

MARKET SUMMARY

Complete Recap of Today's Market Activity

GDP Reaction a Prime Example of Holiday Distortion

Market Summary: Tuesday, December 23, 2025 - 2:02PM

We've spent the past several days reiterating and lamenting the onset of the holiday trading doldrums--a time of year that sees vastly lower volumes/[liquidity](#)/participation, and thus runs the risk of volatility that's more random and larger than it otherwise would be. Now this morning, GDP came in much higher than expected and bonds are selling off somewhat sharply. Rather than fly in the face of the holiday trading environment realities, this is actually a prime example. The best evidence for this is the discrepancy between the size of the movement in bonds and the associated volume. Simply put, the movement in bonds is much larger than the reactions to NFP (jobs report) or CPI, but the volume isn't even close to half the size.

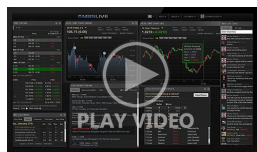
Market Movement Recap

08:35 AM MBS are now down 1-2 ticks (.03-0.06) and 10yr yields are up roughly 1bp at 4.169

11:46 AM Bonds sold off a bit more after the last update, but are now back to similar levels with MBS down 2 ticks (.06) and 10yr up 1.1 bps at 4.17

02:00 PM Sideways since last update. MBS down 2 ticks (.06) and 10yr up 0.7bps at 4.167

Latest Video Analysis



Range-Bound Cruise Control PM Edition



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UMBS 5.0	99.58	-0.06	10YR	4.168%	+0.008%	12/23/2025 2:01PM EST
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GDP Reaction a Prime Example of Holiday Distortion

We've spent the past several days reiterating and lamenting the onset of the holiday trading doldrums--a time of year that sees vastly lower volumes//participation, and thus runs the risk of volatility that's more random and larger than it otherwise would be. Now this morning, GDP came in much higher than expected and bonds are selling off somewhat sharply. Rather than fly in the face of the holiday trading environment realities, this is actually a prime example. The best evidence for this is the discrepancy between the size of the movement in bonds and the associated volume. Simply put, the movement in bonds is much larger than the reactions to NFP (jobs report) or CPI, but the volume isn't even close to half the size.

It is natural to be skeptical of our dismissive tone this morning. After all, GDP sounds like a big, important report, and a sharp sell-off seems logical given the 4.3% vs 3.3% result. But the underlying details suggest it was simply "fairly strong" as opposed to a true barn burner (thinking of things like "real final sales to domestic purchasers" at 2.9%, and the 4 quarter avg GDP moving up only modestly in the mid-2% range, and a negative reading in cyclical GDP components).

Bottom line: if these numbers were coming out during a more actively traded time of year, they may not be having as much of an impact. But as it stands during the holiday doldrums, 10yr yields are pushing the ceiling of the 4 month range and MBS are down almost a quarter point.

- UPDATE: Losing Ground After AM Data
- MBS MORNING: Range-Bound Cruise Control

Today's Mortgage Rates

30YR Fixed	6.24%	+0.00%	15YR Fixed	5.75%	+0.01%	12/23/2025
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Mortgage Rates Hold Steady to Start Holiday-Shortened Week

are tied to movement in the bond market and bonds were close enough to Friday's levels that mortgage rates were essentially unchanged today. This keeps the average lender in the lower portion of the narrow range seen over the past 4 months. If rates manage to move noticeably lower from here, they'll be challenging the lowest levels in more than 3 years.

Meaningful momentum may be hard to come by over the next 2 weeks. During that time, the bond market will be fully closed for 2 days, partially closed on 2 days, and much lighter in volume and participation for the rest of the time. This can lead to random, small-scale volatility but it rarely results in lasting momentum. For that, we'll be waiting until the major econ data begins coming out in January--most notably the Jan 9th jobs report.

Time	Event	Actual	Forecast	Prior
Tuesday, Dec 23				
8:15AM	ADP Employment Change Weekly ★★	11.5K		16.25K
8:30AM	Q3 Corporate profits (%)	4.4%		0.2%
8:30AM	Q3 Core PCE Prices QoQ ☆	2.9%	2.9%	2.6%
8:30AM	Oct Durable goods (%) ☆	-2.2%	-1.5%	0.5%
8:30AM	Oct Core CapEx (%) ☆	0.5%		0.9%
8:30AM	Q3 GDP (%) ★	4.3%	3.3%	3.8%
9:15AM	Oct Industrial Production (%) ☆	-0.1%	0.1%	0.1%
10:00AM	Dec CB Consumer Confidence (%) ☆	89.1	91	88.7
1:00PM	5-Yr Note Auction (bl) ★	70		
Wednesday, Dec 24				
7:00AM	Dec/19 MBA Purchase Index			176.5
7:00AM	Dec/19 Mortgage Market Index			315.6
7:00AM	Dec/19 MBA Refi Index			1148.3
8:30AM	Dec/13 Continued Claims (k) ☆			1897K
8:30AM	Dec/20 Jobless Claims (k) ☆		223K	224K
11:30AM	7-Yr Note Auction (bl) ★		44	
2:00PM	Christmas Eve ★★			

Recent Housing News








- Highest Existing Home Sales in 8 Months But Don't Get Excited
- Three Straight Months of Improvement in Builder Confidence, But There's a Catch
- Mortgage Apps Still Strong vs Last Year, But Down Slightly Last Week

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Mortgage Market in Holiday Mode Despite Big-Ticket Data

The two most important economic reports of the month were released this week. Both showed promising results for rates, and although rates improved, the reaction was smaller than expected . First up was November's jobs report, which came out on Tuesday morning. It showed the highest unemployment rate since 2021 at 4.6%--well above the 4.4% forecast. Under normal circumstances, this woul...

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