

Lock Volume Drops in December as Market Confronts Seasonal Lull and Uncertainty

Steeper-than-expected December mortgage lock volume drop as seasonality, shutdown uncertainty, and stubborn rates keep borrowers cautious.

SAN DIEGO, CA, UNITED STATES, January 8, 2026 /EINPresswire.com/ -- [Mortgage Capital Trading, Inc. \(MCT®\)](#), the de facto leader in innovative mortgage capital markets technology, announced the release of its [January Lock Volume Indices](#), reflecting December 2025 mortgage lock activity. Data showed a steeper-than-expected month-over-month decline in overall lock volume, as borrowers pulled back amid lingering uncertainty following the government shutdown and a rate environment that has yet to meaningfully improve. Changes at the Bureau of Labor Statistics, along with the government shutdown, have pushed more economists to look at private job numbers as a gauge of the job market. However, the Non-Farm Payroll jobs figures, to be released on Friday, January 9th, still have the potential to cause some disruption.

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Despite ongoing geopolitical tensions globally, Andrew Rhodes, Head of Trading at MCT, said markets have remained relatively stable, showing limited reaction to overseas developments. He noted that after years of heightened volatility, it would likely take a major geopolitical event to materially disrupt mortgage-backed securities pricing. In such scenarios, markets typically experience a [flight to safety](#), which can ultimately be supportive of mortgage rates as capital moves into Treasuries and other “safer” assets.

Total lock volume declined nearly 19% month-over-month in December, with purchase and rate/term refinance activity both down approximately 19%. Cash-out refinances proved more resilient, declining closer to 14%. Despite December’s pullback, year-over-year activity remained higher across all categories, reflecting continued normalization compared to last winter’s historically low volumes.

“Lock volume is down more than expected,” said Rhodes. “When you combine typical winter seasonality with the spillover effects of the longest government shutdown in history, it makes

sense that people became more conservative about making big financial decisions, including buying a home.”

Rhodes noted that although the shutdown officially ended in November, uncertainty carried into December, dampening borrower confidence during an already slower period for housing activity. While mortgage rates trended modestly lower during parts of the month, they failed to reach levels that would meaningfully reengage refinance demand.

“Back in October, I was feeling more optimistic about where rates were headed,” Rhodes said. “Now it seems like mortgage rates have settled into the low sixes, and it doesn’t feel like we’re going to get into the fives, which is really where you’d see production start to pick up.”

According to Rhodes, refinance activity would likely reenter the market more meaningfully if borrowers could be offered rates in the high fives. Current Federal Reserve forecasts suggest a low probability of a rate cut in January, with market expectations now shifting toward potential easing in the second quarter of 2026, reinforcing the view that rates may remain range-bound in the near term.

While overall volume declined sharply in December, purchase activity remained up approximately 7% year-over-year, suggesting a slow return to normalcy in the housing market despite affordability constraints and limited inventory. Rhodes attributed this to the continuation of the purchase market under current conditions rather than a resurgence driven by falling rates.

“In a normal cycle, drops in rates lead to spikes in volume,” he said. “But this cycle is different. The lock-in effect is stronger and longer-lasting, with many homeowners holding mortgages in the three to four percent range and choosing to stay put longer.”

Looking ahead, Rhodes described a “good” spring market as one led primarily by purchase activity, with modest contributions from rate/term and cash-out refinances as consumers look for ways to manage household debt. Without a decisive move lower in rates, however, he expects the market to remain in a holding pattern.

MCT remains committed to delivering expert guidance and data-driven insights. MCT's Lock Volume Indices present a snapshot of rate lock volume activity in the residential mortgage industry broken out by lock type (purchase, rate/term refinance, and cash out refinance) across a broad diversity of lenders (e.g., sizes, products/services offered, business models) from MCT's national footprint.

About MCT:

For over two decades, MCT has been a leading source of innovation for the mortgage secondary market. Melding deep subject matter expertise with a passion for emerging technologies and clients, MCT is the de facto leader in innovative mortgage capital markets technology. From

architecting modern best execution loan sales to launching the most successful and advanced marketplace for mortgage-related assets, lenders, investors, and network partners all benefit from MCT's stewardship. MCT's technology and know-how continue to revolutionize how mortgage assets are priced, locked, hedged, traded, and valued – offering clients the tools to perform under any market condition.

For more information, visit <https://mct-trading.com/contact> or call (619) 543-5111.

Ian Miller

Mortgage Capital Trading (MCT)

+1 480-299-3986

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