

A photograph of a row of colorful townhouses in shades of red, green, and yellow, with dark shutters and a white picket fence in the foreground. A large blue diagonal overlay covers the bottom half of the image.

HaMMR Digest

Stay current with economic and mortgage market trends.

March 31, 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

Confidence Games

- **Key Takeaway:** Disconnect between economic outlook angst and current situation widens further for businesses and consumers.
- **Macro Implications:** Link between sentiment and spending has been weak post-pandemic, but households have materially curtailed outlays recently.
- **Housing Implications:** Hard to see a sustained housing activity rebound should the drawdown in consumer sentiment continue and/or intensify.

Macro: Tariff-Induced Uncertainty Weighing on Growth

- Proposed tariffs for April 2 would be a material headwind to growth.
- Rebounding business investment in 1Q25 will likely prove temporary.
- Real consumer spending growth is tracking close to zero in 1Q25.

Rates: Unchanged on Week after Friday Plunge

- 10-yr UST at 4.25%, roughly unchanged from last week.
- Financial market action on Friday suggested rising growth concerns.
- Market pricing remains for three 25bps rate cuts in 2025.

Housing: Do Rates or Sentiment Matter More?

- Mortgage rates in seeming holding pattern just under 7%.
- Lower UST yields due to growth risks will not help mortgage rates.
- February pending home sales surprisingly rose by 2.0% m/m.

New Home Sales: February Pop Not Enough

- Feb. new home sales rose 1.8% m/m and 5.1% y/y.
- Months' supply of completed homes up to 4.2 months, a multi-year high.
- Builders note softer spring selling demand than last two years.

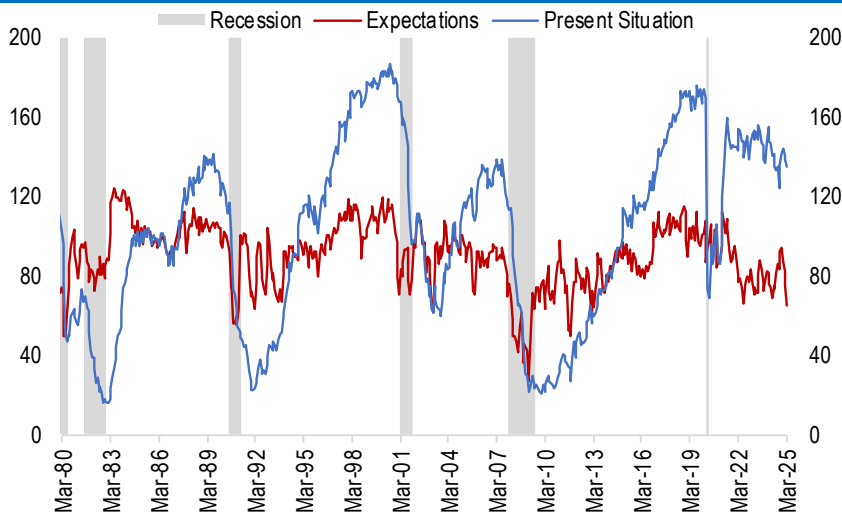
Personal Income and Spending: Modest Rebound

- Real disposable income rose 0.5% m/m in Feb. and 1.8% y/y.
- Real spending up 0.1% m/m, averaging 0% over prior three months.
- Soft spending lifts savings rate to 4.6%, highest since June '24.

Consumer Sentiment: The Future Doesn't Look Bright

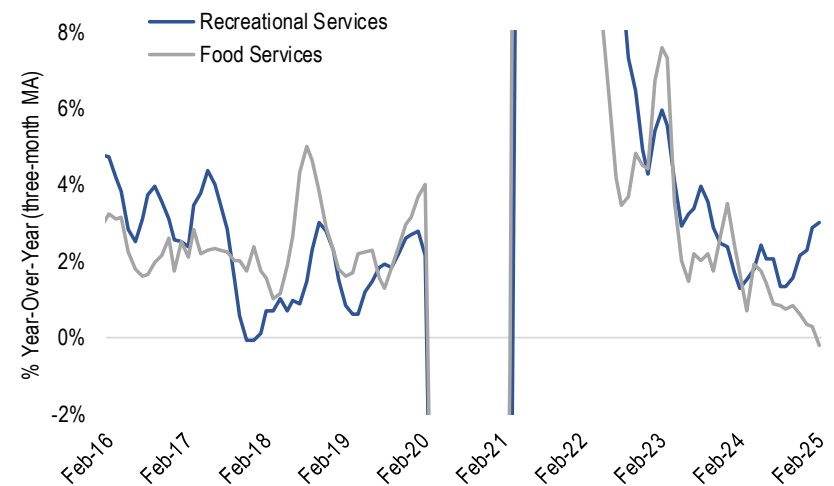
- Conference Board Index down to lowest level since Jan. 2021.
- UMich Sentiment Index has fallen to lowest level since Nov. 2023.
- Household expectations for the economy deteriorated further.

