

# HaMMR Digest

Stay current with economic and mortgage market trends.

March 24, 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

### Transitory Stagflation?

- **Key Takeaway:** Hard economic data for February has been generally constructive, alleviating concerns that January’s weakness was a cycle breaker.
- **Macro Implications:** Fed meeting was dovish for rates as policymakers made it clear they only have two options going forward: hold or cut.
- **Housing Implications:** Removal of doubt about potential Fed rate hikes in response to tariff-induced inflation should help stabilize mortgage rates.

### Macro: Not All Bad

- Industrial production bounced on broad-based gains in February.
- Few signs of front-loaded consumer purchases ahead of tariffs.
- Tariff proposals have slowed with April 2 as next key date to watch.

### Rates: Fed Induced Rally

- 10-yr UST fell 7bps w/w to 4.25% as Fed took rate hikes off the table.
- Powell cites prior Trump tariffs as evidence tariff inflation will be “transitory.”
- Market pricing remains for three 25bps rate cuts in 2025.

### Housing: Up, Down and Around We Go

- Mortgage rates hovering just below 7% will suppress sales momentum.
- Purchase and refi app growth remained positive on annual basis.
- Inventory continues to build, which should drag on home price growth.

### Existing Home Sales: Familiar Rise in February

- Existing home sales rose 4.2% m/m in February but declined -1.2% y/y.
- Inventory rose for the seventh straight month, by 2% m/m and 17% y/y.
- Months’ supply up to 4.0 (sa) from 3.4 a year ago, slightly above ‘19.

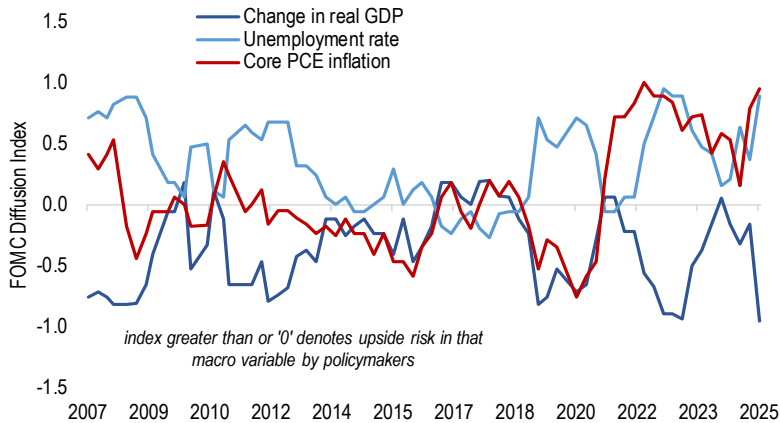
### Home Construction: Lurking Slowdown

- Single-family starts rose 11% in Feb. after Jan. weather headwinds.
- Permitting trailed the pace of starts, implying a near-term slowdown.
- Builder sentiment declined to lowest level since August ‘24.

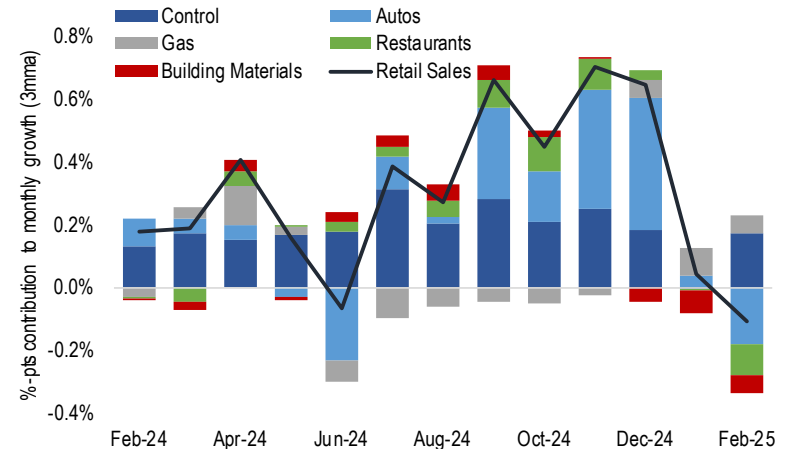
### Retail Sales: Better than Expected

- Retail sales rose a modest 0.2% m/m in Feb. despite soft auto sales.
- Control group sales surprised to the upside due to strong online sales.
- Soft trend in restaurant sales a concern for discretionary spending.

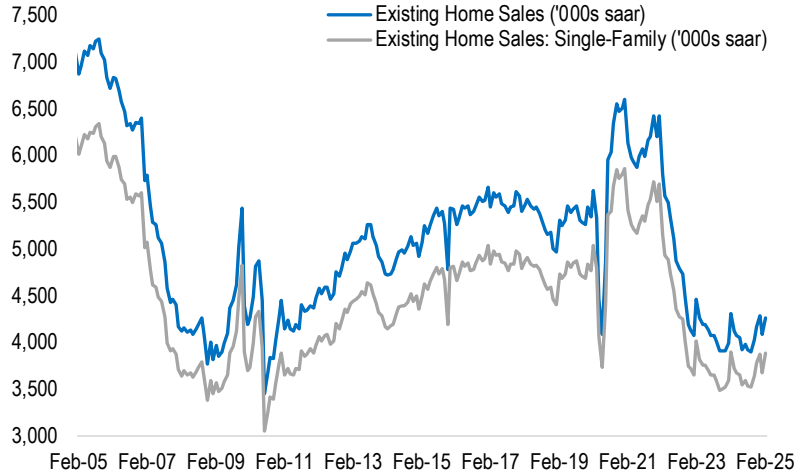
### Fed Sees Elevated Stagflation Risk, but Rate Outlook Suggests More Concern for Growth Than Inflation



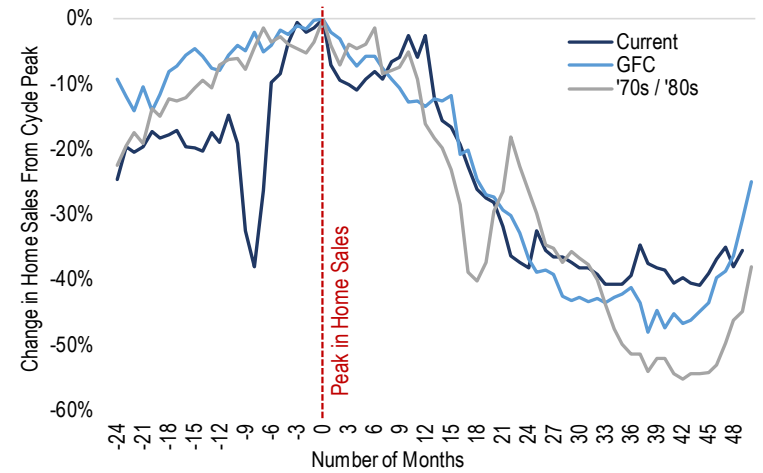
### Outside of the Control Group, Sales Have Slowed, Suggesting Possible Consumer Caution



