

# HaMMR Digest

Stay current with economic and mortgage market trends.

April 14, 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

### The Calm before the Tariff Tempest

- **Key Takeaway:** March inflation showed a benign inflationary backdrop that unfortunately is about to be jolted by a historic tariff shock.
- **Macro Implications:** No comfort should be taken from recent data, as severe tariff headwinds will derail most prior trends.
- **Housing Implications:** Mortgage rates unlikely to move sustainably and meaningfully lower as recession concerns will keep mortgage spreads wide.

### Macro: Looking Ahead

- Recession risk has increased materially over prior two weeks.
- Some pull-forward of consumer demand is likely in Q2 to front-run tariffs.
- Fed must take note of rising inflation expectations, despite “transitory” label.

### Rates: Welcome to the Jungle

- 10-yr UST surged ~50bps to 4.50% with similar moves across the curve.
- Investor aversion to U.S. assets putting upward pressure on term premium.
- Market back to pricing in three 25bps rate cuts over remainder of 2025.

### Housing: Disconcerting Times

- Mortgage rates whipsawed back above 7% by the end of last week.
- Rate volatility and recession fears caused surge in mortgage spreads.
- Further housing slowdown likely over the near-to-medium term.

### Consumer Inflation: Waiting for the Pain

- Headline CPI inflation fell -0.1% in March aided by weak energy prices.
- Core inflation printed weakest advance (0.06%) since Jan. 2021.
- Tariff pressures in the inflation pipeline far outweigh the good news.

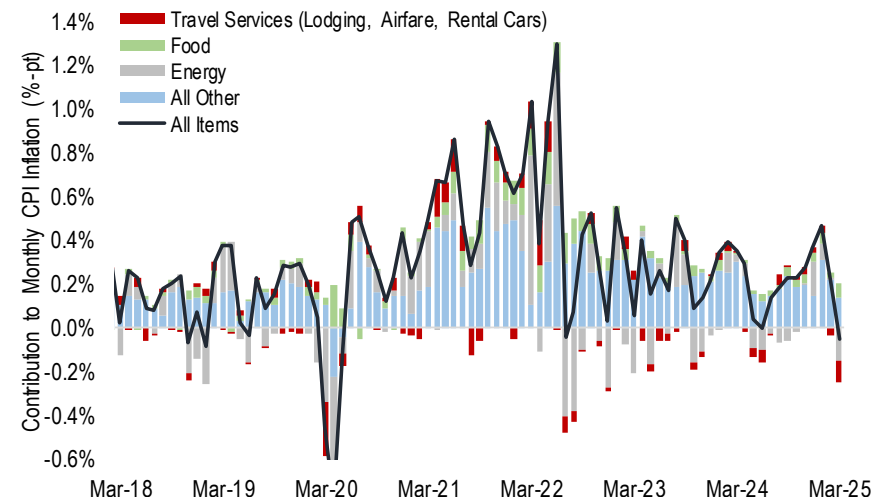
### Consumer Credit: No Thaw in Credit Freeze

- Consumer credit flat-lined in Feb. and declined -1.0% y/y.
- Revolving credit growth eased further, mimicking soft consumer spending.
- Evidence is mounting that households are getting cautious.

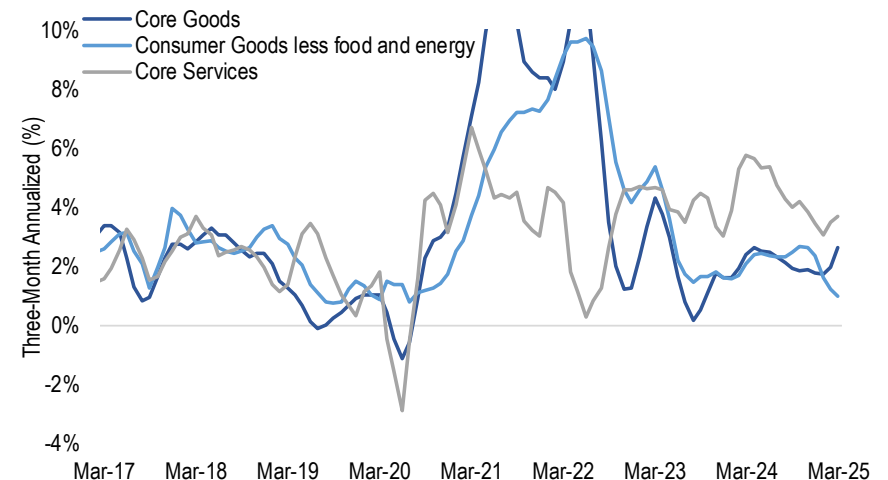
### Small Business Optimism: Shine Fully Off

- NFIB Optimism index fell for 3rd straight month and most since June 2022.
- Outlook for economy fell 16%-pts, steepest drop since Dec. 2020.
- More firms indicate they are raising prices, likely due to tariff news.

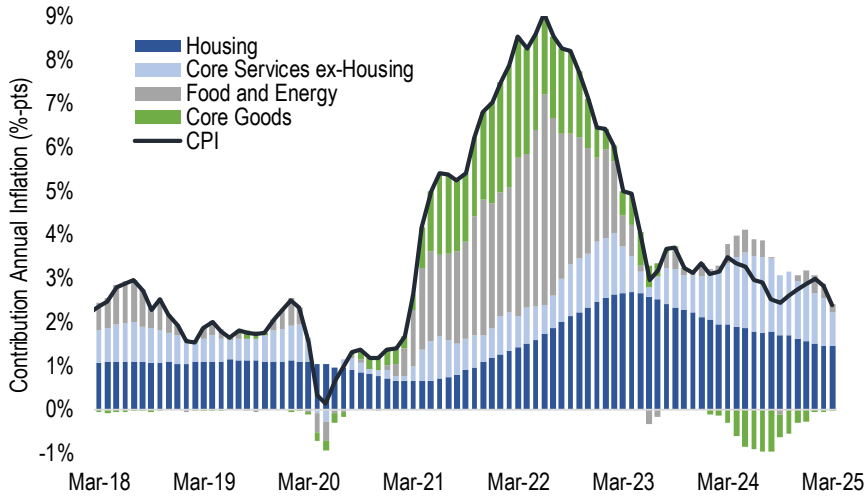
### Pullback in Energy and Travel Services Prices Reflective of Softening Demand, Domestic and Abroad



