

HaMMR Digest

Stay current with economic and mortgage market trends.

June 23, 2025

Parker Ross — Global Chief Economist

pross@archgroup.com | 914 216 7270 | [@econ_parker](#) on X and [Threads](#)

Leonidas Mourelatos — Assistant Vice President, Global Real Estate Economics

lmourelatos@archgroup.com | 631 521 9048

Only Certainty Is Uncertainty

- **Key Takeaway:** Solid consumer spending and industrial output data for May contrast with housing construction that is clearly showing signs of stress.
- **Macro Implications:** The Fed reaffirmed its wait-and-see stance, risking falling behind the curve as labor and housing markets remain on weak footing.
- **Housing Implications:** Mortgage spreads show little sign of narrowing, keeping financing conditions tight as housing strains build.

Macro: Where Is the Fed's Hippocratic Oath?

- The Fed's upbeat take on labor and housing feels increasingly out of touch.
- Mideast conflict risks another potential price shock as energy prices surge.
- April Treasury data revealed little capital flight from U.S. or de-dollarization.

Rates: Unfazed

- 10y down -3bps w/w to 4.37%, roughly in line with pre-Liberation Day level.
- Yield curve bull flattened, even as FOMC rate projections tilted hawkish.
- Current market pricing stayed at two Fed rate cuts this year and three next.

Housing: Weakest Link

- Mortgage rates likely stuck in high-6%/low-7% range for rest of 2025.
- Inventory continued to swell, largely due to longer time-on-market.
- Share of homes selling above asking price fell to lowest level since 2020.

Home Construction: Waving the White Flag

- Single-family starts up 0.4% in May but down -19% from recent peak.
- Permitting remained in downtrend and slowest pace since 2023.
- Builder sentiment slipped further as price cuts hit new high.

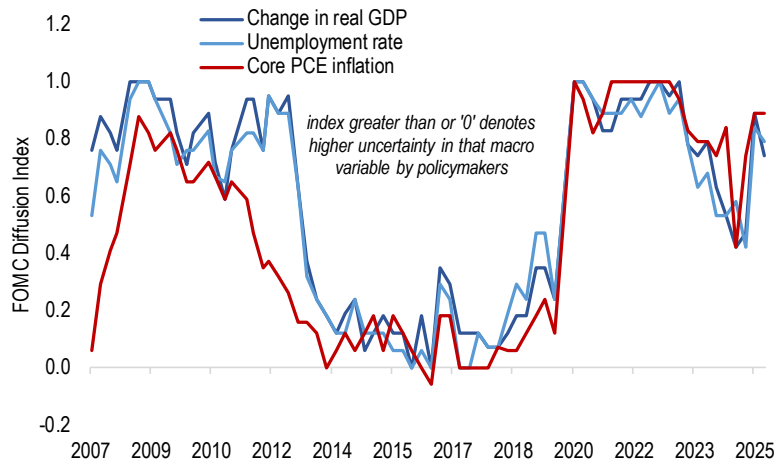
Retail Sales: Noisy Headlines

- Retail sales fell 0.9% m/m in May as prior auto sales strength reversed.
- Real control group sales rose amidst broader cooldown underway.
- Consumption data likely to cool after some early-2025 front-loading.

Industrial Production: Factories Still Churning

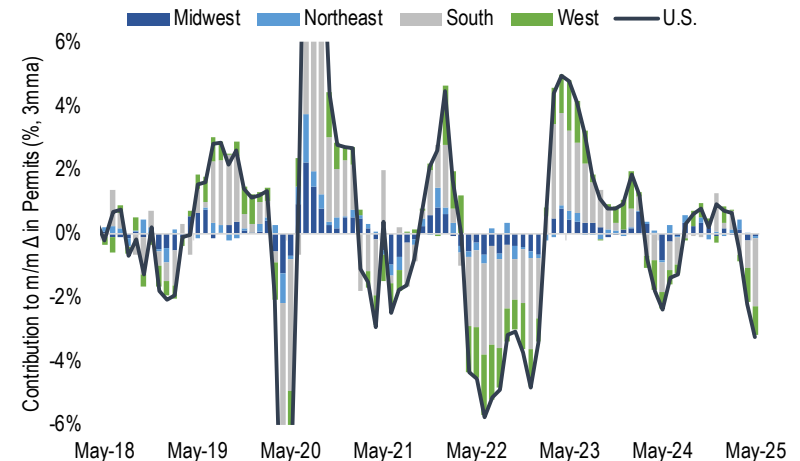
- Industrial production declined -0.2% in May largely due to utilities.
- Manufacturing output rose and activity remained above pre-tariff level.
- Durable goods breadth rose with weak spots in metals-related output.

Updated Fed Economic Projections Hamstrung by Policymakers' Clouded Outlook on Inflation



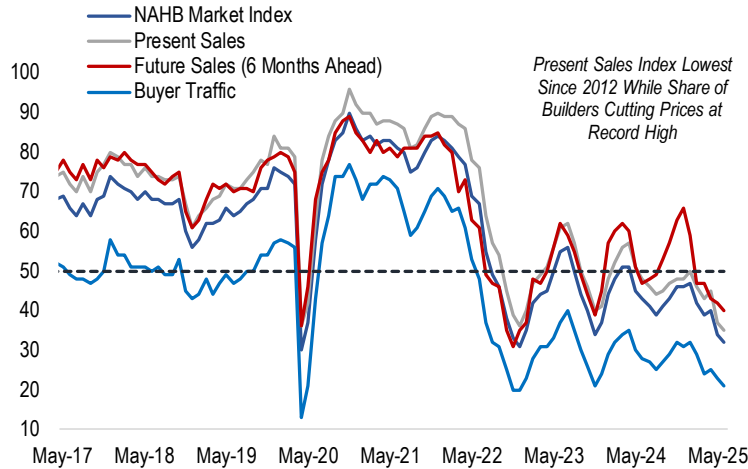
Sources: Census Bureau, Federal Reserve Board, Arch Global Economics