Aside from Bouts of Volatility, Existing Home Sales Have Been Roughly Flat Since 2023



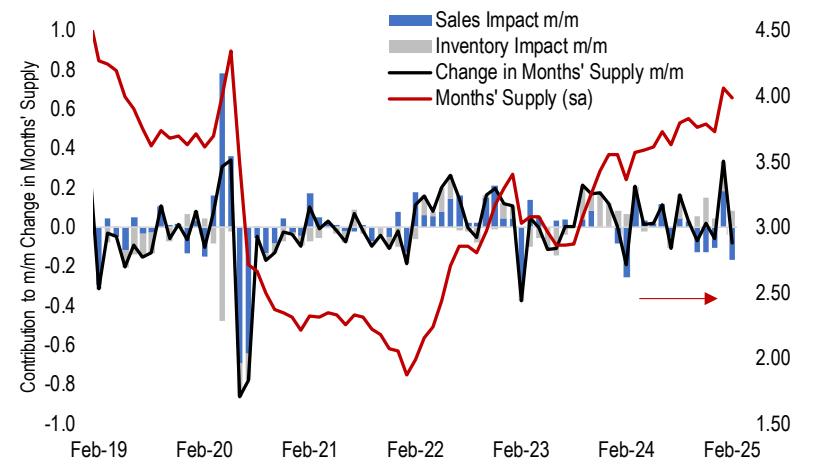
With Mortgage Rates Likely to Remain Elevated in 2025, Recent Bounce in Sales Activity Unlikely to Sustain



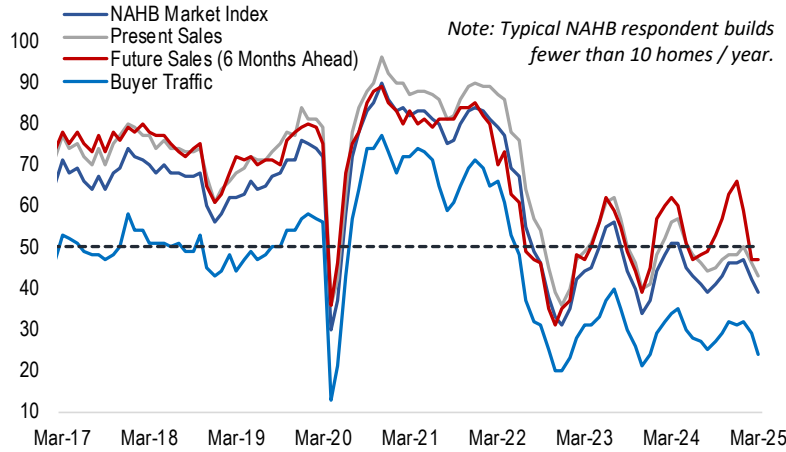
Inventory Continued to Climb Higher in February, but Absolute Level Remained Historically Low



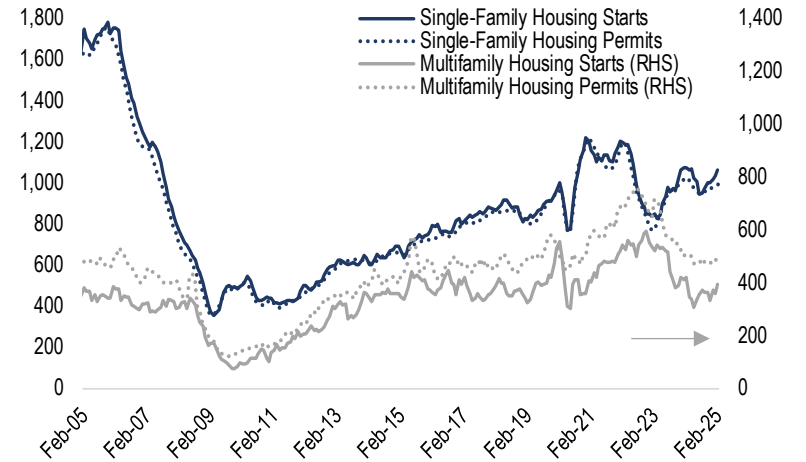
The Rise in Sales More Than Offset the Uptick in Inventory, Lowering Months' Supply in February



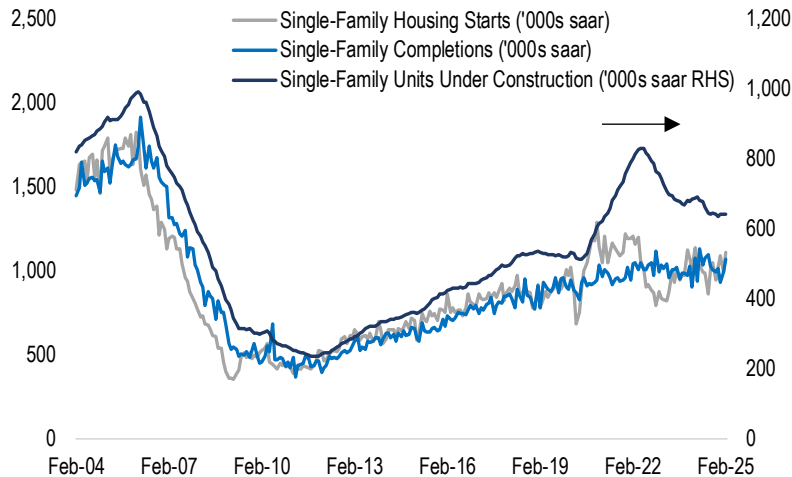
**Builder Optimism Fell to Lowest Since August 2024, Led by a Large 5-pt Drop in "Buyer Traffic" Component**



