

# HaMMR Digest

Stay current with economic and mortgage market trends.

June 16, 2025

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### Beneath the Headlines

- **Key Takeaway:** Evidence of tariff-driven price increases remains minimal but with an effective tariff rate in the mid-teens, it is a matter of when, not if.
- **Macro Implications:** Fed will sit tight and cautiously monitor tariff impacts despite disinflation process broadly continuing and labor market softening.
- **Housing Implications:** Swelling inventory and weak demand likely to remain the housing story for 2025 with mortgage rates stuck near 7%.

### Macro: Coming Around the Bend

- Tariff cost pressures are slowly building but remained minimal through May.
- Iran-Israel escalation threatens to sharply lift energy prices in near-term.
- Prelim June consumer sentiment rebounds as inflation fears eased.

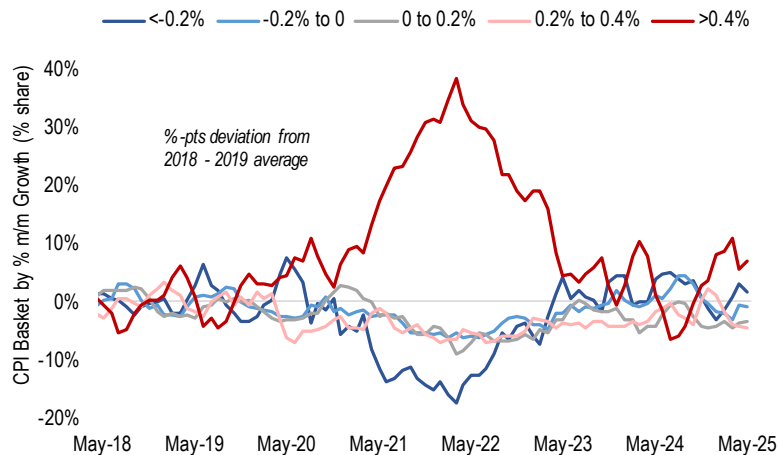
### Rates: Downward Bias

- 10y down -10bps amid soft CPI, higher claims and rising Middle East tensions.
- Focus of Fed policy-setting meeting will be on updated “dots” forecasts.
- Current market pricing back to two Fed rate cuts this year and three next.

### Housing: Not Much to Cheer About

- Mortgage rates likely stuck in high-6% / low-7% range for rest of 2025.
- Inventory still accumulating as new listings continue to outpace sales.
- More homes selling at a discount relative to seasonally norms.

### Despite Cooler Headline Consumer Inflation, Tariff Pressures Are Percolating Beneath the Surface



### Consumer Inflation: Look Within

- CPI inflation slowed to 0.08% m/m in May amid widespread cooling.
- Core inflation eased to 0.13%, below prior 3- and 6-month averages.
- Tariff-impacted core goods acceleration masked by weak auto & apparel.

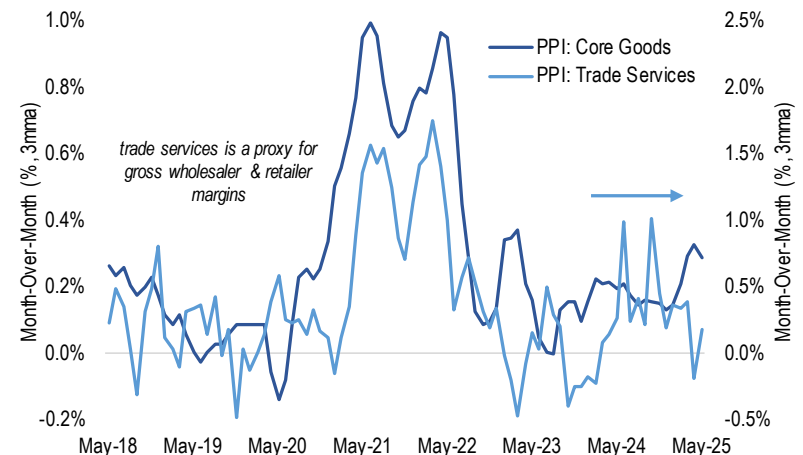
### Producer Inflation: More Firms Passing the Bill

- Headline PPI inflation rebounds 0.13% in May, from -0.24% in April.
- Core inflation strengthened in part due to surging consumer goods.
- Trade margin plunge in April revised away, bounced back in May.

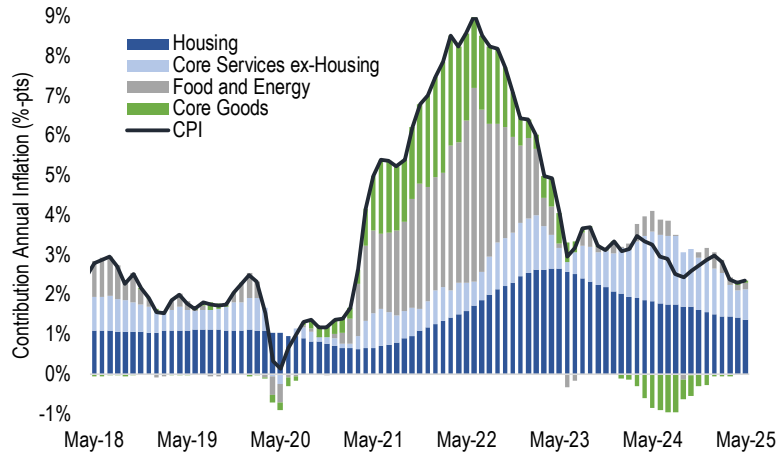
### Small Business Optimism: A (Big) Step in the Right Direction

- NFIB Optimism index rose to 98.8, first monthly increase since Dec. '24.
- Economic outlook jumped 10%-pts alongside higher sales expectations.
- More firms expect to raise prices for reasons other than wages.

