out.

CPI marked the last of 2025's top tier economic reports when it comes to potential impacts on rates. This doesn't mean rates won't move between now and January--only that they're far less likely to make any big changes based on economic reports.

Time	Event	Actual	Forecast	Prior
Thursday, Dec 18				
8:30AM	Dec Philly Fed Prices Paid	43.60		56.10
8:30AM	Nov y/y Headline CPI (%) ☆	2.7%	3.1%	3.0%
8:30AM	Dec/13 Jobless Claims (k) ☆	224K	225K	236K
8:30AM	Dec/06 Continued Claims (k) ☆	1897K	1930K	1838K
8:30AM	Dec Philly Fed Business Index ☆	-10.2	3	-1.7
8:30AM	Nov y/y CORE CPI (%) ★★	2.6%	3%	3.0%
1:00PM	5-Yr Note Auction (bl) ★	24		
Friday, Dec 19				
9:20AM	NY Fed Bill Purchases 1 to 4 months (%)		\$8.165 million	
10:00AM	Dec Sentiment: 5y Inflation (%) ☆	3.2%	3.2%	3.4%
10:00AM	Dec U Mich conditions ☆	50.4	50.7	51.1
10:00AM	Dec Consumer Sentiment (ip) ☆	52.9	53.4	51.0
10:00AM	Dec Sentiment: 1y Inflation (%) ☆	4.2%	4.1%	4.5%
10:00AM	Nov Exist. home sales % chg (%) ☆	0.5%		1.2%
10:00AM	Nov Existing home sales (ml) ☆	4.13M	4.2M	4.1M

Recent Housing News

- Mortgage Apps Bounce Back, Led By Refi Reversal
- Mortgage Apps Ebb Despite Strongest Purchase Demand in Years
- Conforming Loan Limit Rises to \$832,750 Amid Lowest Home Price Growth Since 2012

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Once Again, Fed Rate Cut Was Meaningless For Mortgage Rates

Friends don't let friends believe the myth that Fed rate cuts result in lower mortgage rates. If you'd rather not immerse yourself in the "why," here is a solid "what:" This isn't an anomaly. The Fed Funds Rate governs loans that last less than 24 hours whereas a mortgage can last 30 years. Loans of different durations frequently see their interest rates walk vastly different path...

Mortgage Calculators

-  Mortgage Payment w Amortization
-  Loan Comparison
-  Advanced Loan Comparison
-  Early Payoff
-  Should I Refinance?
-  Rent vs. Buy
-  Blended Rate