Waiting on Inflation Clarity, Fed Risks Aggravating Long-Term Structural Shortage as Builders Hit the Skids

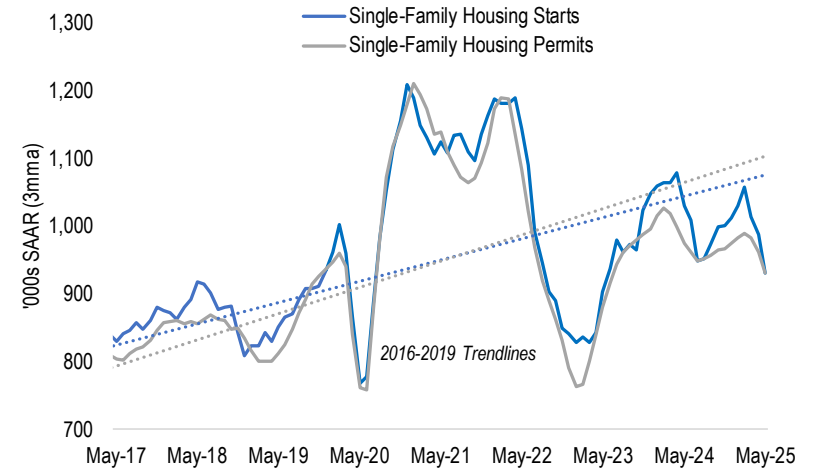


Note: "Control Group" = Retail sales excludes autos, gas, building materials and restaurants.

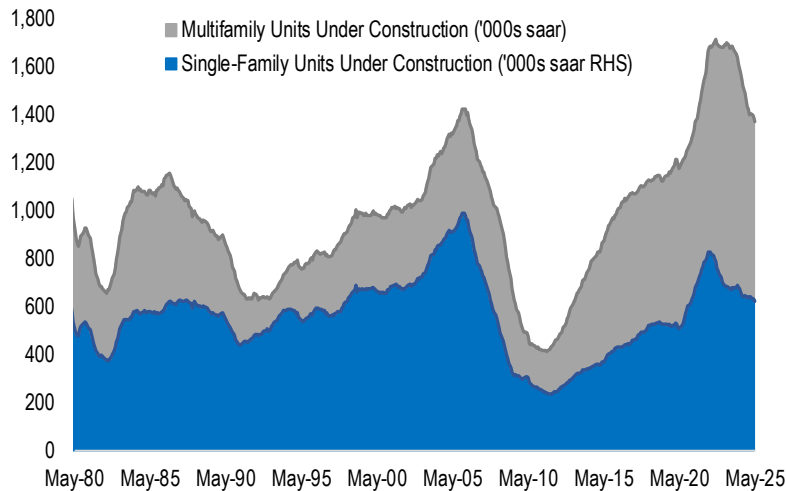
Builder Optimism Sinks to Lowest Non-Pandemic Level Since '12, Suggests Less Construction Activity Ahead



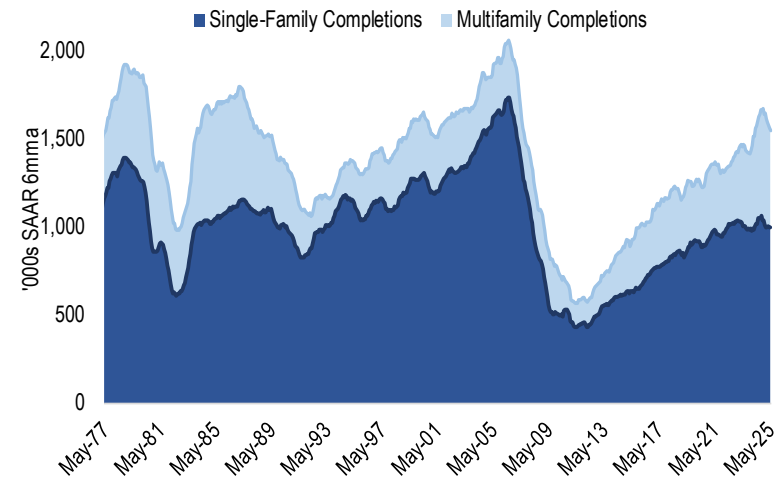
Multiple Headwinds Confront Single-Family Construction with Builders Already in Pullback Mode



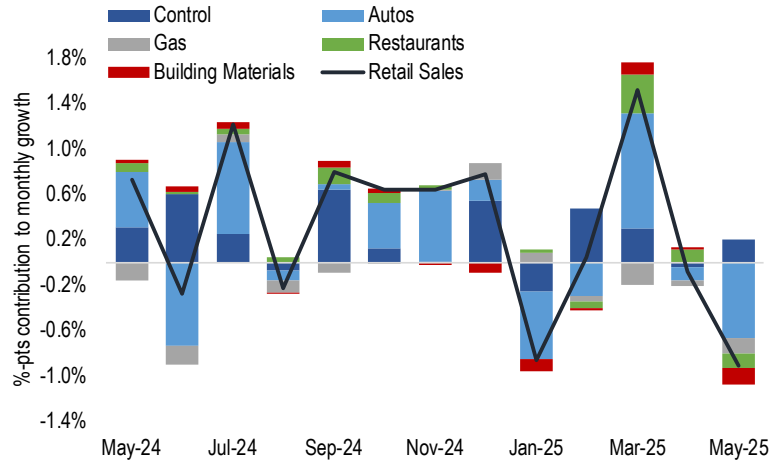
Single-Family Units in the Pipeline Trending Lower as Starts Activity Dwindles