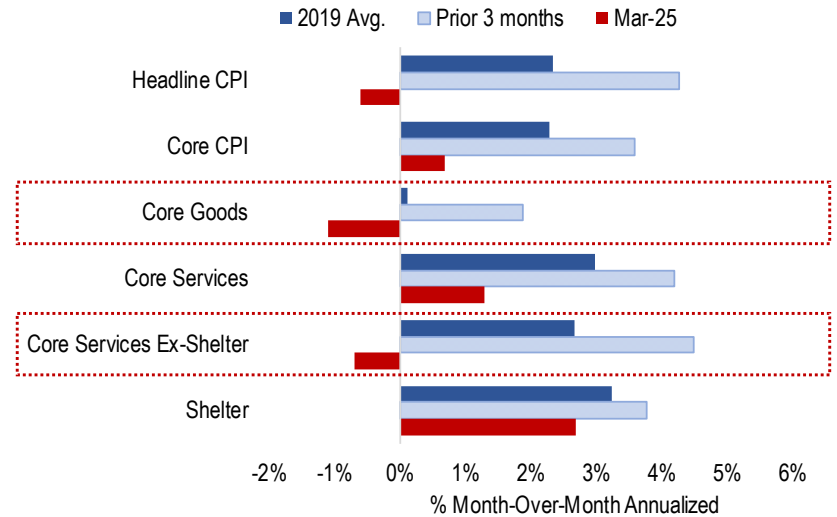
### Producer Prices Already Showed Uptick in Core Goods Inflation in Month before Higher Tariffs Announced



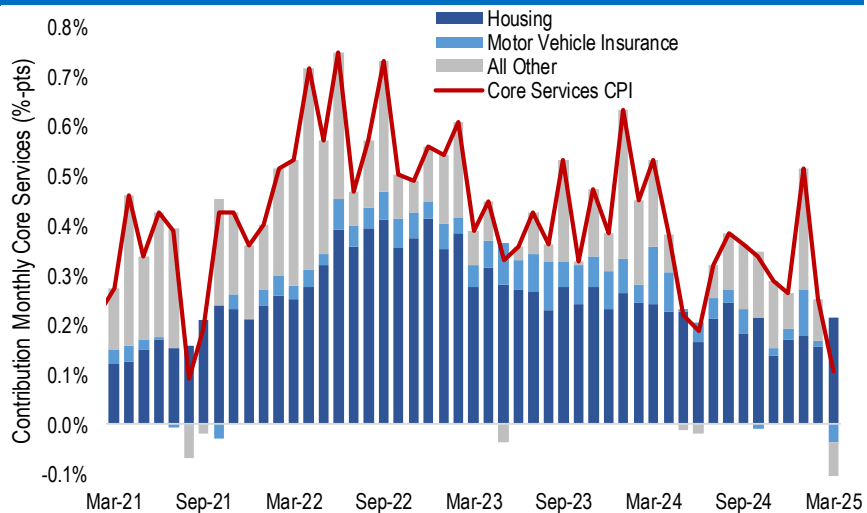
**Pullback in Services Inflation Led by Airfares, Lodging, Rental Cars, a Response to Softening Consumer Demand**



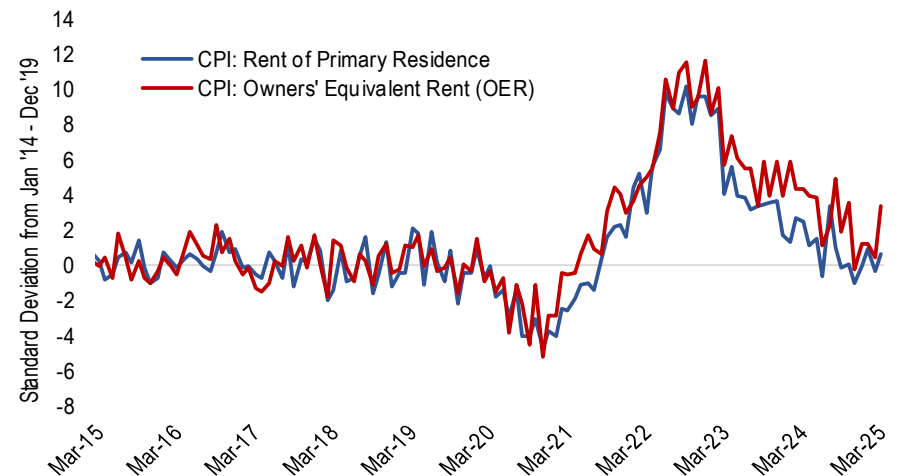
**Services Deceleration Aided by Large Drop in Airfares, While Used Car Prices Weighed on Core Goods**



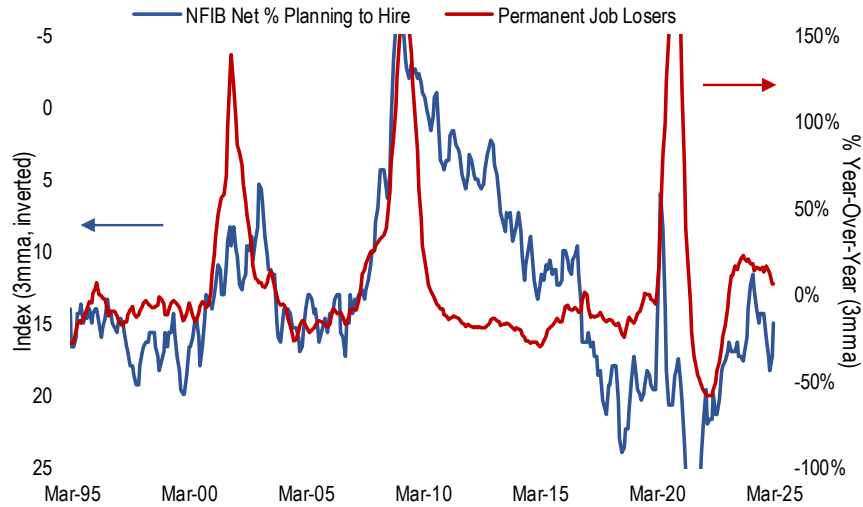
**Core Services Inflation Recorded Slowest Monthly Pace Since August 2021 ...**