Consumer "Expectations" May Lead, but Until "Present" Conditions Break, Economy Has a Leg to Stand On

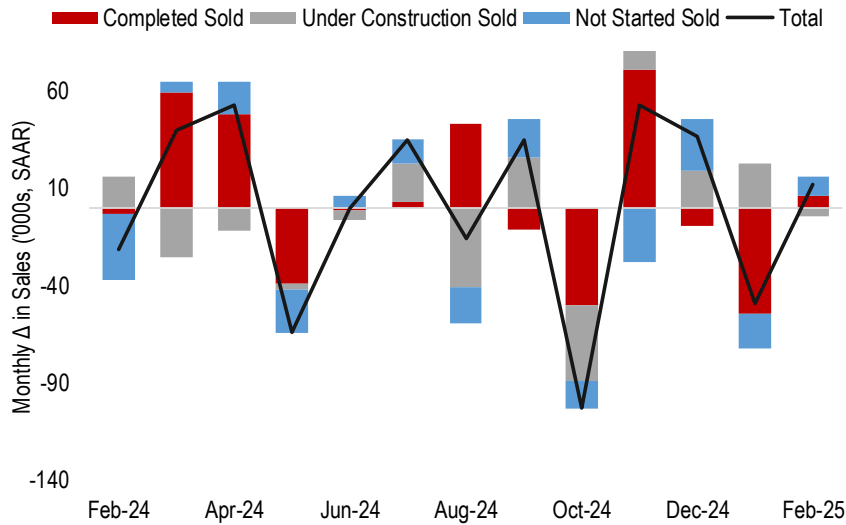


Sources: U.S. Bureau of Economic Analysis, Bloomberg, Conference Board, Arch Global Economics

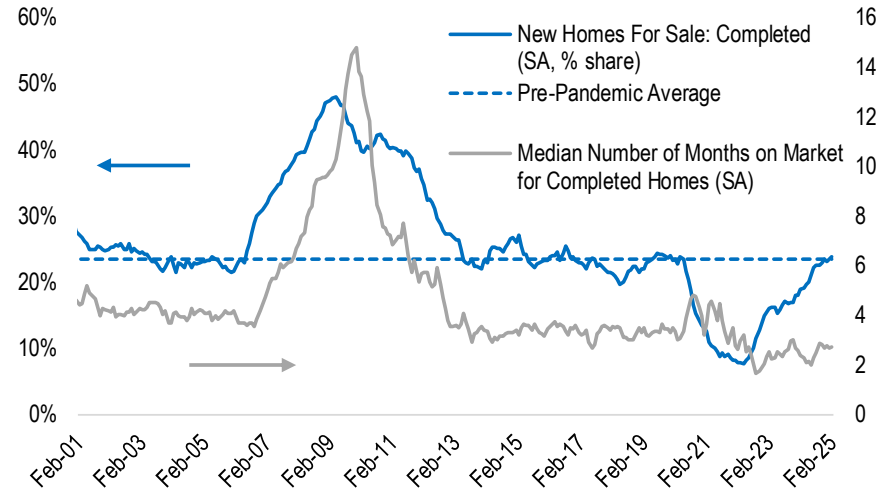
Real Recreational and Restaurant Spending Divergence Could Reflect Cost-Cutting by Lower Income Households



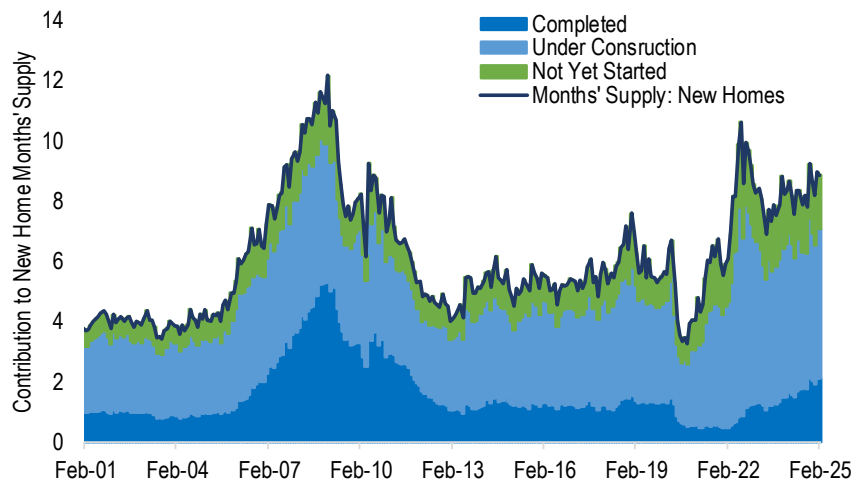
New Home Sales Rose in February but Did Not Make Up for the Large Decline Seen in January



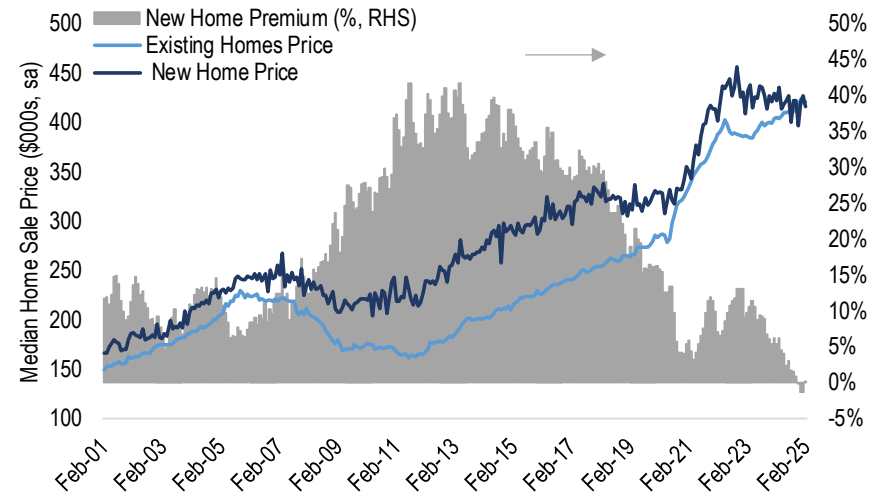
Completed Homes as Share of New Homes for Sale Has Been Rising and Is above Pre-Pandemic Norm