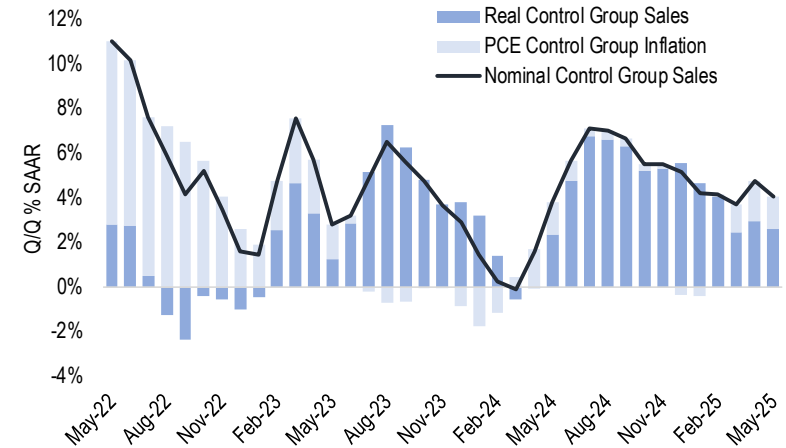
Pace of Completions Set to Slow As Starts and Units under Construction Trend Lower



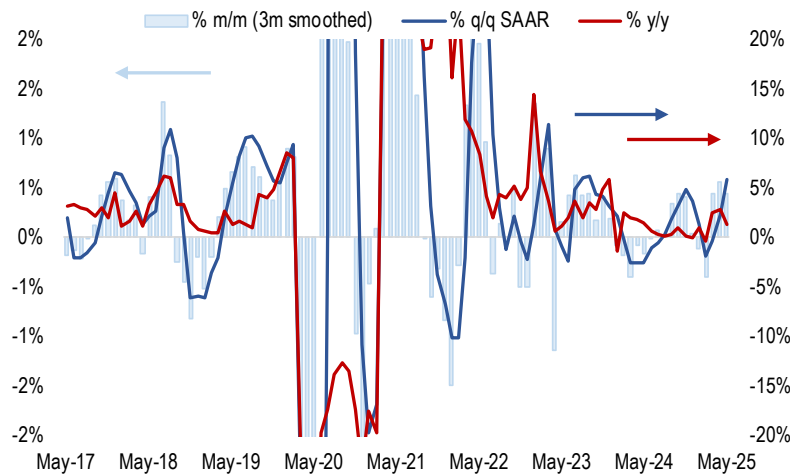
Most Obvious Consumer Front-Running of Tariffs Had Been in Autos, but Trend Cooled Materially in May



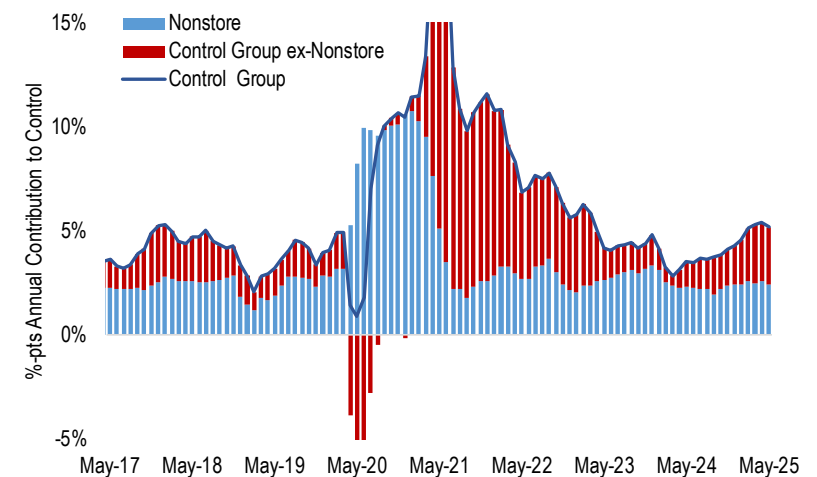
Annual Real (Inflation-Adjusted) Control Group Sales Growth Has Cooled Notably in '25 but Still Solid



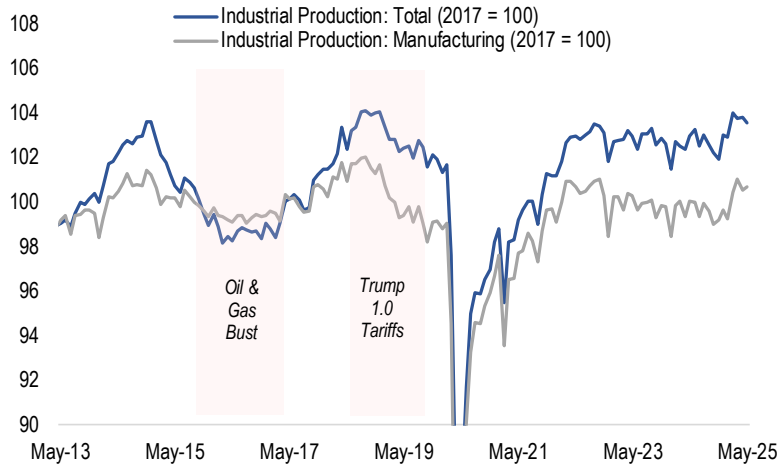
Quarterly Growth in Real Restaurant Sales Still a Bright Spot, Implying Consumers Not Overly Cautious Yet