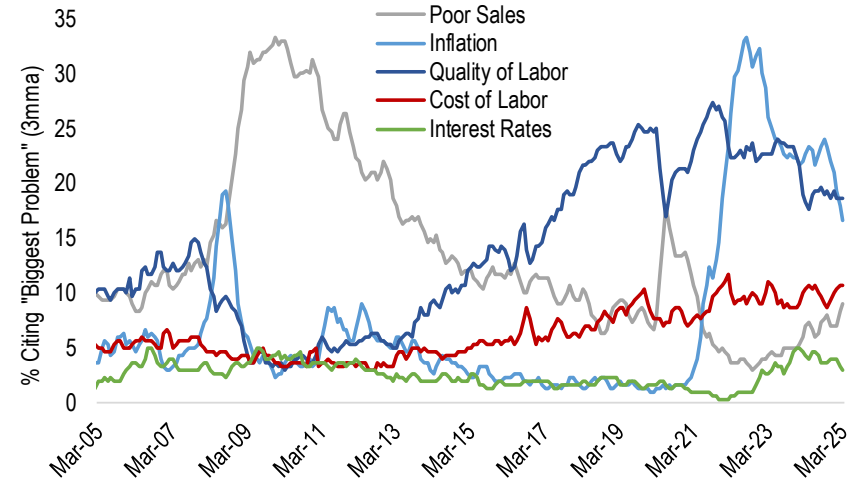
**... As Large Declines in Airline, Lodging and Insurance Services Offset an Uptick in Housing Inflation**



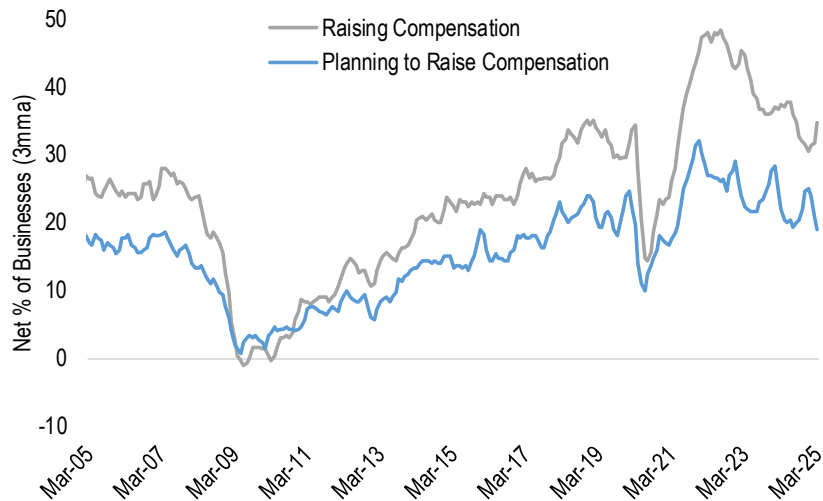
**Small Businesses Have Turned Slightly More Cautious on Hiring, Giving Up All Improvement over Prior Year**



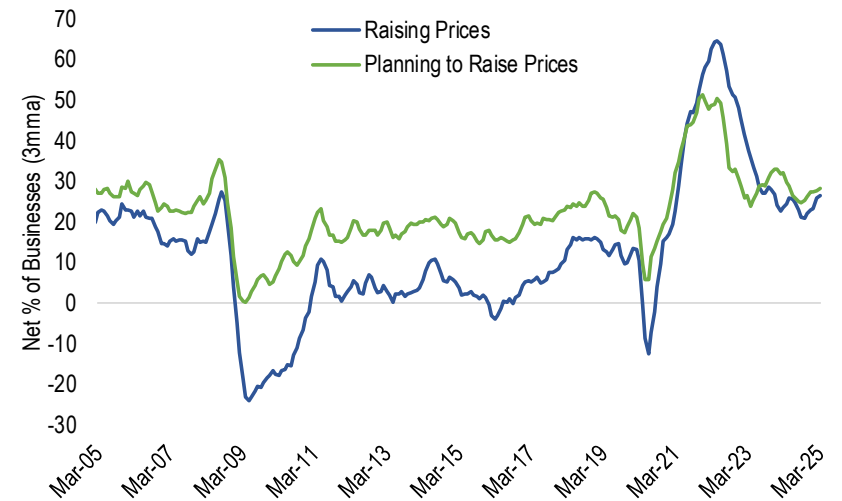
**"Poor Sales" Pivotal to Watch as Largest Problem Cited, Currently above Pre-Pandemic Level**