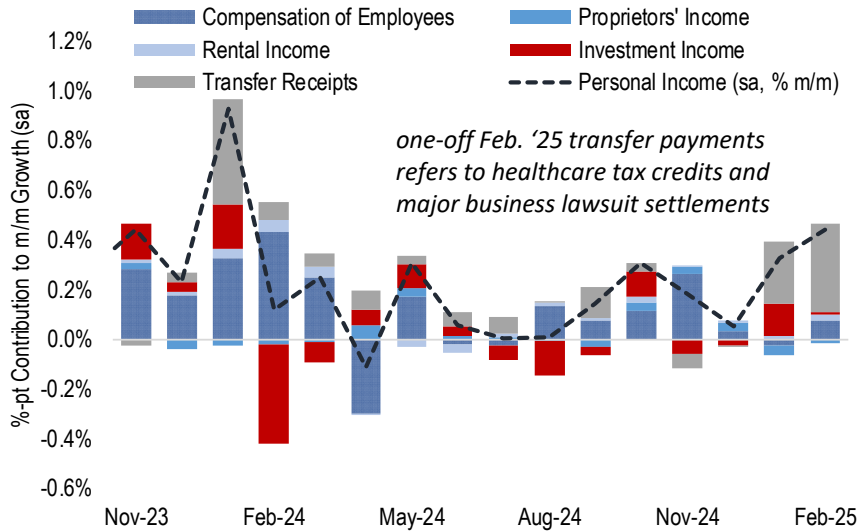
Months' Supply Fell Only for "Not Started" Segment, While Other Segments Rose



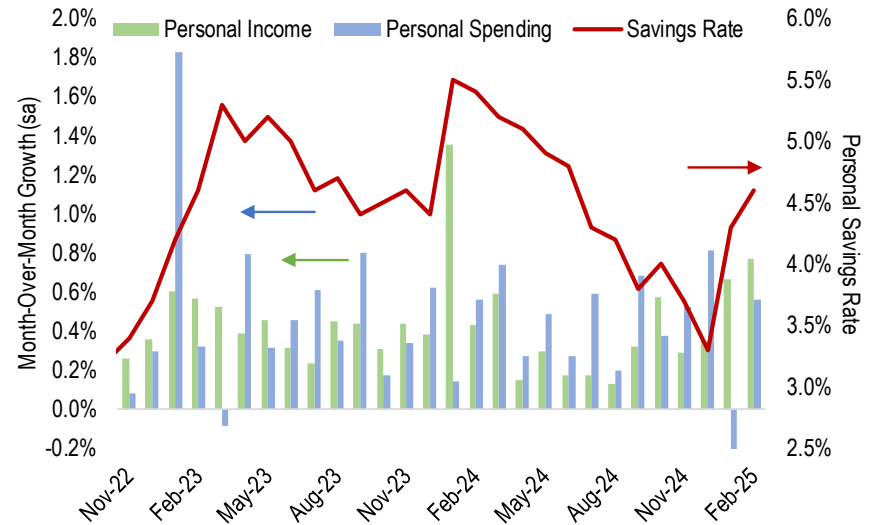
National New Home Premium over Existing Home Prices Oscillating around Zero in Recent Months



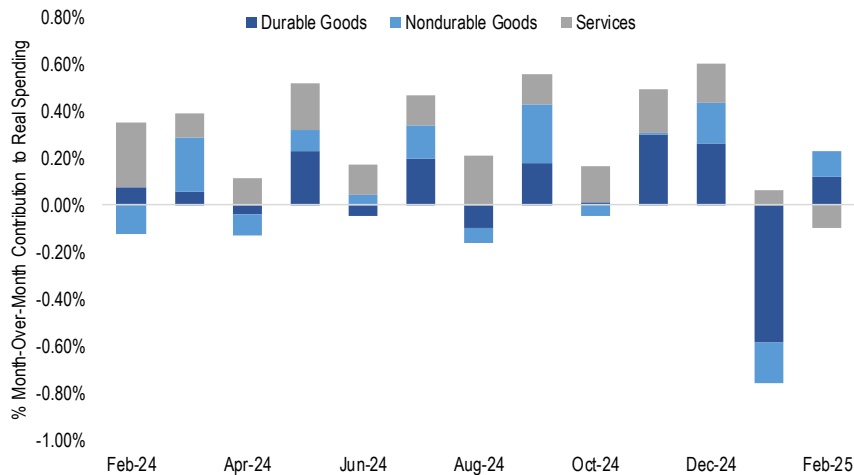
Real Labor Income Growth Has Weakened While Total Income Was Boosted by One-Off Transfer Payments