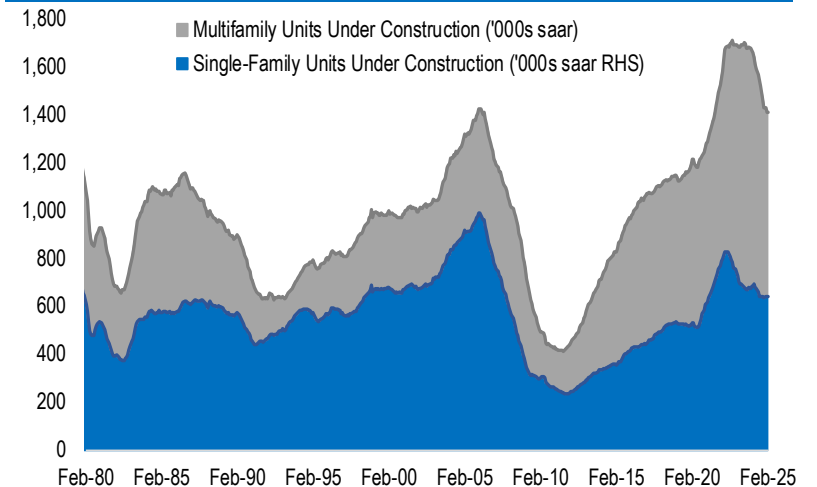
**Single-Family Construction Activity More-or-Less Flat in Recent Months with Headwinds to Growth Ahead**



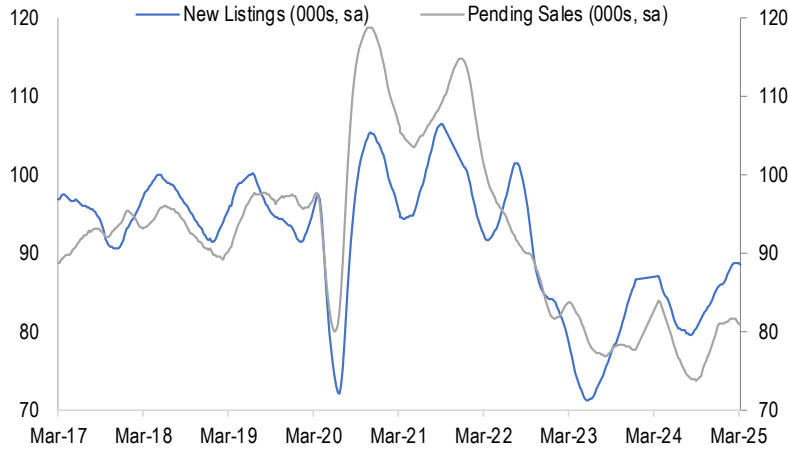
**Single-Family Completions Should Remain in Modest Uptrend as Builders Work through Backlog**



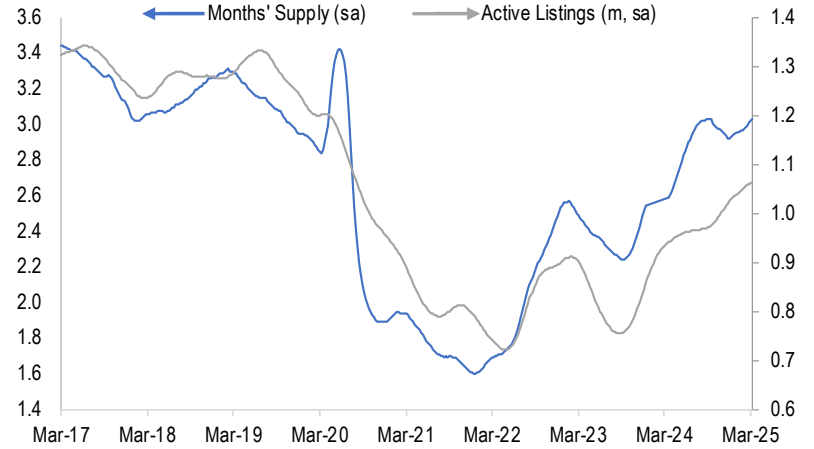
**Single-Family Units in the Pipeline Have Trended Sideways, While Multifamily Is Still Receding Quickly**



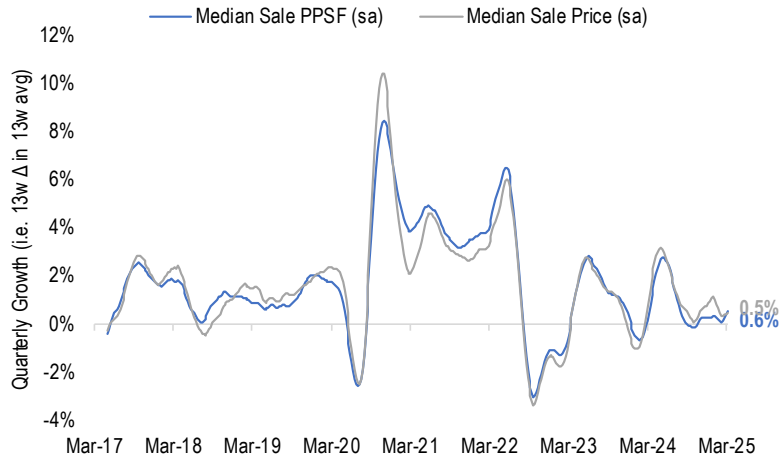
**New Listings Still Outpacing Pending Sales, as Both Measures of Housing Activity Have Turned Lower**



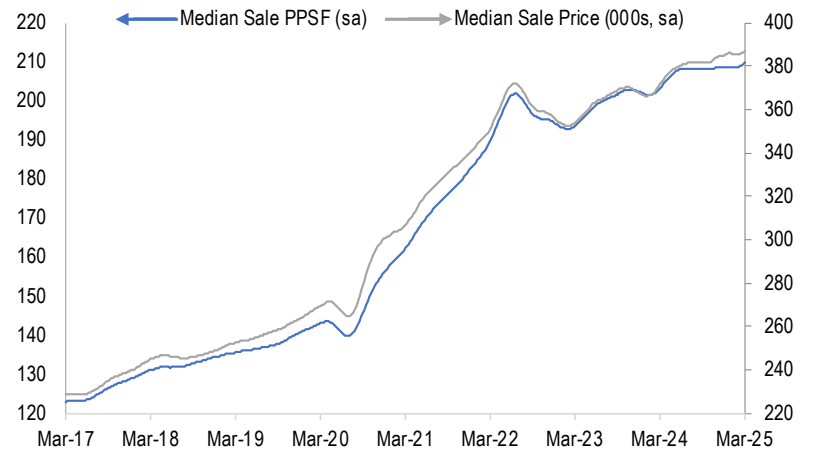
**... Which Nudged Months' Supply a bit Higher, as Inventory Continued to Swell**