**Pay Increases Pivoting Higher, but Future Wage Growth Expectations Falling amid Rising Economic Risks**

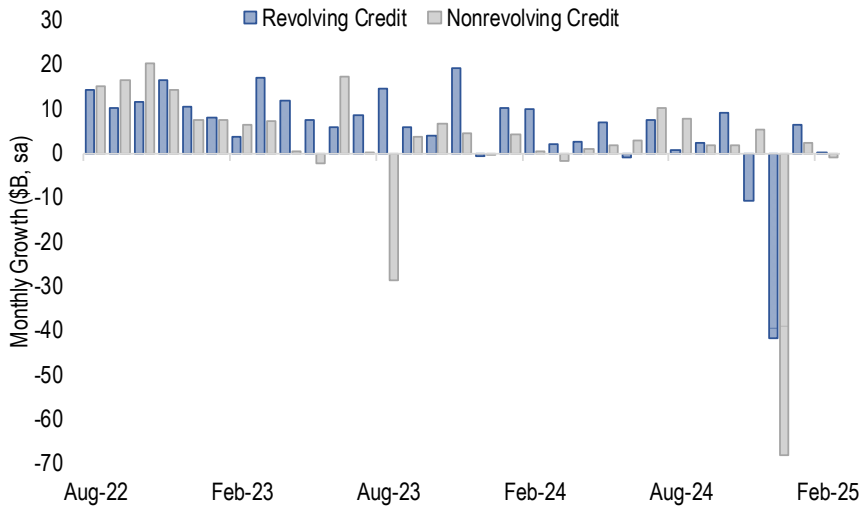


**Share of Firms Raising Prices Has Picked Up and Has Further Room to Run as Tariffs Take Effect**

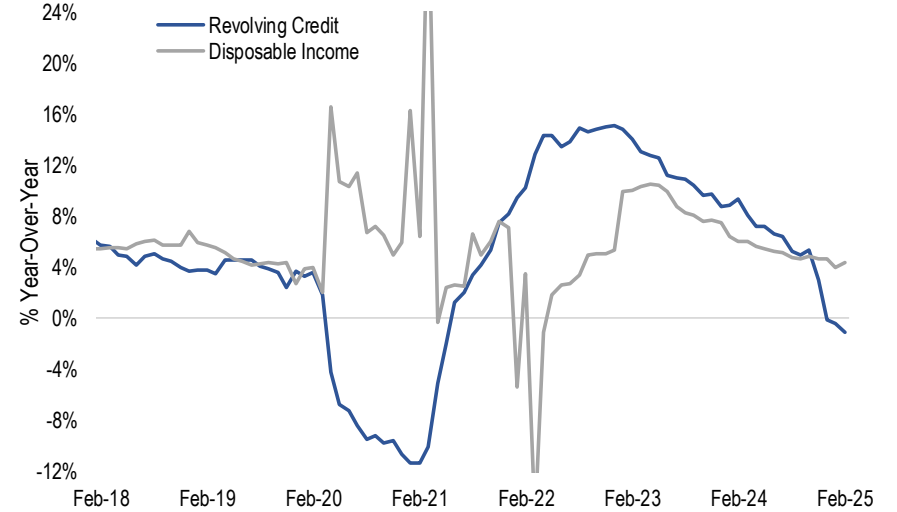




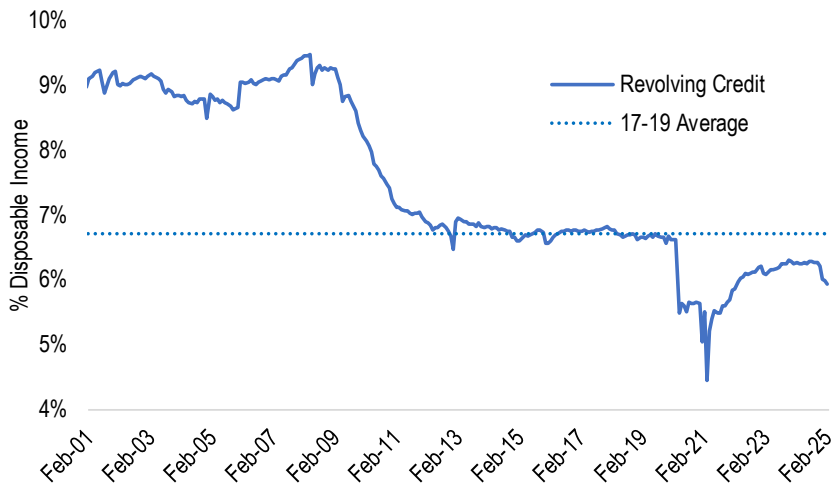
**Consumer Credit Flatlined in February, with Trend in Revolving Credit Cooling Materially Since Early 2024**



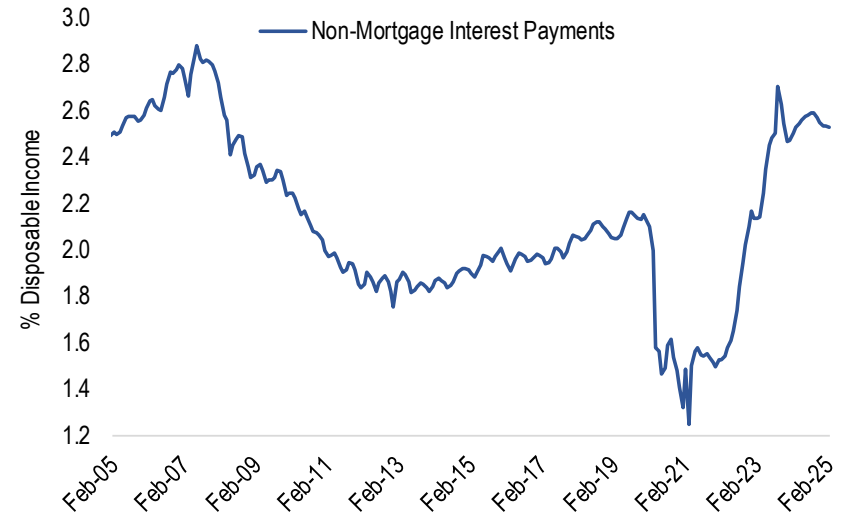
**Weak Growth in Revolving Consumer Credit Confirms the Tepid February Retail Sales Print**



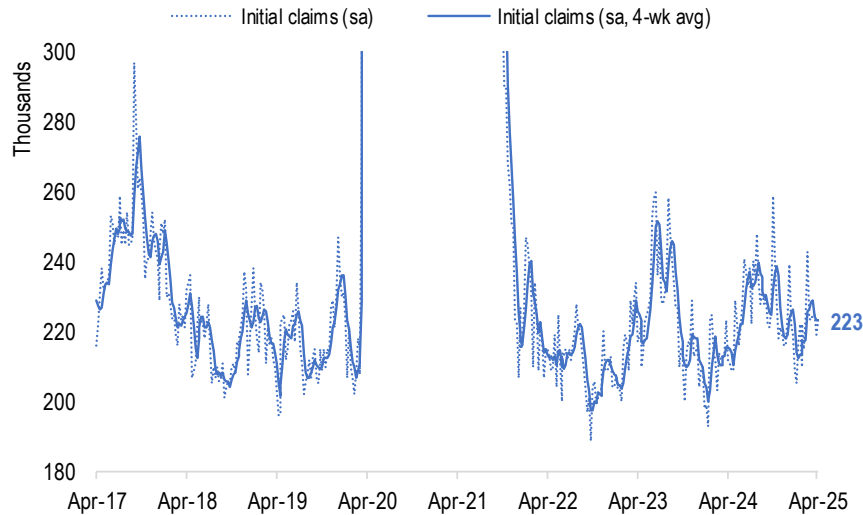
**Revolving Credit Stepped Further below Pre-Pandemic Norm Relative to Disposable Income**