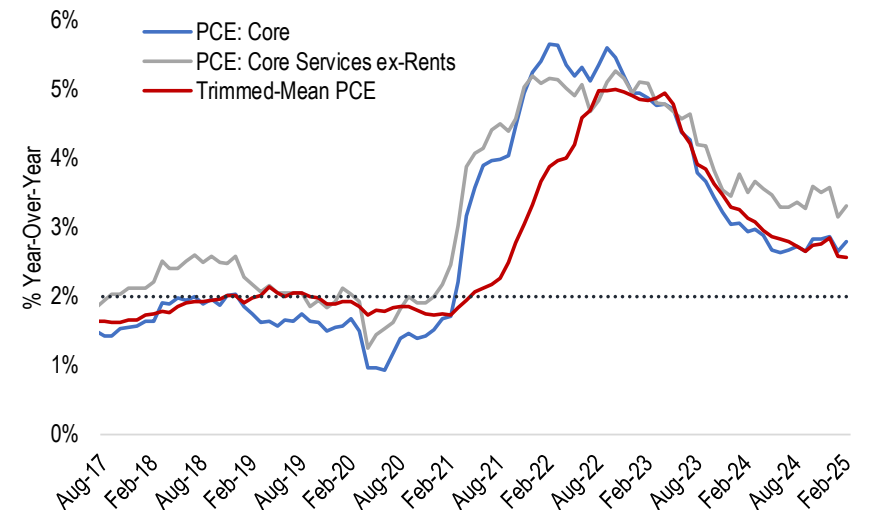
Income Growth Has Continued to Outpace Spending, Driving Savings Rate Up to Highest Since Last Summer



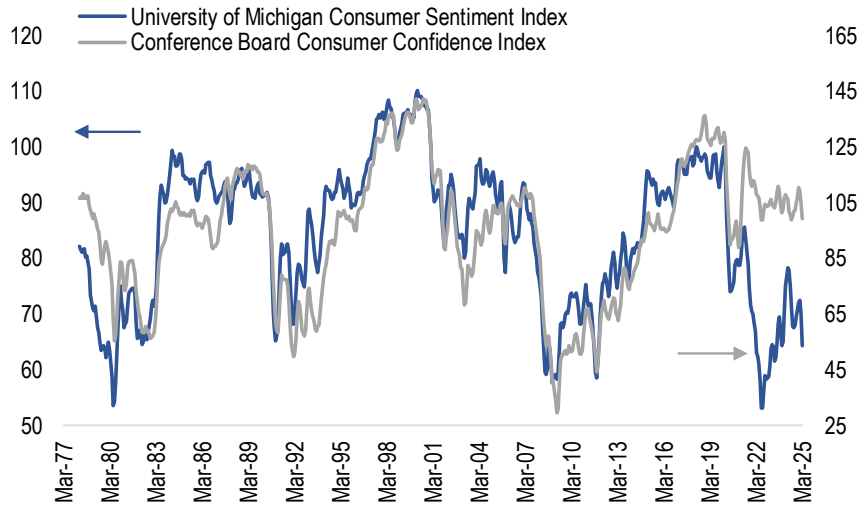
Spending Has Downshifted with Services Contracting for First Time Since January 2022



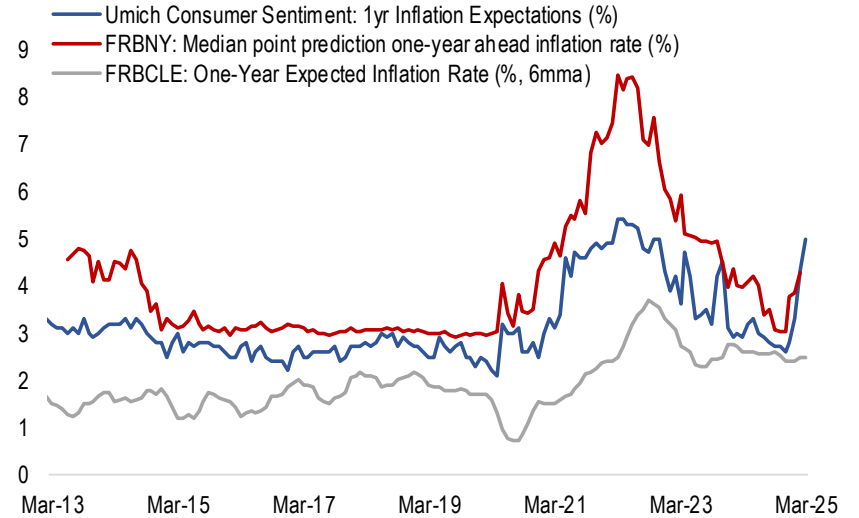
Encouraging PCE Inflation Will Not Sway Fed from Patient Stance Looking for Trend Confirmation