**Pace of Seasonally Adjusted Home-Price Growth Has Started to Turn Higher after Slow Start**



**Majority of Recent Home Price Growth Occurred Back in Early 2024**

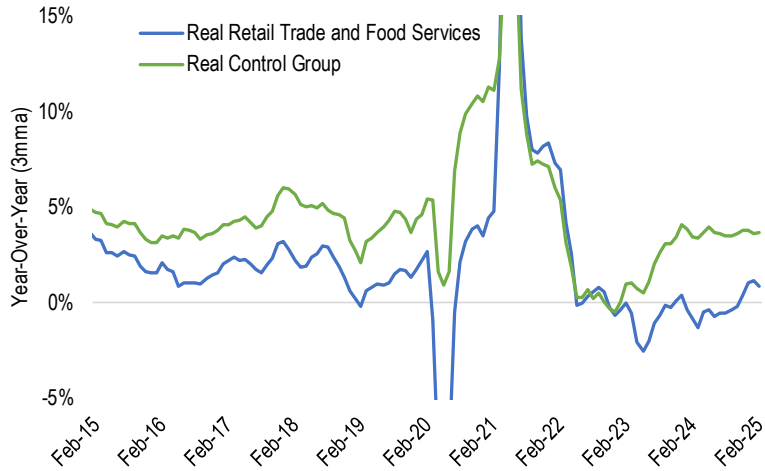


## Most Housing Markets Have Become More Balanced in Recent Months, While Some Softened Further

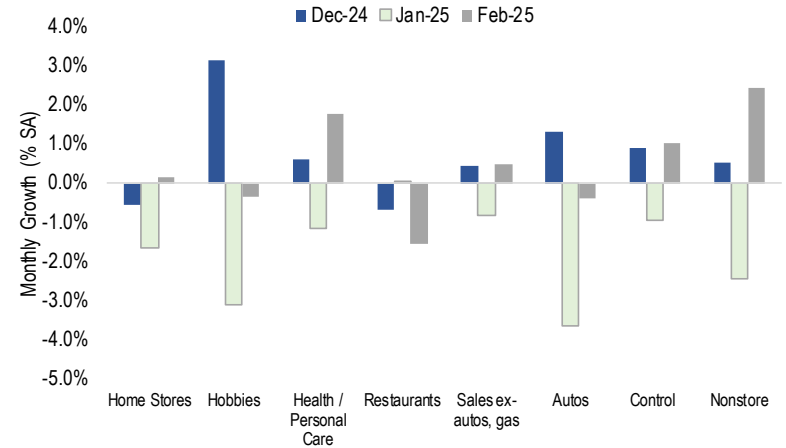
Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	2.6%	-0.9%	6.0%	2.8%	6.4%	1.7%	98.4%	-0.3%	-9.5	-16.5	11%	-6%	-20%
Atlanta	-0.4%	-1.2%	3.7%	4.7%	6.7%	2.5%	98.1%	-0.5%	15.9	-3.1	18%	7%	-21%
Austin	-1.7%	-1.1%	5.7%	6.7%	7.8%	1.9%	97.4%	-0.3%	45.4	34.2	9%	100%	51%
Baltimore	1.1%	-3.0%	5.4%	2.1%	5.7%	0.8%	100.4%	-1.0%	-19.7	-26.0	7%	-25%	-34%
Boston	2.1%	-2.1%	7.5%	-1.9%	3.8%	0.7%	101.4%	0.1%	-5.8	-6.7	2%	-15%	-17%
Chicago	5.4%	-1.1%	5.6%	0.1%	3.1%	1.3%	99.5%	0.1%	-4.4	-2.9	-5%	-17%	-18%
Dallas	-1.9%	-1.1%	2.2%	1.1%	8.0%	2.3%	97.7%	-0.4%	22.4	6.8	27%	43%	8%
Denver	-1.5%	-1.7%	2.9%	0.6%	8.7%	1.9%	99.1%	-0.5%	18.7	6.9	39%	67%	20%
Houston	0.1%	-1.5%	3.5%	1.1%	7.7%	2.3%	96.6%	-0.5%	11.2	-6.0	17%	22%	-4%
Los Angeles	6.0%	4.5%	5.2%	4.6%	7.0%	4.1%	100.5%	-0.4%	-7.9	-7.7	-20%	-29%	-7%
Miami	4.7%	-1.2%	4.3%	-2.5%	5.1%	1.6%	95.6%	-0.5%	22.6	-0.2	20%	25%	-15%
Minneapolis	1.1%	-1.5%	2.2%	-0.6%	5.5%	1.4%	99.6%	-0.1%	0.9	1.5	-1%	-7%	-13%
Nashville	1.4%	-0.3%	3.4%	2.0%	4.9%	1.5%	98.1%	-0.4%	15.8	8.0	15%	20%	6%
New York	7.5%	-1.1%	10.2%	-3.1%	3.5%	0.5%	99.0%	-0.1%	-49.3	-49.5	-2%	-29%	-27%
Phoenix	1.6%	0.2%	2.3%	1.1%	8.4%	1.7%	98.1%	-0.2%	12.1	3.6	29%	38%	13%
Portland	3.1%	1.6%	2.7%	1.5%	6.5%	1.5%	99.8%	0.4%	4.5	10.5	10%	36%	27%
Riverside	1.7%	-2.9%	3.8%	1.5%	9.6%	5.7%	99.0%	-0.3%	-10.4	-17.9	-17%	-32%	-20%
San Diego	2.1%	-2.4%	2.8%	-0.1%	7.5%	3.7%	99.5%	-0.9%	-1.5	-9.8	3%	-18%	-24%
Seattle	1.1%	-4.1%	3.1%	-0.4%	5.7%	2.1%	101.3%	-0.5%	-5.0	-6.5	30%	23%	-6%
Tampa	-2.3%	0.7%	3.5%	4.6%	9.9%	1.0%	96.5%	-0.9%	6.7	-1.1	17%	35%	11%
Washington DC	6.1%	0.0%	4.1%	0.0%	5.1%	1.9%	100.2%	-0.4%	1.5	-1.4	12%	2%	-17%

Data as of Mar. 16, 2025, and reflects 4-week averages.