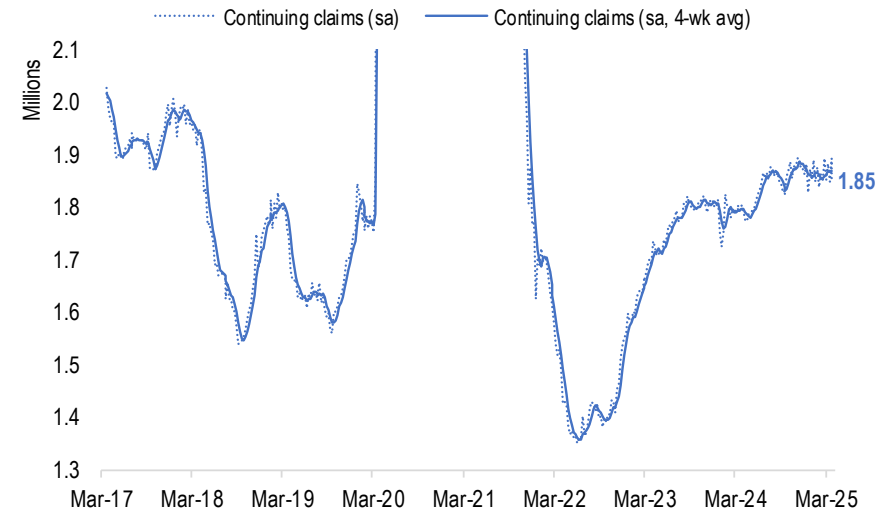
**Non-Mortgage Interest Payments Will Remain Elevated amid Lagged Rate Adjustment by Banks**



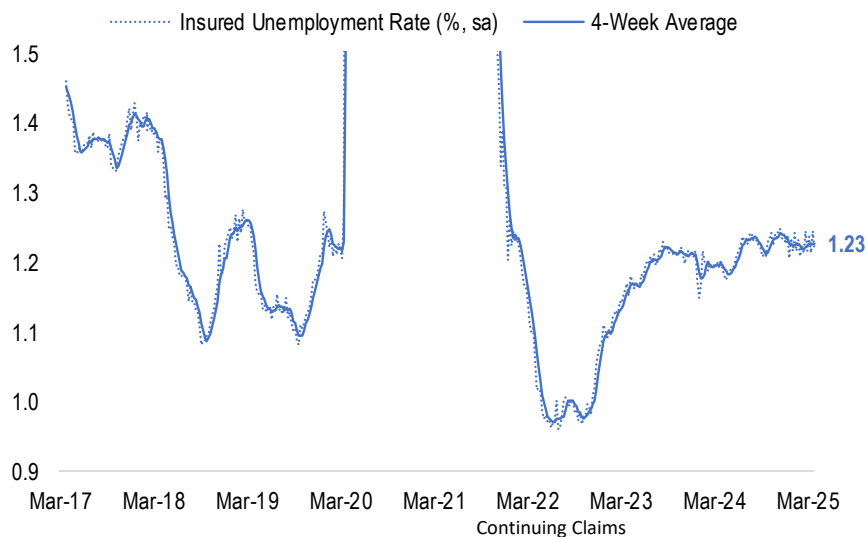
**Initial Claims (SA) Inched Higher during the Week Ending Apr. 5, Helping to Push Down 4-Week Average**