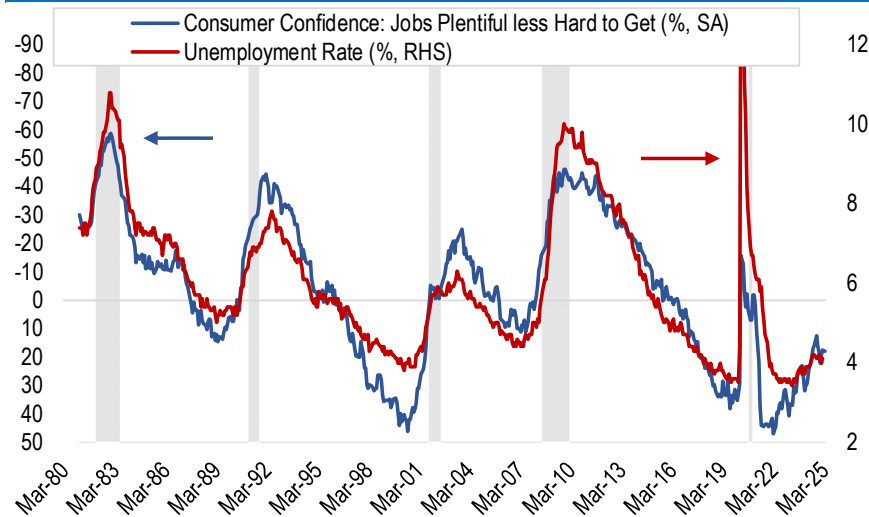
Sentiment Skews Negatively, but Labor-Sensitive Conference Board Measure Holding Up Better, for Now



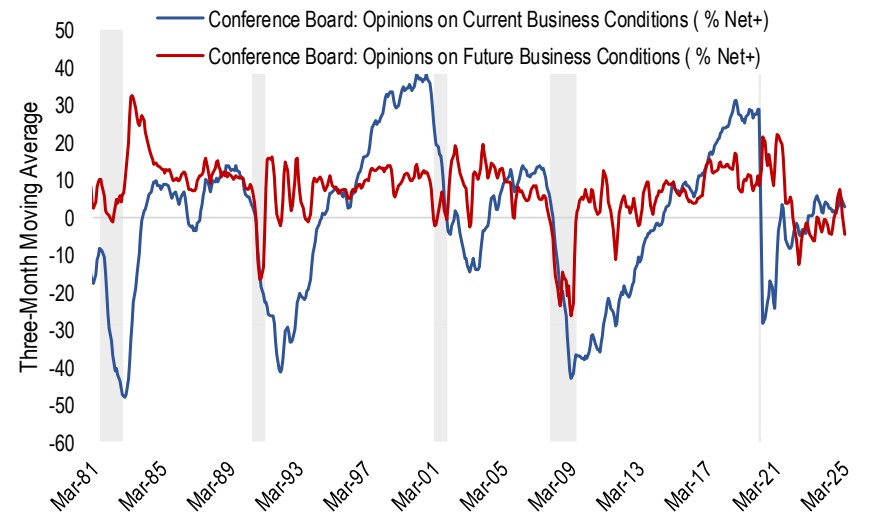
Rise in Consumer Inflation Expectations at Odds with Markets and Economic Forecasters



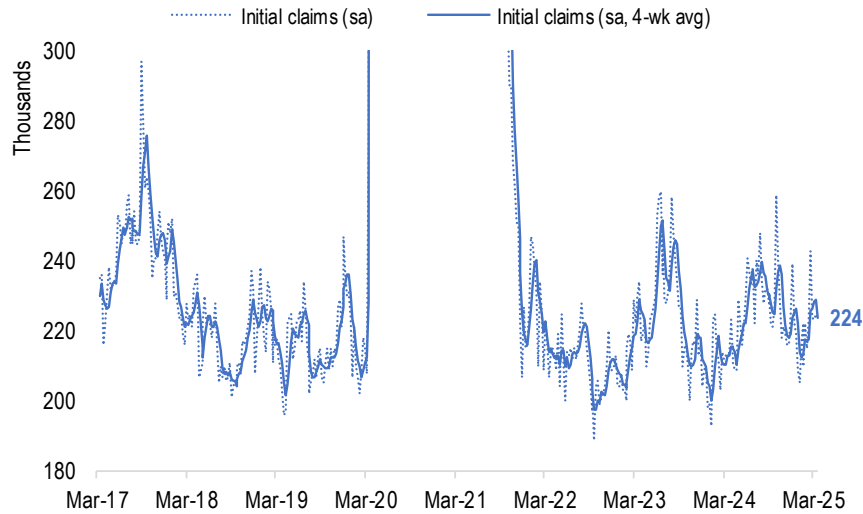
Consumer Labor Perceptions of Current Conditions Suggest a Stable Unemployment Rate



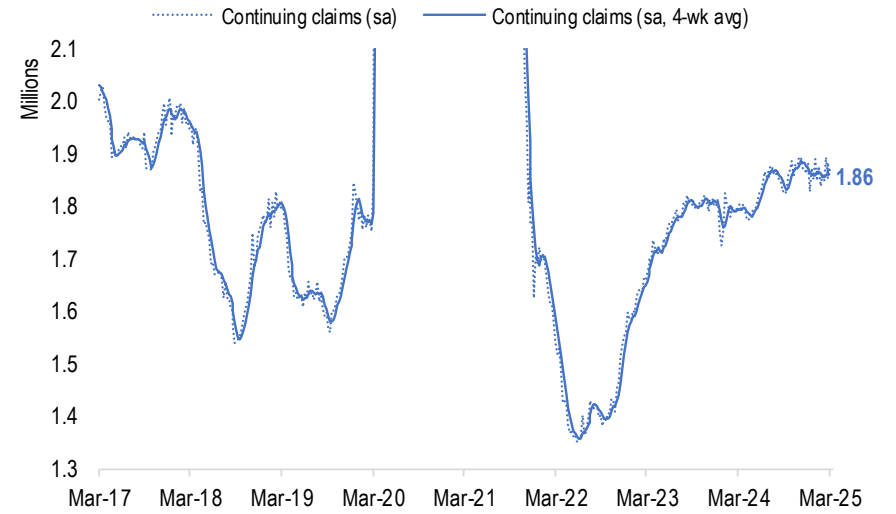
But Consumer Outlook on Business Conditions Continued to Deteriorate