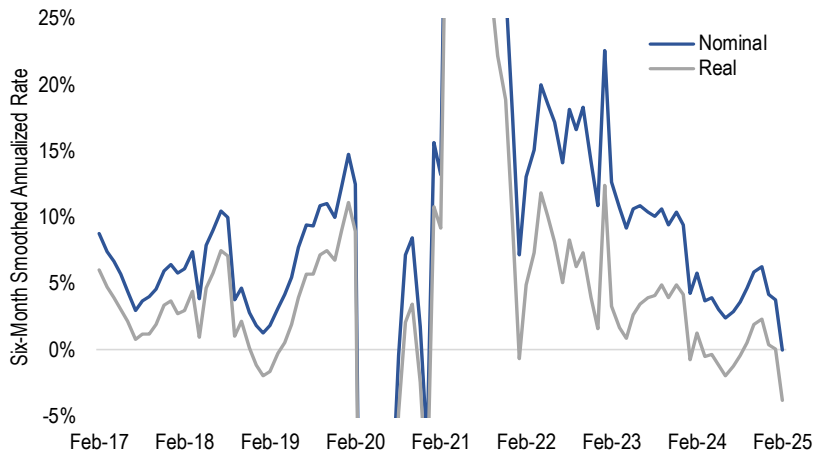
Retail Sales Posted a Decent Rebound in February Ensuring Annual Trend Remained Broadly Positive



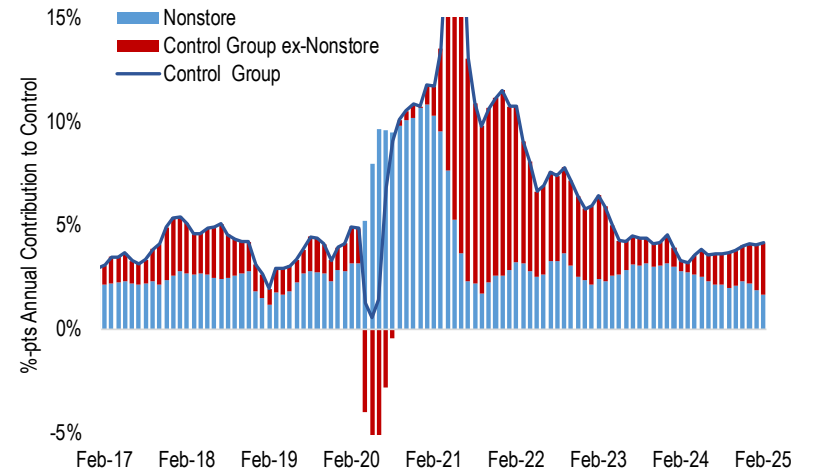
Retail Sales Have Been Volatile around the Turn of the Year across Most Categories



Restaurant Sales a Noteworthy Negative Outlier That Has Slowed Dramatically

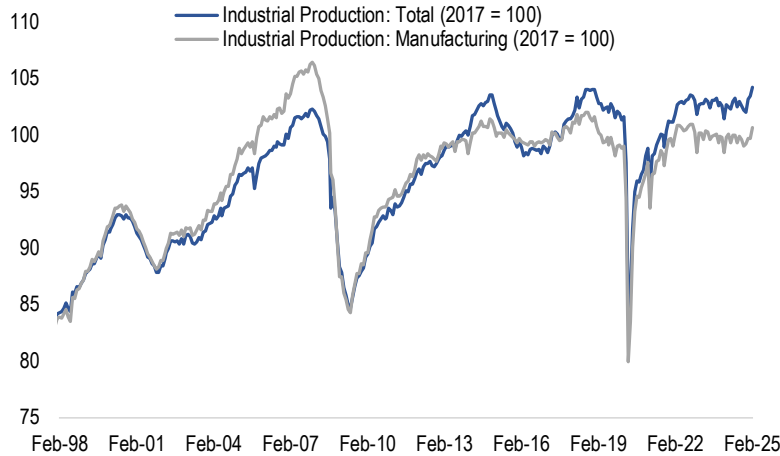


Feb. Pickup in Online Sales (i.e., Nonstore) Was Not Enough to Turn Around Shrinking Contribution

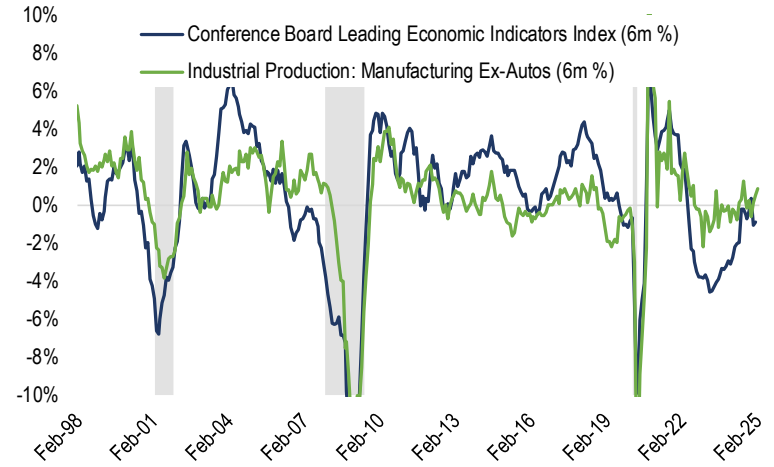


Note: "Control Group" = Retail sales excludes autos, gas, building materials and restaurants. SA = Seasonally Adjusted  
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

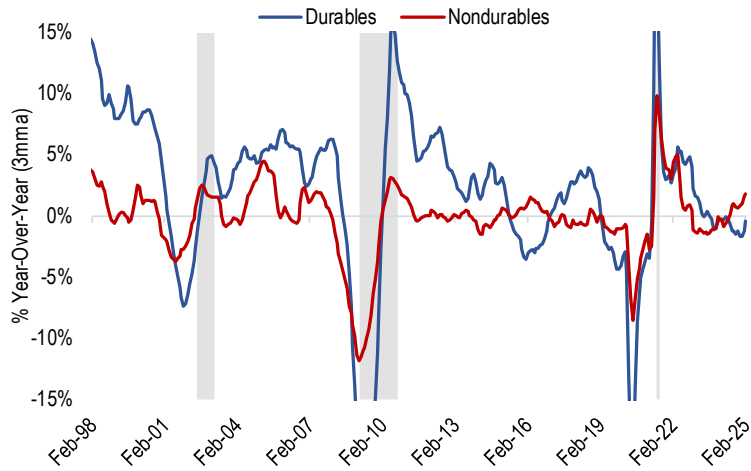
**Total Industrial Production Surged in February on the Back of Robust Growth in Manufacturing Output**