**Continuing Claims Moved Lower the Week Ending Mar. 29 but Remained near Upper Bound of Recent Range**

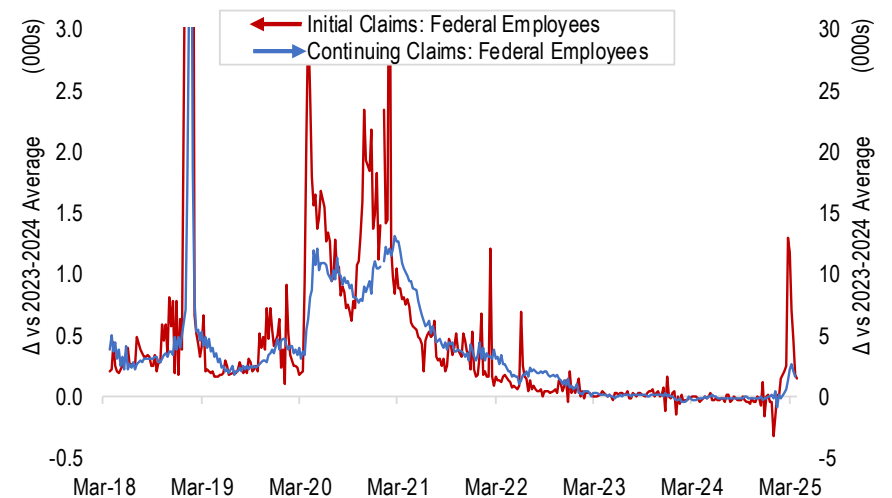


**Normalizing for the Size of the Labor Force, Insured Unemployment Only Modestly above Pre-Pandemic**

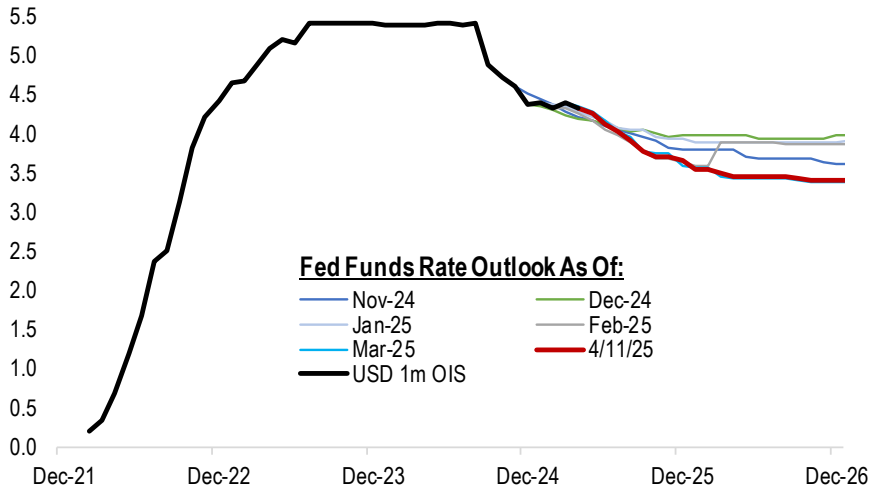


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

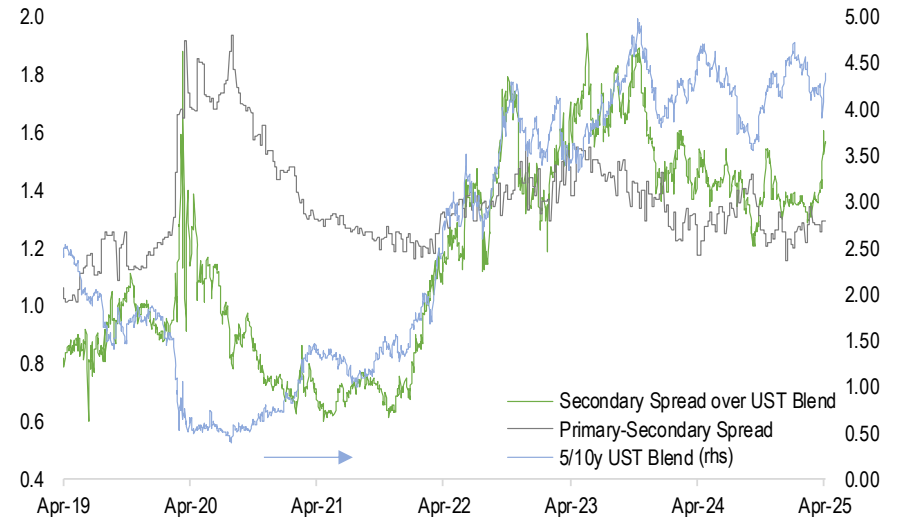
**Limited DOGE Impact: Federal Employee Initial Claims Cooled Further, and Continuing Claims Eased As Well**



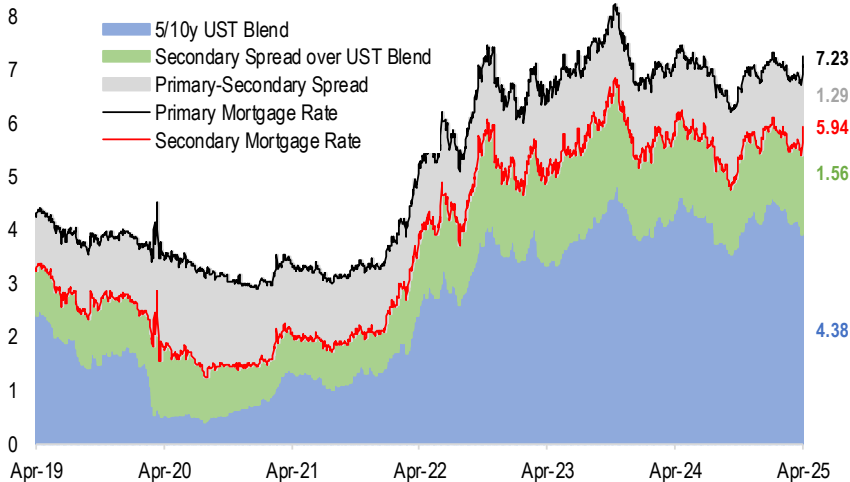
Market Pricing Back to Three 25bps Rate Cuts in 2025 after Escalation of Trade War



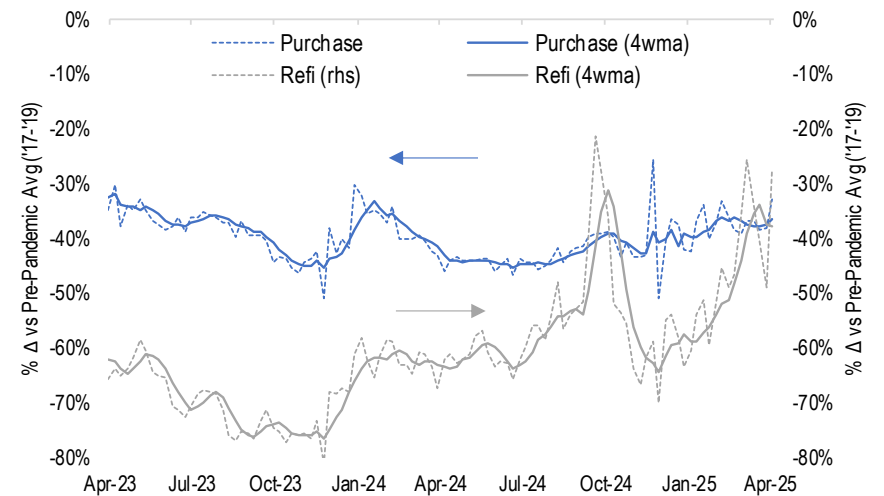
UST Yields Spiked Nearly 50bps Last Week While Mortgage Spreads Also Widened 6bps ...



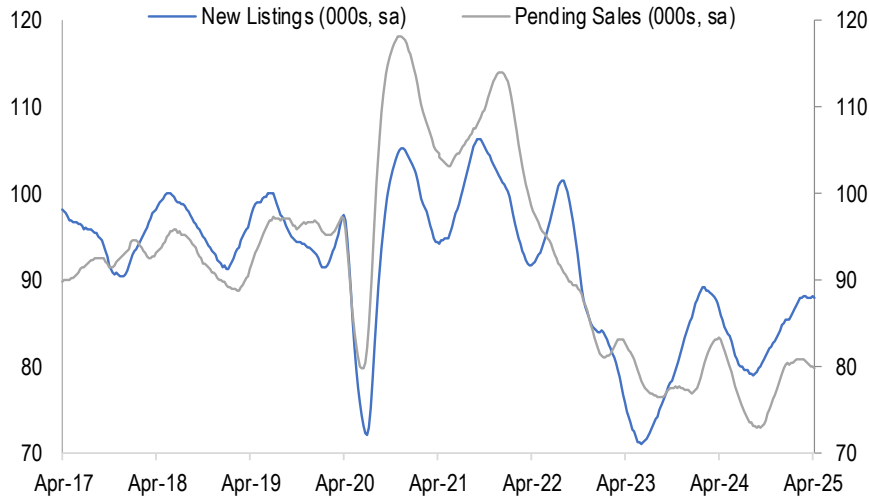
... Which Pushed Mortgage Rates Back Up above 7% Again