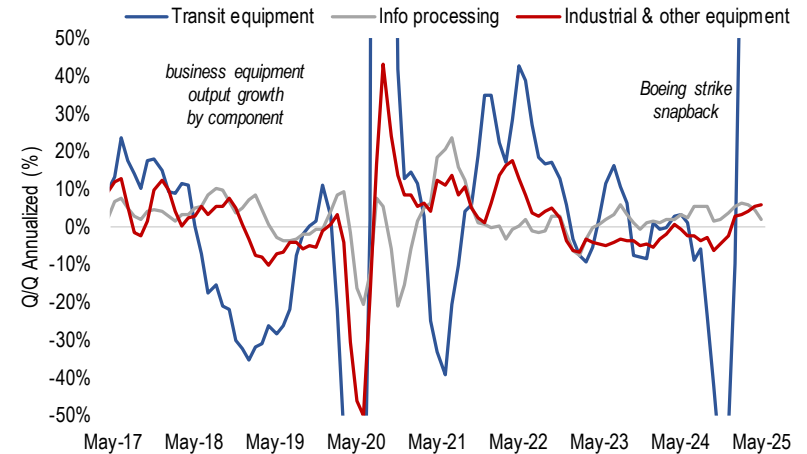
Non-Store Sales Provide Relatively Steady Underlying Momentum for Consumer Spending



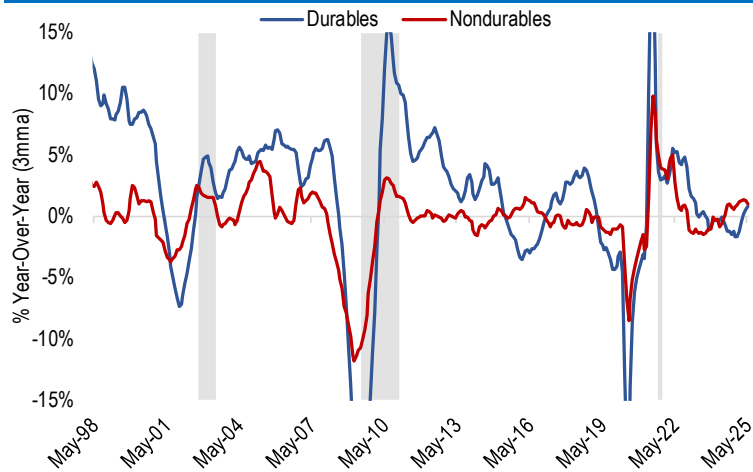
May Industrial Output Declined Mostly Due to Utilities, but Manufacturing Still above Pre-Tariff Levels



Business Equipment Output Firmed Largely on Account of Autos with Assemblies Hitting a Multi-Year High

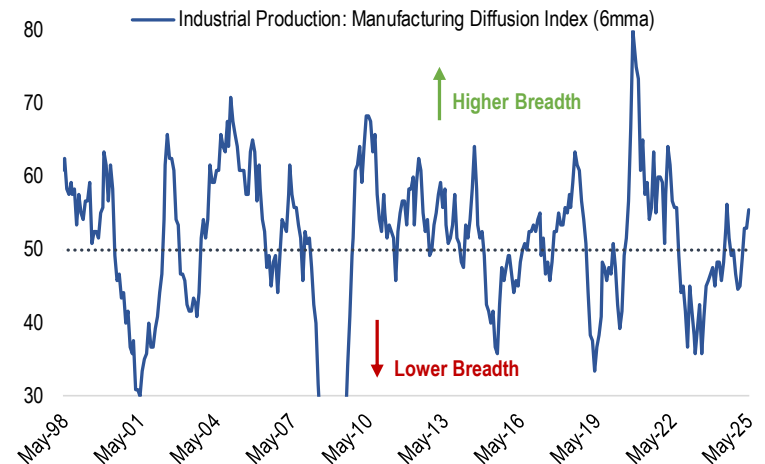


Durable Goods Still Strong; Furniture and Construction Supplies Posted Strongest Two-Month Gains Since '21

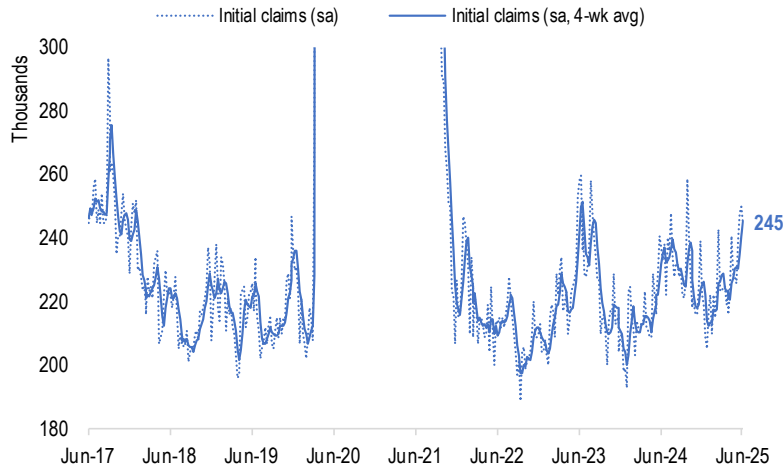


Durable goods are products that can be inventoried and have an average life of at least 3 years.

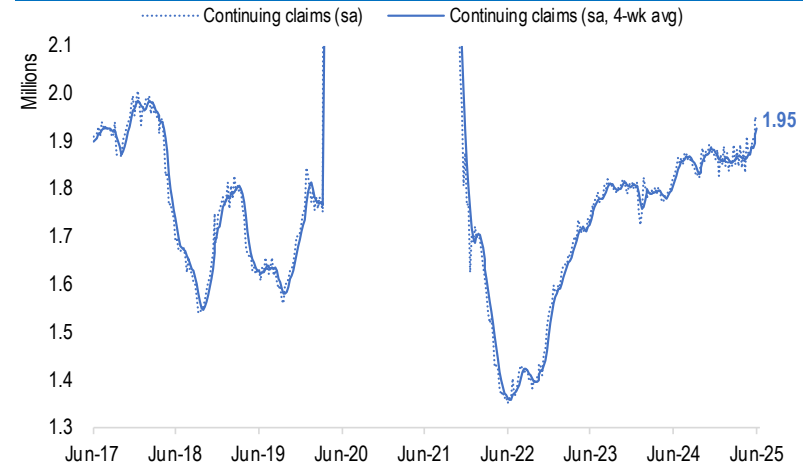
Despite Strong Breadth, Notable Weak Links Were in Metals Production, Likely Due to Steel/Alu. Tariffs