**Manufacturing Ex-Autos Had a More Modest Uptick, but Did Rise for Third Straight Month**

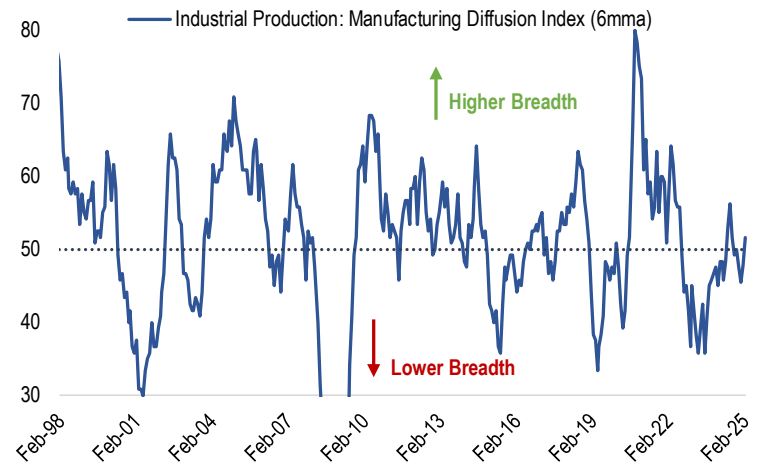


**Nondurables Continued Its Growth Leadership Despite Strong Rebound in Durables Activity**



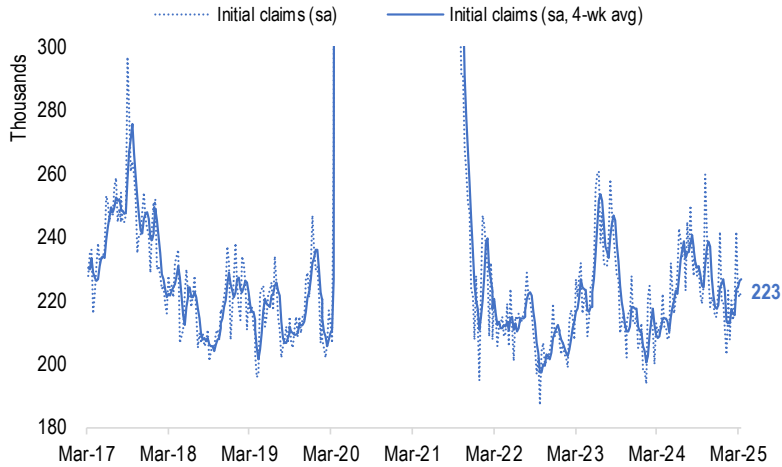
Durable goods are products that can be inventoried and have an average life of at least 3 years

**Breadth of Industries Expanding Hit Multi-Month High, Led by Wood, Aerospace and Electrical Output**

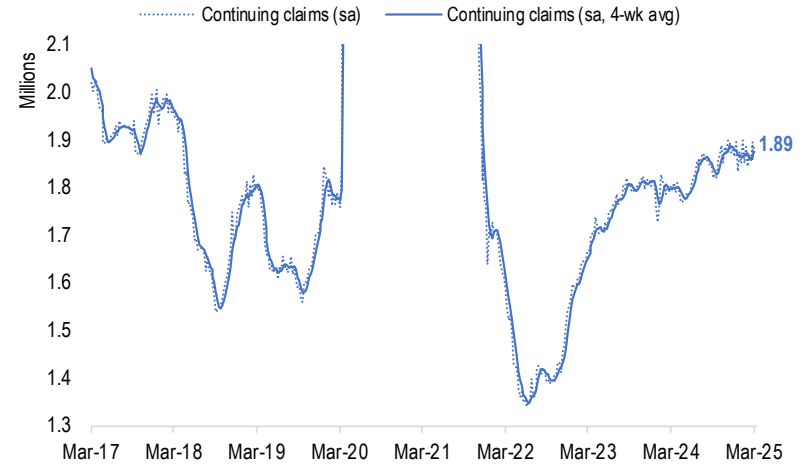




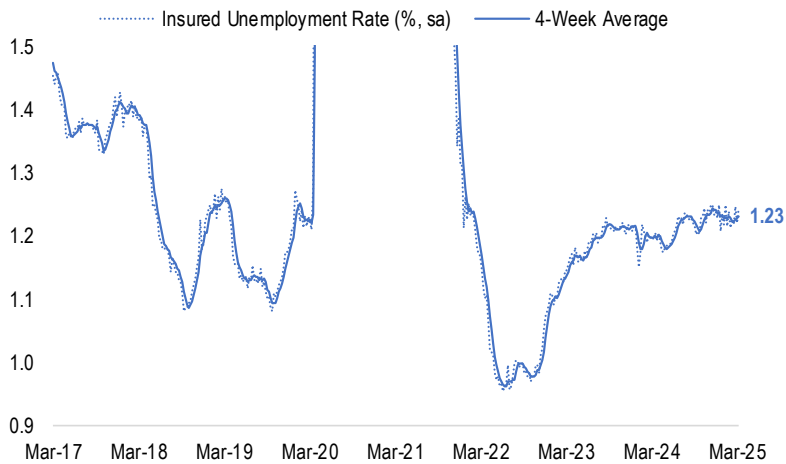
**Initial Claims (SA) Rose Slightly Last Week, Helping to Lift the 4-Week Average Modestly**