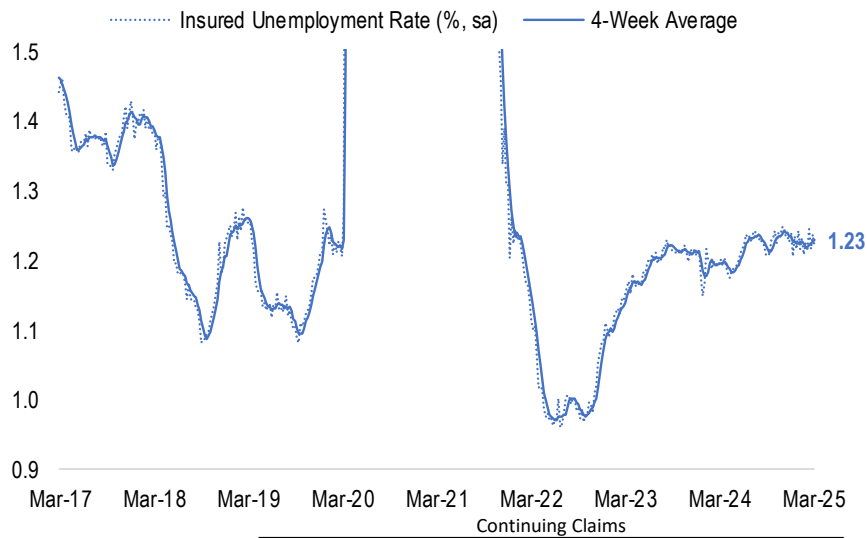
Initial Claims (SA) Declined Slightly during the Week Ending Mar. 22, Helping to Push Down 4-Week Average



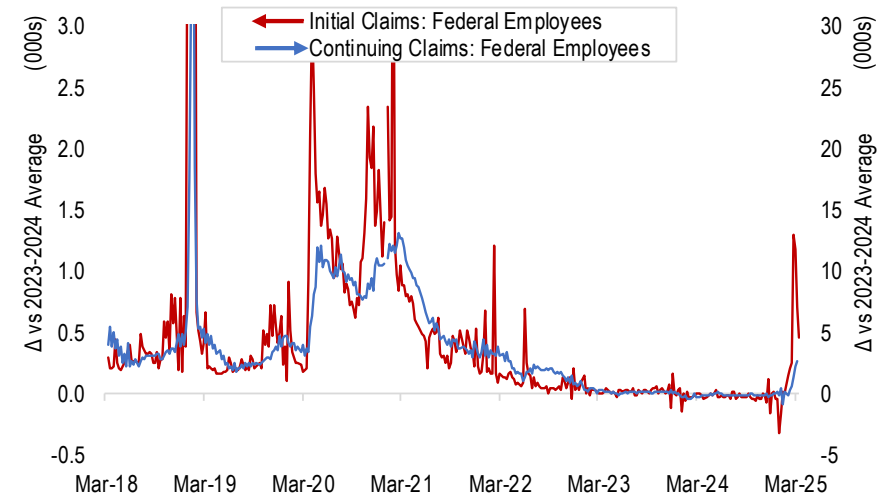
Continuing Claims Also Moved Lower during the Week Ending Mar. 15, Leaving Recent Trend Range-Bound