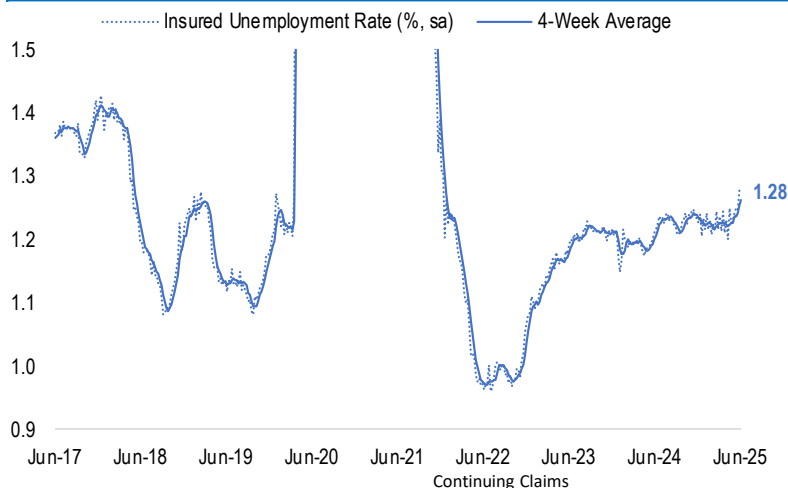
Initial Claims Ticked Down to 245k (SA) in Week Ending June 14, Still near Upper Range of Post-Pandemic Era



Continuing Claims Also Inched Down (1,945k SA) from Cycle High during the Week Ending June 7



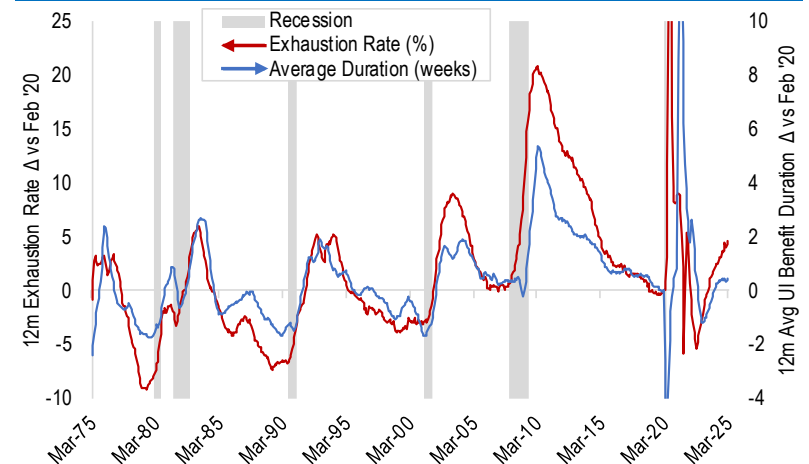
Normalizing for the Size of the Labor Force, Insured Unemployment Remained near Post-Pandemic High



Insured Unemployment = $\frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$

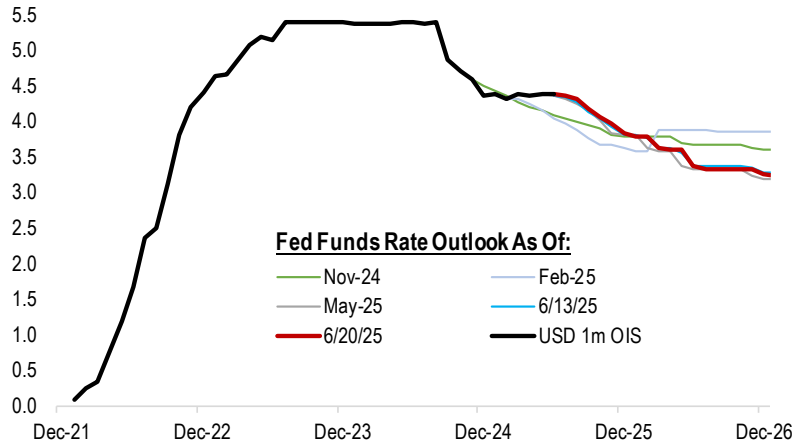
Sources: U.S. Department of Labor, Arch Global Economics

Elevated Share of UI Beneficiaries Exhausting Benefits Means Continuing Claims Worse Than They Appear