**Continuing Claims Also Took a Step Back Up after Prior Weeks' Jump**



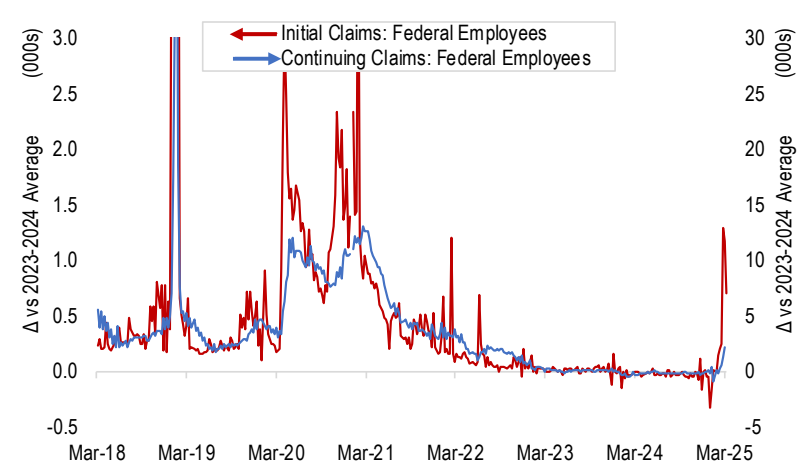
**Normalizing for the Size of the Labor Force, Insured Unemployment Only Modestly above Pre-Pandemic**



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

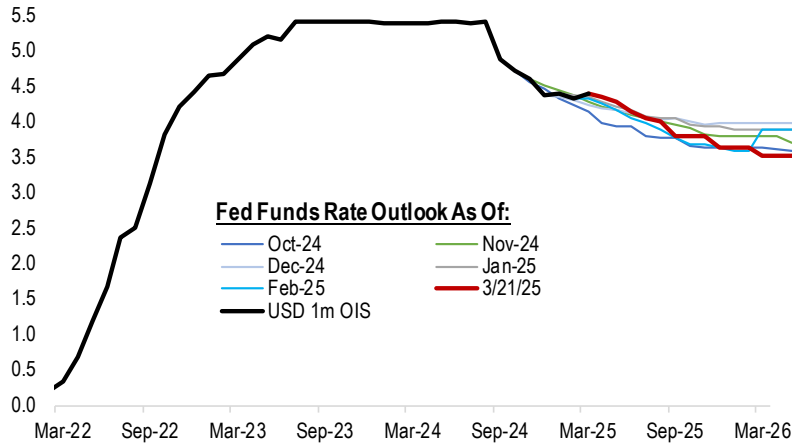
Sources: U.S. Department of Labor, Arch Global Economics

**Federal Employee Initial Claims Cooled, but Continuing Claims Still on the Rise**

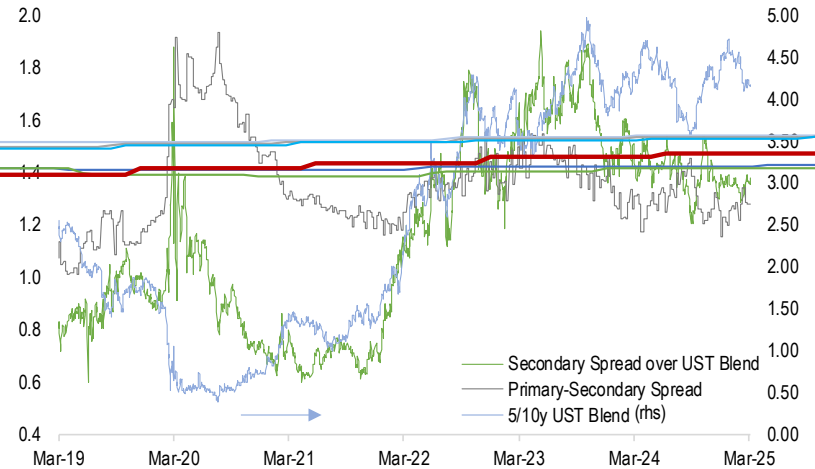


SA = Seasonally Adjusted  
NSA = Not Seasonally Adjusted

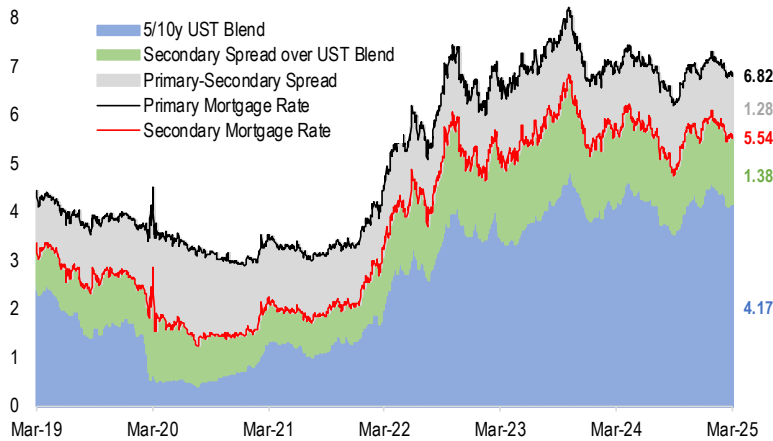
Latest Fed "Dot Plot" Still Reflects Two Rate Cuts in '25, but Market Pricing Continues to Price in Three



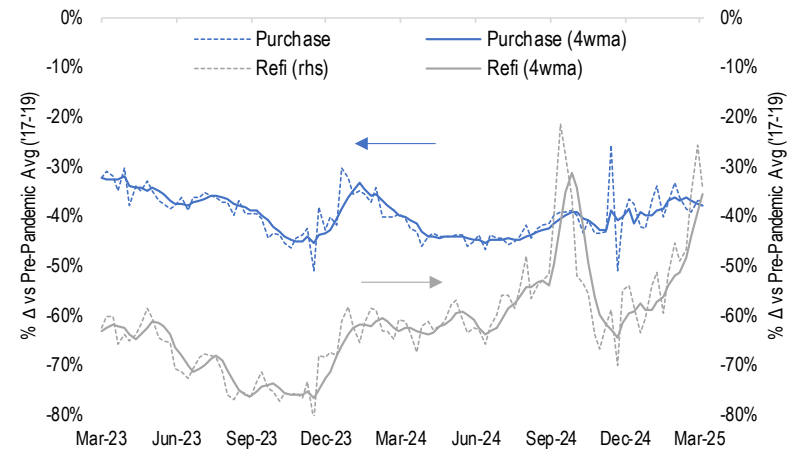
UST Yields Moved Lower by -7bps, While Mortgage Spreads Were Roughly Unchanged...