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



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

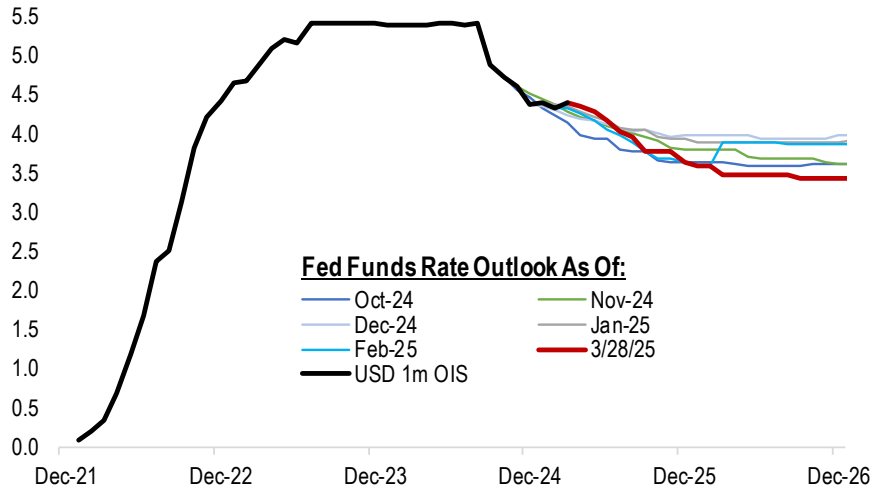


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

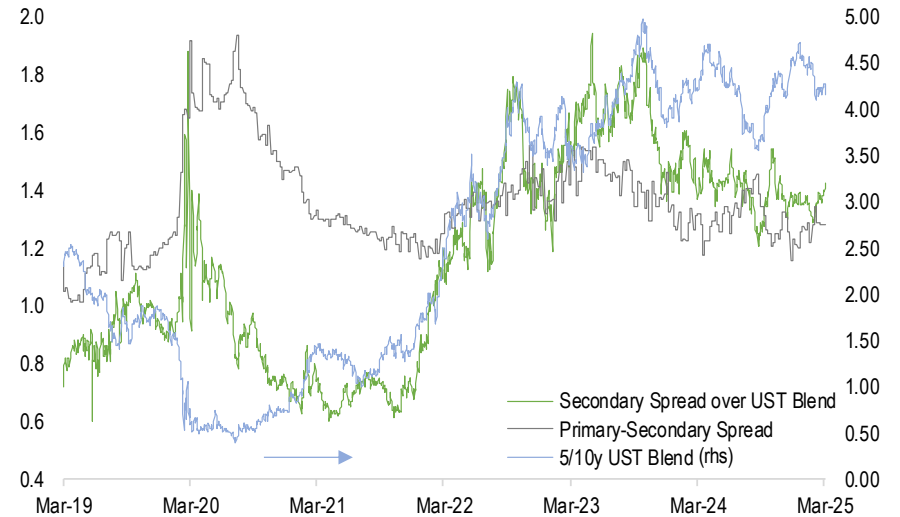
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

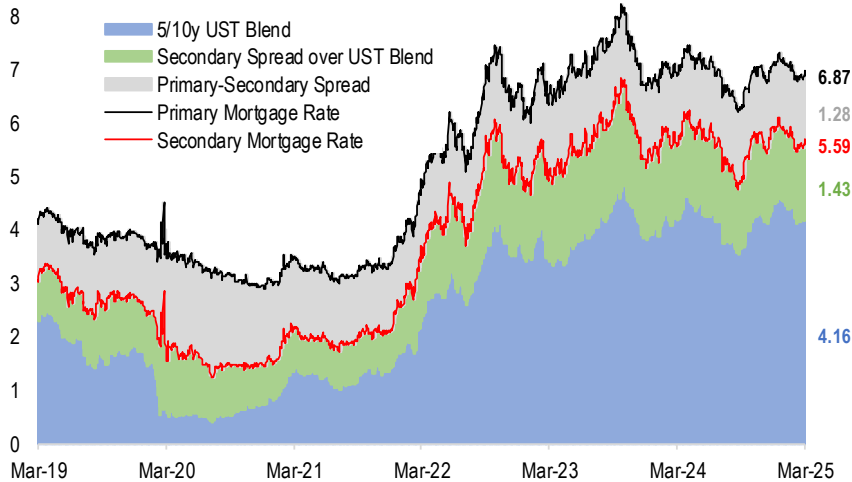
Market Continues to Price in Three Rate Cuts in 2025, but Only One in 2026



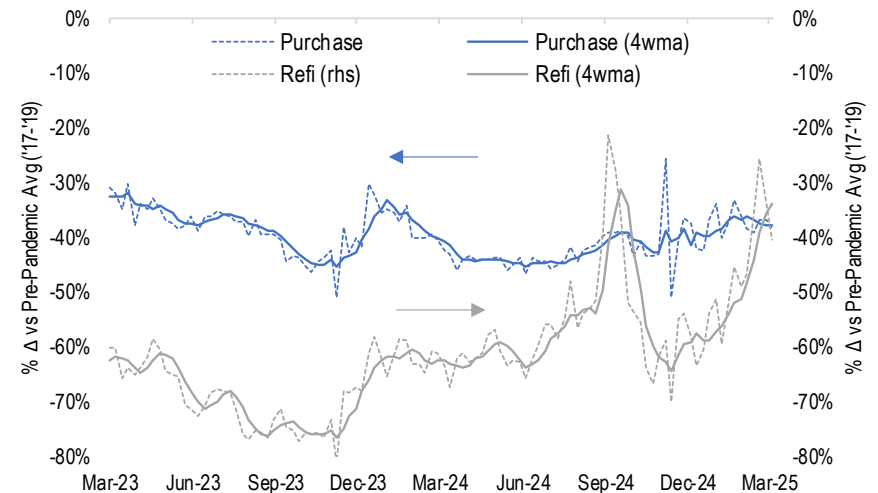
UST Yields Moved Down -1bp Last Week, While Mortgage Spreads Widened by 5bps ...