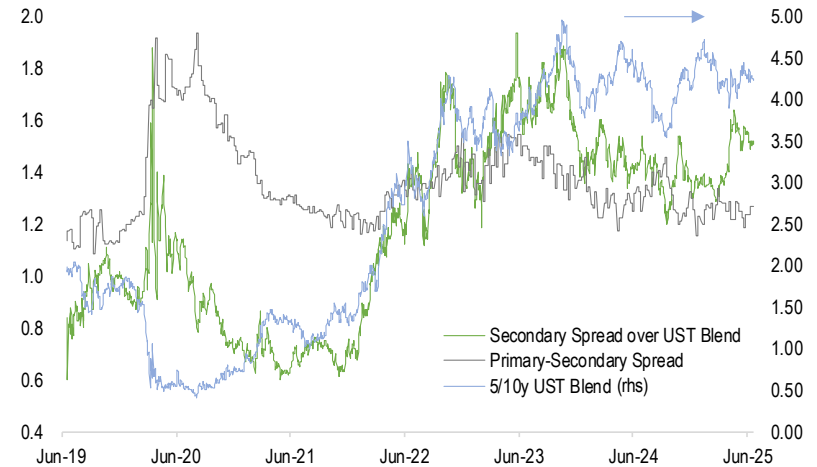


SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

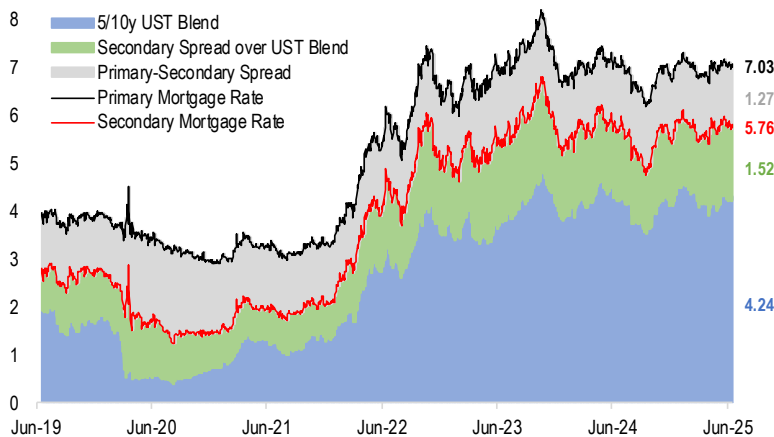
Little Change in Rate Cut Odds on the Week: Still Two Cuts Expected in '25 Followed by Three in '26



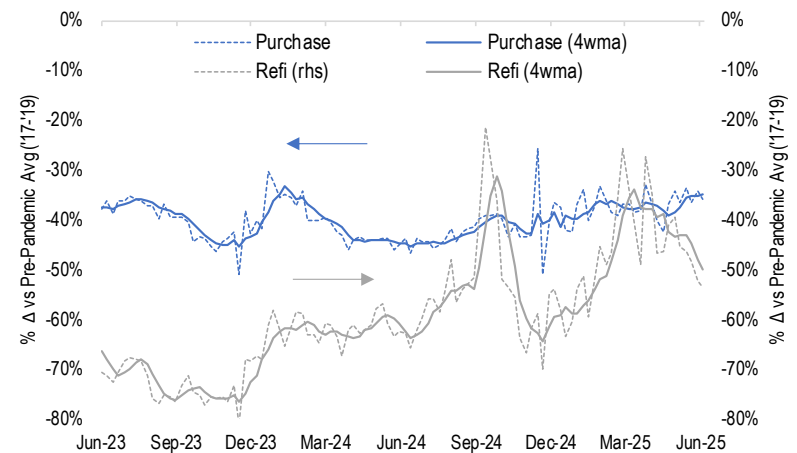
U.S. Treasury Yields Inched Down -3bps Last Week and Mortgage Spreads Were Unchanged...



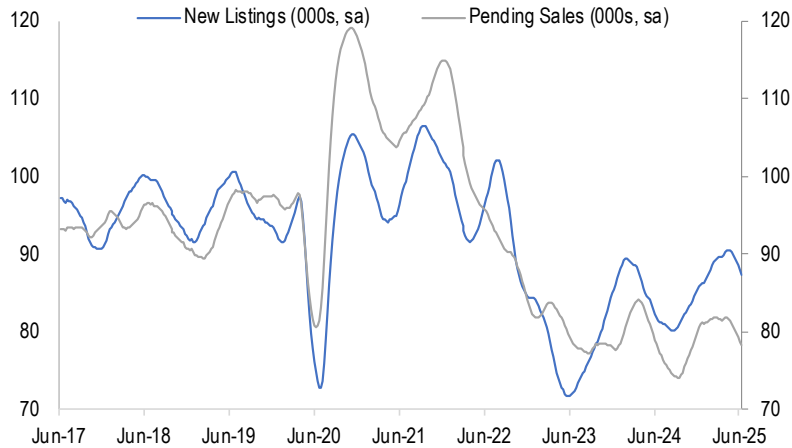
... Which Kept Mortgage Rates Hovering Right Around the Average Level for 2025 (~7%)



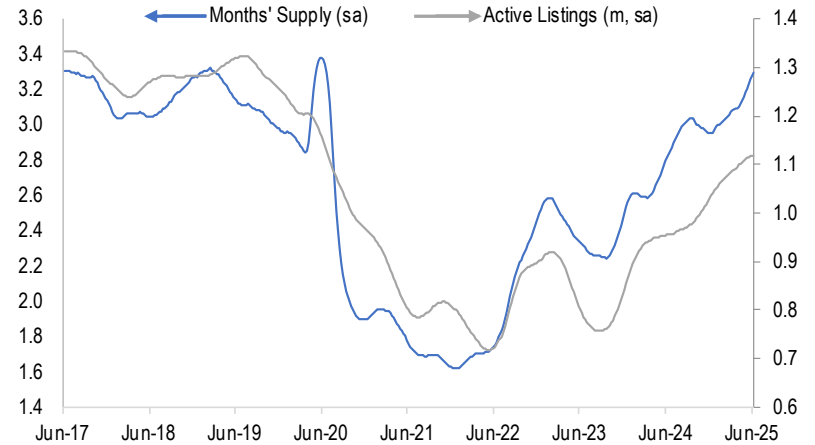
Purchase Apps Trending Modestly Higher, Suggesting Some Buyers Have Come to Terms with Higher Rates