... Which Pulled Mortgage Rates Modestly Lower over the Week



Prior Modest Uptrend in Mortgage Purchase Applications Has Faded in Recent Weeks



## Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
3/24/25	9:45 AM	S&P Global US Manufacturing PMI	Mar P	<b>49.8</b>	51.7	--	52.7	index, sa
3/24/25	9:45 AM	S&P Global US Services PMI	Mar P	<b>54.3</b>	51.0	--	51.0	index, sa
3/24/25	9:45 AM	S&P Global US Composite PMI	Mar P	<b>53.5</b>	50.9	--	51.6	index, sa
3/25/25	11:00 AM	Building Permits	Feb F	--	--	--	1,456	k, saar
3/25/25	11:00 AM	Building Permits m/m	Feb F	--	--	--	-1.2	%, sa
3/25/25	9:00 AM	FHFA House Price Index m/m	Jan	--	0.3	--	0.4	%, sa
3/25/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jan	--	0.4	--	0.5	%, sa
3/25/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jan	--	4.7	--	4.5	%, nsa
3/25/25	10:00 AM	New Home Sales	Feb	--	680	--	657	k, saar
3/25/25	10:00 AM	New Home Sales m/m	Feb	--	3.5	--	-10.5	%, sa
3/25/25	10:00 AM	Conf. Board Consumer Confidence	Mar	--	93.9	--	98.3	index, sa
3/26/25	7:00 AM	MBA Mortgage Applications w/w	3/21/25	--	--	--	-6.2	%, sa
3/26/25	8:30 AM	Durable Goods Orders m/m	Feb P	--	-1.0	--	3.2	%, sa
3/26/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Feb P	--	0.2	--	0.8	%, sa
3/26/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Feb P	--	0.3	--	-0.3	%, sa
3/27/25	8:30 AM	GDP Annualized q/q	4Q T	--	2.3	--	2.3	%, saar
3/27/25	8:30 AM	Personal Consumption q/q	4Q T	--	4.2	--	4.2	%, saar
3/27/25	8:30 AM	Core PCE Deflator q/q	4Q T	--	2.7	--	2.7	%, saar
3/27/25	8:30 AM	Initial Jobless Claims	3/22/25	--	225	--	223	k, sa
3/27/25	8:30 AM	Continuing Claims	3/15/25	--	1,885	--	1,892	k, sa
3/27/25	10:00 AM	Pending Home Sales m/m	Feb	--	1.0	--	-4.6	%, sa
3/27/25	10:00 AM	Pending Home Sales y/y	Feb	--	--	--	-5.2	%, nsa
3/28/25	8:30 AM	Personal Income m/m	Feb	--	0.4	--	0.9	%, sa
3/28/25	8:30 AM	Personal Spending m/m	Feb	--	0.5	--	-0.2	%, sa
3/28/25	8:30 AM	Real Personal Spending m/m	Feb	--	0.3	--	-0.5	%, sa
3/28/25	8:30 AM	PCE Inflation m/m	Feb	--	0.3	--	0.3	%, sa
3/28/25	8:30 AM	PCE Inflation y/y	Feb	--	2.5	--	2.5	%, nsa
3/28/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Feb	--	0.3	--	0.3	%, sa
3/28/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Feb	--	2.7	--	2.6	%, nsa
3/28/25	10:00 AM	U. of Mich. Sentiment	Mar F	--	57.9	--	57.9	index, nsa
3/28/25	10:00 AM	U. of Mich. 1 Yr Inflation	Mar F	--	--	--	4.9	nsa
3/28/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Mar F	--	3.8	--	3.9	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
3/17/25	8:30 AM	Empire Manufacturing	Mar	<b>-20.0</b>	-1.9	--	5.7	index, sa
3/17/25	8:30 AM	Advance Retail Sales m/m	Feb	<b>0.2</b>	0.6	-1.2	-0.9	%, sa
3/17/25	8:30 AM	Retail Sales Control Group m/m	Feb	<b>1.0</b>	0.4	-1.0	-0.8	%, sa
3/17/25	10:00 AM	Business Inventories m/m	Jan	<b>0.3</b>	0.3	--	-0.2	%, sa
3/17/25	10:00 AM	NAHB Housing Market Index	Mar	<b>39.0</b>	42.0	--	42.0	index, sa
3/18/25	8:30 AM	Housing Starts	Feb	<b>1,501</b>	1,385	1,350	1,366	k, saar
3/18/25	8:30 AM	Housing Starts m/m	Feb	<b>11.2</b>	1.4	-11.5	-9.8	%, sa
3/18/25	8:30 AM	Building Permits	Feb P	<b>1,456</b>	1,453	--	1,473	k, saar
3/18/25	8:30 AM	Building Permits m/m	Feb P	<b>-1.2</b>	-1.4	--	-0.6	%, sa
3/18/25	8:30 AM	Import Price Index m/m	Feb	<b>0.4</b>	0.0	0.4	0.3	%, nsa
3/18/25	8:30 AM	Import Price Index y/y	Feb	<b>2.0</b>	1.6	1.8	1.9	%, nsa
3/18/25	9:15 AM	Industrial Production m/m	Feb	<b>0.7</b>	0.2	0.3	0.5	%, sa
3/18/25	9:15 AM	Capacity Utilization	Feb	<b>78.2</b>	77.8	77.7	77.8	sa
3/19/25	7:00 AM	MBA Mortgage Applications w/w	3/14/25	<b>-6.2</b>	--	--	11.2	%, sa
3/19/25	2:00 PM	FOMC Rate Decision (Upper Bound)	3/19/25	<b>4.5</b>	4.5	--	4.5	%
3/20/25	8:30 AM	Initial Jobless Claims	3/15/25	<b>223</b>	224	--	220	k, sa
3/20/25	8:30 AM	Continuing Claims	3/8/25	<b>1,892</b>	1,887	--	1,870	k, sa
3/20/25	8:30 AM	Philadelphia Fed Business Outlook	Mar	<b>12.5</b>	9.0	--	18.1	index, sa
3/20/25	10:00 AM	Conference Board Leading Index m/m	Feb	<b>-0.3</b>	-0.2	-0.2	-0.3	%, sa
3/20/25	10:00 AM	Existing Home Sales	Feb	<b>4.3</b>	4.0	4.1	4.1	m, saar
3/20/25	10:00 AM	Existing Home Sales m/m	Feb	<b>4.2</b>	-3.2	-4.7	-4.9	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

**Green** = beat expectations; **Red** = worse than expectations; (compared vs. prior if no consensus estimates available)