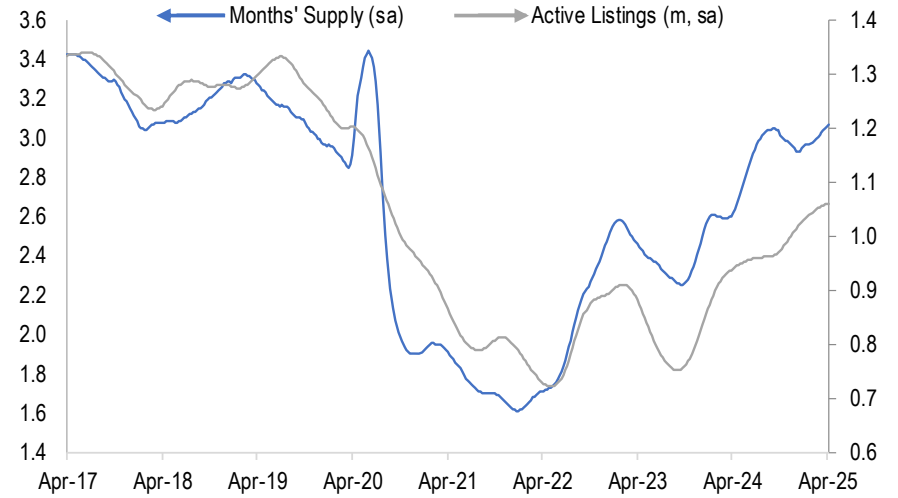
Mortgage Purchase and Refi Applications Turned Notably Higher in Response to Prior Dip in Rates



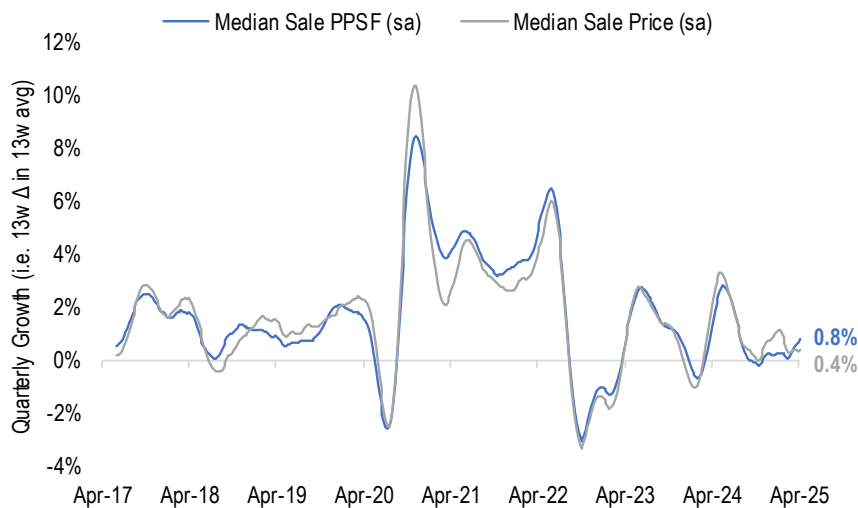
**New Listings Still Far Outpacing Pending Sales, Which Have Continued to Cool**



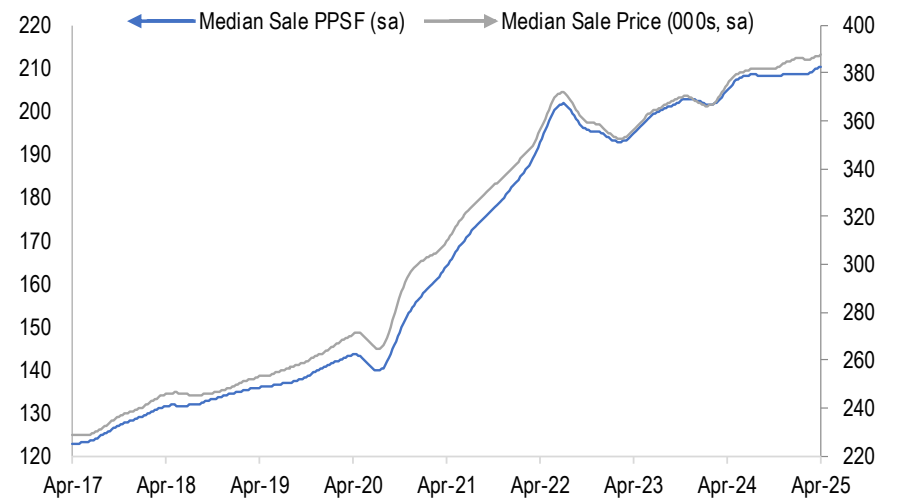
**... Which Nudged Months' Supply a Bit Higher, as Inventory Continued to Swell**