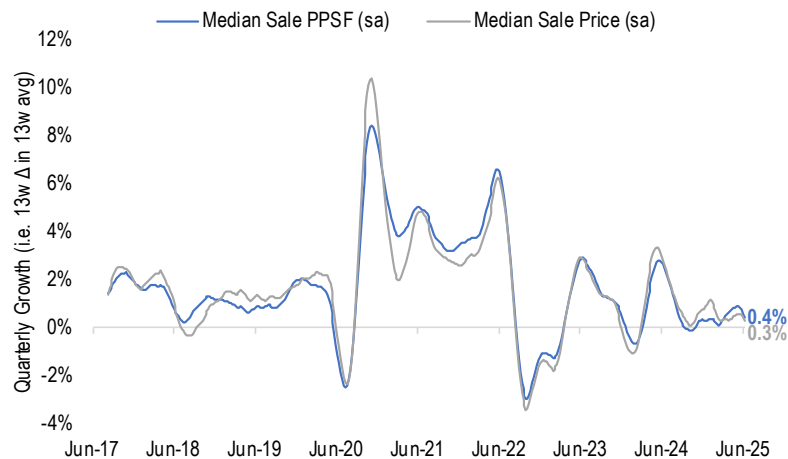
New Listings Have Cooled but Still Outpacing Pending Sales



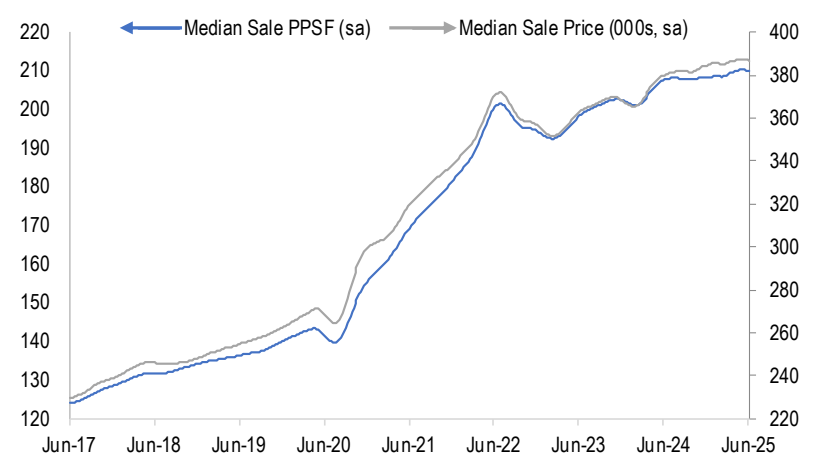
... Which Lifted Months' Supply Further above the Pre-Pandemic Level as Inventory Continued to Swell



Pace of Seasonally Adjusted Home-Price Growth Weakened through Mid-June



Home Prices Have Levelled Off after Modest Gains in Early 2025



Annual Home Price Declines Becoming More Widespread as Most Markets Have Softened

Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	1.0%	-1.2%	4.0%	-0.1%	7.0%	1.6%	99.1%	-0.5%	-7.3	-11.8	15%	14%	-8%
Atlanta	-1.0%	-0.2%	2.5%	1.1%	7.7%	2.5%	98.4%	-0.4%	14.4	3.7	16%	23%	-2%
Austin	-3.3%	-1.4%	1.9%	1.4%	9.6%	1.2%	97.5%	-0.2%	39.5	29.3	18%	150%	93%
Baltimore	2.9%	2.2%	5.9%	1.4%	7.0%	1.4%	101.2%	-0.9%	1.6	-5.5	11%	-16%	-31%
Boston	2.7%	0.2%	4.7%	-2.1%	6.5%	1.8%	102.6%	-0.6%	9.4	8.5	20%	11%	-9%
Chicago	4.2%	-1.1%	5.5%	1.1%	3.6%	1.4%	100.7%	-0.2%	20.2	19.4	1%	2%	-5%
Dallas	-3.0%	-0.9%	0.7%	1.0%	9.6%	2.2%	97.9%	-0.6%	12.7	3.5	25%	54%	17%
Denver	-2.8%	-1.4%	1.0%	0.5%	10.7%	0.8%	99.1%	-0.6%	12.0	4.8	35%	120%	57%
Houston	-0.5%	-0.7%	2.3%	0.8%	8.8%	2.6%	97.1%	-0.7%	10.0	0.0	20%	30%	9%
Los Angeles	1.8%	-4.2%	2.6%	-0.7%	5.6%	2.2%	100.1%	-1.1%	2.5	-3.6	16%	35%	9%
Miami	3.1%	0.6%	0.5%	-1.3%	4.8%	1.5%	95.2%	-0.8%	21.7	3.0	23%	68%	-5%
Minneapolis	1.0%	-0.1%	3.2%	1.6%	7.3%	2.0%	100.9%	0.1%	-0.3	-0.6	4%	12%	3%
Nashville	1.6%	0.2%	4.5%	3.2%	6.6%	1.9%	98.3%	-0.2%	6.0	-3.7	20%	46%	13%
New York	3.9%	-3.6%	7.4%	-2.1%	4.1%	0.5%	100.4%	-0.1%	-41.2	-39.3	6%	-15%	-27%
Phoenix	-2.6%	-4.1%	1.5%	2.1%	8.1%	1.1%	98.0%	-0.3%	17.8	7.3	31%	81%	34%
Portland	-0.6%	-3.6%	1.2%	0.2%	9.0%	1.9%	99.9%	-0.3%	7.8	2.6	22%	72%	25%
Riverside	0.0%	-1.6%	4.0%	1.7%	6.7%	2.1%	99.2%	-0.7%	-2.4	-10.9	17%	30%	4%
San Diego	-1.8%	-3.8%	1.2%	0.1%	7.4%	2.5%	99.3%	-1.2%	5.8	-2.3	27%	38%	1%
Seattle	-0.4%	-1.2%	4.9%	3.0%	8.2%	2.0%	100.5%	-1.3%	-0.3	-1.5	41%	69%	14%
Tampa	-1.6%	0.3%	3.0%	1.6%	10.1%	1.2%	97.1%	-0.5%	8.6	-1.4	13%	74%	37%
Washington DC	1.7%	-3.6%	4.5%	1.7%	6.4%	1.9%	100.2%	-1.1%	16.5	6.0	19%	22%	-5%

Data as of June 15, 2025, and reflects 4-week averages.

Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
6/23/25	9:45 AM	S&P Global US Manufacturing PMI	Jun P	52.0	51.0	--	52.0	index, sa
6/23/25	9:45 AM	S&P Global US Services PMI	Jun P	53.1	53.0	--	53.7	index, sa
6/23/25	9:45 AM	S&P Global US Composite PMI	Jun P	52.8	52.2	--	53.0	index, sa
6/23/25	10:00 AM	Existing Home Sales m/m	May	0.8	-1.3	--	-0.5	%, sa
6/24/25	9:00 AM	FHFA House Price Index m/m	Apr	--	0.0	--	-0.1	%, sa
6/24/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Apr	--	0.0	--	-0.1	%, sa
6/24/25	10:00 AM	Conf. Board Consumer Confidence	Jun	--	99.8	--	98.0	index, sa
6/25/25	11:00 AM	Building Permits	May F	--	1,393	--	1,393	k, saar
6/25/25	11:00 AM	Building Permits m/m	May F	--	0.0	--	-2.0	%, sa
6/25/25	7:00 AM	MBA Mortgage Applications w/w	6/20/25	--	--	--	-2.6	%, sa
6/25/25	10:00 AM	New Home Sales	May	--	694	--	743	k, saar
6/25/25	10:00 AM	New Home Sales m/m	May	--	-6.7	--	10.9	%, sa
6/26/25	8:30 AM	Wholesale Inventories m/m	May P	--	0.1	--	0.2	%, sa
6/26/25	8:30 AM	Retail Inventories m/m	May	--	-0.1	--	-0.1	%, sa
6/26/25	8:30 AM	GDP Annualized q/q	1Q T	--	-0.2	--	-0.2	%, saar
6/26/25	8:30 AM	Personal Consumption q/q	1Q T	--	1.2	--	1.2	%, saar
6/26/25	8:30 AM	Core PCE Deflator q/q	1Q T	--	3.4	--	3.4	%, saar
6/26/25	8:30 AM	Durable Goods Orders m/m	May P	--	8.5	--	-6.3	%, sa
6/26/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	May P	--	-0.2	--	-1.5	%, sa
6/26/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	May P	--	-0.2	--	-0.1	%, sa
6/26/25	8:30 AM	Initial Jobless Claims	6/21/25	--	243	--	245	k, sa
6/26/25	8:30 AM	Continuing Claims	6/14/25	--	1,950	--	1,945	k, sa
6/26/25	10:00 AM	Pending Home Sales m/m	May	--	0.2	--	-6.3	%, sa
6/26/25	10:00 AM	Pending Home Sales y/y	May	--	--	--	-3.5	%, nsa
6/27/25	8:30 AM	Personal Income m/m	May	--	0.3	--	0.8	%, sa
6/27/25	8:30 AM	Personal Spending m/m	May	--	0.1	--	0.2	%, sa
6/27/25	8:30 AM	Real Personal Spending m/m	May	--	0.0	--	0.1	%, sa
6/27/25	8:30 AM	PCE Inflation m/m	May	--	0.1	--	0.1	%, sa
6/27/25	8:30 AM	PCE Inflation y/y	May	--	2.3	--	2.1	%, nsa
6/27/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	May	--	0.1	--	0.1	%, sa
6/27/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	May	--	2.6	--	2.5	%, nsa
6/27/25	10:00 AM	U. of Mich. Sentiment	Jun F	--	60.5	--	60.5	index, nsa
6/27/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jun F	--	--	--	5.1	nsa
6/27/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jun F	--	4.1	--	4.1	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
6/16/25	8:30 AM	Empire Manufacturing	Jun	-16.0	-6.0	--	-9.2	index, sa
6/17/25	8:30 AM	Advance Retail Sales m/m	May	-0.9	-0.6	-0.1	0.1	%, sa
6/17/25	8:30 AM	Retail Sales Control Group m/m	May	0.4	0.3	-0.1	-0.2	%, sa
6/17/25	8:30 AM	Import Price Index m/m	May	0.0	-0.2	--	0.1	%, nsa
6/17/25	8:30 AM	Import Price Index y/y	May	0.2	0.0	--	0.1	%, nsa
6/17/25	9:15 AM	Industrial Production m/m	May	-0.2	0.0	0.1	0.0	%, sa
6/17/25	9:15 AM	Capacity Utilization	May	77.4	77.7	--	77.7	sa
6/17/25	10:00 AM	Business Inventories m/m	Apr	0.0	0.0	--	0.1	%, sa
6/17/25	10:00 AM	NAHB Housing Market Index	Jun	32	36	--	34	index, sa
6/18/25	7:00 AM	MBA Mortgage Applications w/w	6/13/25	-2.6	--	--	12.5	%, sa
6/18/25	8:30 AM	Housing Starts	May	1,256	1,350	1,392	1,361	k, saar
6/18/25	8:30 AM	Building Permits	May P	1,393	1,422	--	1,422	k, saar
6/18/25	8:30 AM	Housing Starts m/m	May	-9.8	-0.8	2.7	1.6	%, sa
6/18/25	8:30 AM	Building Permits m/m	May P	-2.0	0.0	--	-4.0	%, sa
6/18/25	8:30 AM	Initial Jobless Claims	6/14/25	245	245	250	248	k, sa
6/18/25	8:30 AM	Continuing Claims	6/7/25	1,945	1,941	1,951	1,956	k, sa
6/18/25	2:00 PM	FOMC Rate Decision (Upper Bound)	6/18/25	4.5	4.5	--	4.5	%
6/20/25	8:30 AM	Philadelphia Fed Business Outlook	Jun	-4.0	-1.5	--	-4.0	index, sa
6/20/25	10:00 AM	Conference Board Leading Index m/m	May	-0.1	-0.1	-1.4	-1.0	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Green = upside surprise; **Red** = downside surprise; (compared vs. prior if no consensus estimates available)