... Which Lifted Mortgage Rates Slightly Higher 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
4/1/25	11:00 AM	Wards Total Vehicle Sales	Mar	--	16.0	--	16.0	m, saar
4/1/25	9:45 AM	S&P Global US Manufacturing PMI	Mar F	--	49.8	--	49.8	index, sa
4/1/25	10:00 AM	JOLTS Job Openings	Feb	--	7,680	--	7,740	k, sa
4/1/25	10:00 AM	ISM Manufacturing	Mar	--	49.5	--	50.3	index, sa
4/1/25	10:00 AM	ISM Prices Paid	Mar	--	64.5	--	62.4	index, nsa
4/2/25	7:00 AM	MBA Mortgage Applications w/w	3/28/25	--	--	--	-2.0	%, sa
4/2/25	8:15 AM	ADP Employment m/m	Mar	--	120	--	77	k, sa
4/2/25	10:00 AM	Durable Goods Orders m/m	Feb F	--	0.9	--	0.9	%, sa
4/2/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Feb F	--	--	--	-0.3	%, sa
4/2/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Feb F	--	--	--	0.9	%, sa
4/3/25	8:30 AM	Initial Jobless Claims	3/29/25	--	225	--	224	k, sa
4/3/25	8:30 AM	Continuing Claims	3/22/25	--	1,867	--	1,856	k, sa
4/3/25	9:45 AM	S&P Global US Services PMI	Mar F	--	54.1	--	54.3	index, sa
4/3/25	9:45 AM	S&P Global US Composite PMI	Mar F	--	--	--	53.5	index, sa
4/3/25	10:00 AM	ISM Services Index	Mar	--	53.0	--	53.5	index, nsa
4/4/25	8:30 AM	Nonfarm Payrolls m/m	Mar	--	138	--	151	k, sa
4/4/25	8:30 AM	Private Payrolls m/m	Mar	--	130	--	140	k, sa
4/4/25	8:30 AM	Unemployment Rate	Mar	--	4.1	--	4.1	%, sa
4/4/25	8:30 AM	Labor Force Participation Rate	Mar	--	62.4	--	62.4	%, sa
4/4/25	8:30 AM	Average Hourly Earnings m/m	Mar	--	0.3	--	0.3	%, sa
4/4/25	8:30 AM	Average Hourly Earnings y/y	Mar	--	4.0	--	4.0	%, nsa
4/4/25	8:30 AM	Average Weekly Hours All Employees	Mar	--	34.2	--	34.1	sa

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
3/24/25	9:45 AM	S&P Global US Manufacturing PMI	Mar P	49.8	51.7	--	52.7	index, sa
3/24/25	9:45 AM	S&P Global US Services PMI	Mar P	54.3	51.0	--	51.0	index, sa
3/24/25	9:45 AM	S&P Global US Composite PMI	Mar P	53.5	50.9	--	51.6	index, sa
3/25/25	7:52 AM	Building Permits	Feb F	1,459	1,455	--	1,456	k, saar
3/25/25	7:52 AM	Building Permits m/m	Feb F	-1.0	-0.1	--	-1.2	%, sa
3/25/25	9:00 AM	FHFA House Price Index m/m	Jan	0.2	0.3	0.5	0.4	%, sa
3/25/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jan	0.5	0.4	0.5	0.5	%, sa
3/25/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jan	4.7	4.8	4.5	4.5	%, nsa
3/25/25	10:00 AM	New Home Sales	Feb	676	680	664	657	k, saar
3/25/25	10:00 AM	New Home Sales m/m	Feb	1.8	3.5	-6.9	-10.5	%, sa
3/25/25	10:00 AM	Conf. Board Consumer Confidence	Mar	92.9	94.0	100.1	98.3	index, sa
3/26/25	7:00 AM	MBA Mortgage Applications w/w	3/21/25	-2.0	--	--	-6.2	%, sa
3/26/25	8:30 AM	Durable Goods Orders m/m	Feb P	0.9	-1.0	3.3	3.2	%, sa
3/26/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Feb P	-0.3	0.2	0.9	0.8	%, sa
3/26/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Feb P	0.9	0.2	-0.2	-0.3	%, sa
3/27/25	8:30 AM	GDP Annualized q/q	4Q T	2.4	2.3	--	2.3	%, saar
3/27/25	8:30 AM	Personal Consumption q/q	4Q T	4.0	4.2	--	4.2	%, saar
3/27/25	8:30 AM	Core PCE Deflator q/q	4Q T	2.6	2.7	--	2.7	%, saar
3/27/25	8:30 AM	Initial Jobless Claims	3/22/25	224	225	225	223	k, sa
3/27/25	8:30 AM	Continuing Claims	3/15/25	1,856	1,886	1,881	1,892	k, sa
3/27/25	10:00 AM	Pending Home Sales m/m	Feb	2.0	1.0	--	-4.6	%, sa
3/27/25	10:00 AM	Pending Home Sales y/y	Feb	-7.2	-3.5	--	-5.2	%, nsa
3/28/25	8:30 AM	Personal Income m/m	Feb	0.8	0.4	0.7	0.9	%, sa
3/28/25	8:30 AM	Personal Spending m/m	Feb	0.4	0.5	-0.3	-0.2	%, sa
3/28/25	8:30 AM	Real Personal Spending m/m	Feb	0.1	0.3	-0.6	-0.5	%, sa
3/28/25	8:30 AM	PCE Inflation m/m	Feb	0.3	0.3	--	0.3	%, sa
3/28/25	8:30 AM	PCE Inflation y/y	Feb	2.5	2.5	--	2.5	%, nsa
3/28/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Feb	0.4	0.3	--	0.3	%, sa
3/28/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Feb	2.8	2.7	2.7	2.6	%, nsa
3/28/25	10:00 AM	U. of Mich. Sentiment	Mar F	57.0	57.9	--	57.9	index, nsa
3/28/25	10:00 AM	U. of Mich. 1 Yr Inflation	Mar F	5.0	4.9	--	4.9	nsa
3/28/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Mar F	4.1	3.9	--	3.9	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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