**Pace of Seasonally Adjusted Home-Price Growth Has Started to Turn Higher after Weak Start to '25**



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





## Annual Home Price Growth Has Broadly Cooled as the Markets Have Generally 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	1.9%	-1.6%	5.2%	2.5%	6.5%	1.7%	98.6%	-0.4%	-9.1	-15.3	11%	-2%	-18%
Atlanta	0.6%	0.4%	3.6%	4.2%	6.9%	2.5%	98.3%	-0.5%	12.7	-2.5	18%	11%	-16%
Austin	-3.1%	-2.4%	2.3%	2.8%	8.6%	2.4%	97.4%	-0.3%	39.1	31.0	9%	96%	53%
Baltimore	3.0%	-0.6%	4.0%	1.4%	6.0%	1.2%	100.4%	-1.1%	-12.0	-19.1	10%	-25%	-37%
Boston	2.2%	-2.4%	7.9%	7.6%	4.4%	1.3%	101.6%	-0.4%	2.2	2.2	2%	-8%	-18%
Chicago	4.4%	-3.7%	6.7%	3.4%	3.1%	1.2%	99.9%	0.0%	6.2	5.8	-3%	-11%	-16%
Dallas	-3.1%	-2.3%	0.8%	0.6%	8.8%	2.8%	97.8%	-0.4%	15.2	2.8	24%	46%	10%
Denver	-4.4%	-1.7%	0.1%	-2.6%	9.3%	2.1%	99.2%	-0.5%	13.3	5.4	57%	73%	8%
Houston	-0.7%	-1.3%	2.9%	0.7%	7.7%	2.2%	97.1%	-0.2%	14.8	-3.7	16%	16%	-4%
Los Angeles	2.8%	-0.8%	4.0%	2.5%	6.3%	3.4%	100.5%	-0.7%	-4.7	-6.3	-13%	-18%	-4%
Miami	2.1%	-4.4%	5.5%	6.5%	5.1%	1.7%	95.5%	-0.7%	12.4	-4.0	20%	28%	-14%
Minneapolis	0.4%	-1.9%	3.1%	1.7%	5.5%	1.4%	100.1%	-0.2%	0.0	-2.0	-1%	-9%	-13%
Nashville	0.4%	-0.5%	4.6%	1.9%	5.3%	1.7%	98.1%	-0.3%	13.0	1.5	16%	20%	-3%
New York	7.4%	0.5%	7.7%	-2.7%	3.8%	0.7%	99.5%	0.2%	-55.2	-50.7	2%	-21%	-23%
Phoenix	1.0%	-1.1%	3.0%	2.2%	8.8%	2.1%	98.2%	-0.2%	11.0	2.8	31%	45%	14%
Portland	0.5%	-1.3%	2.8%	1.3%	7.3%	1.9%	99.9%	0.0%	8.7	3.1	17%	48%	19%
Riverside	1.8%	-4.1%	3.3%	0.4%	7.8%	3.9%	99.1%	-0.3%	-9.9	-13.9	-3%	-9%	-14%
San Diego	-0.3%	-3.5%	0.3%	-1.9%	7.1%	3.4%	99.7%	-1.2%	-0.3	-6.8	19%	11%	-18%
Seattle	1.7%	-1.6%	5.5%	1.4%	6.4%	2.5%	101.6%	-0.7%	-2.4	-3.4	32%	20%	-6%
Tampa	-3.0%	-0.2%	1.7%	6.1%	9.9%	1.2%	96.8%	-0.6%	4.9	-3.3	16%	38%	17%
Washington DC	3.6%	-2.0%	6.4%	-0.1%	5.5%	2.3%	100.5%	-0.7%	9.0	4.5	20%	12%	-16%

Data as of April 6, 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
4/14/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Mar	3.6	3.3	--	3.1	%
4/15/25	8:30 AM	Empire Manufacturing	Apr	--	-12.0	--	-20.0	index, sa
4/15/25	8:30 AM	Import Price Index m/m	Mar	--	0.0	--	0.4	%, nsa
4/15/25	8:30 AM	Import Price Index y/y	Mar	--	1.4	--	2.0	%, nsa
4/16/25	7:00 AM	MBA Mortgage Applications w/w	4/11/25	--	--	--	20.0	%, sa
4/16/25	8:30 AM	Advance Retail Sales m/m	Mar	--	1.4	--	0.2	%, sa
4/16/25	8:30 AM	Retail Sales Control Group m/m	Mar	--	0.6	--	1.0	%, sa
4/16/25	9:15 AM	Industrial Production m/m	Mar	--	-0.2	--	0.7	%, sa
4/16/25	9:15 AM	Capacity Utilization	Mar	--	77.9	--	78.2	sa
4/16/25	10:00 AM	Business Inventories m/m	Feb	--	0.2	--	0.3	%, sa
4/16/25	10:00 AM	NAHB Housing Market Index	Apr	--	38	--	39	index, sa
4/17/25	8:30 AM	Housing Starts	Mar	--	1,420	--	1,501	k, saar
4/17/25	8:30 AM	Housing Starts m/m	Mar	--	-5.4	--	11.2	%, sa
4/17/25	8:30 AM	Building Permits	Mar P	--	1,450	--	1,459	k, saar
4/17/25	8:30 AM	Building Permits m/m	Mar P	--	-0.6	--	-1.0	%, sa
4/17/25	8:30 AM	Initial Jobless Claims	4/12/25	--	225	--	223	k, sa
4/17/25	8:30 AM	Continuing Claims	4/5/25	--	1,870	--	1,850	k, 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
4/7/25	3:00 PM	Consumer Credit m/m	Feb	-0.8	15.0	8.9	18.1	\$B, sa
4/8/25	6:00 AM	NFIB Small Business Optimism	Mar	97.4	99.0	--	100.7	index, sa
4/9/25	7:00 AM	MBA Mortgage Applications w/w	4/4/25	20.0	--	--	-1.6	%, sa
4/9/25	10:00 AM	Wholesale Inventories m/m	Feb F	0.3	0.4	--	0.3	%, sa
4/9/25	10:00 AM	Wholesale Trade Sales m/m	Feb	2.4	0.8	-0.9	-1.3	%, sa
4/9/25	2:00 PM	FOMC Meeting Minutes	3/19/25	--	--	--	--	
4/10/25	8:30 AM	CPI m/m	Mar	-0.1	0.1	--	0.2	%, sa
4/10/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Mar	0.1	0.3	--	0.2	%, sa
4/10/25	8:30 AM	CPI y/y	Mar	2.4	2.5	--	2.8	%, nsa
4/10/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Mar	2.8	3.0	--	3.1	%, nsa
4/10/25	8:30 AM	Initial Jobless Claims	4/5/25	223	223	--	219	k, sa
4/10/25	8:30 AM	Continuing Claims	3/29/25	1,850	1,886	1,893	1,903	k, sa
4/11/25	8:30 AM	PPI Final Demand m/m	Mar	-0.4	0.2	0.1	0.0	%, sa
4/11/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Mar	-0.1	0.3	0.1	-0.1	%, sa
4/11/25	8:30 AM	PPI Final Demand y/y	Mar	2.7	3.3	--	3.2	%, nsa
4/11/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Mar	3.3	3.6	3.5	3.4	%, nsa
4/11/25	10:00 AM	U. of Mich. Sentiment	Apr P	50.8	53.8	--	57.0	index, nsa
4/11/25	10:00 AM	U. of Mich. 1 Yr Inflation	Apr P	6.7	5.2	--	5.0	nsa
4/11/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Apr P	4.4	4.3	--	4.1	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)