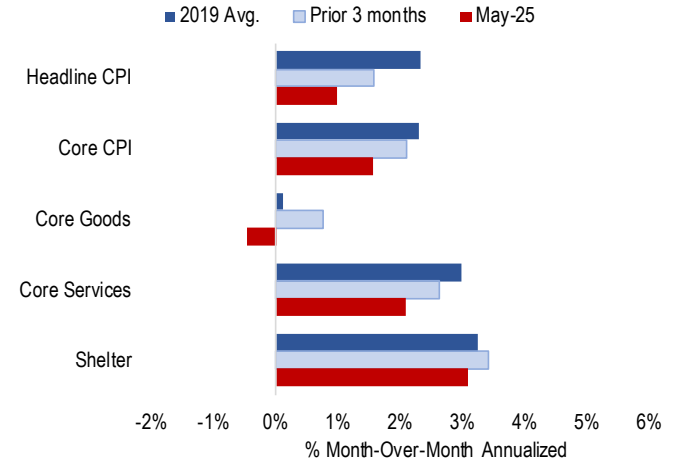
### Rebound in Trade Margins Suggests More Firms Passed on Tariff Costs to End Consumer



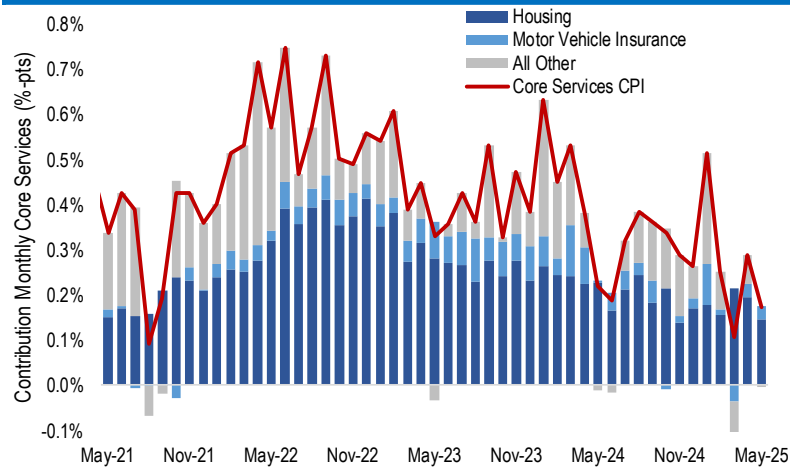
### Annual Headline Inflationary Pressure Kept at Bay amid Weak Energy Prices and Pullback in Housing Costs



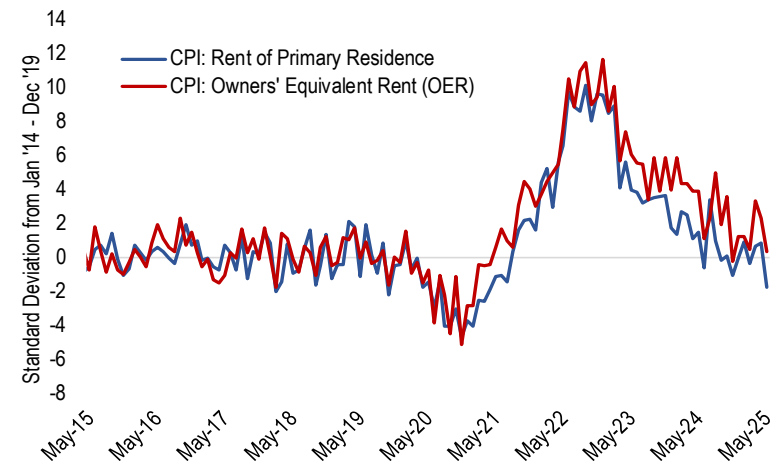
### Core Goods Prices Dragged Down by Weakness in Autos and Apparel



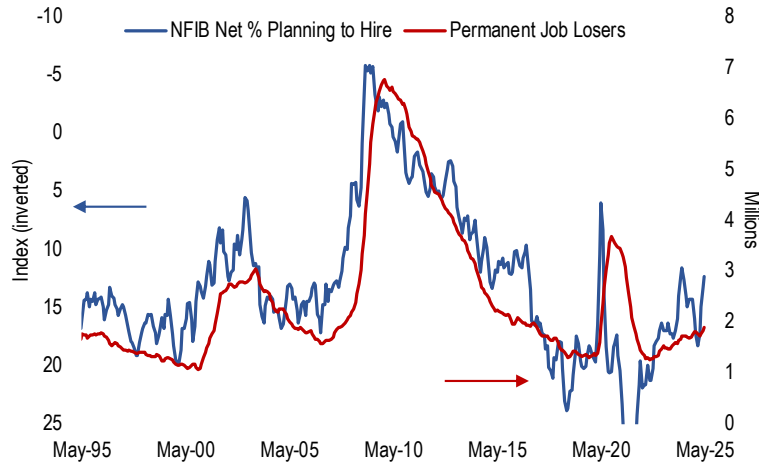
### Core Services Inflation Continued to Broadly Cool on a Monthly Basis ...



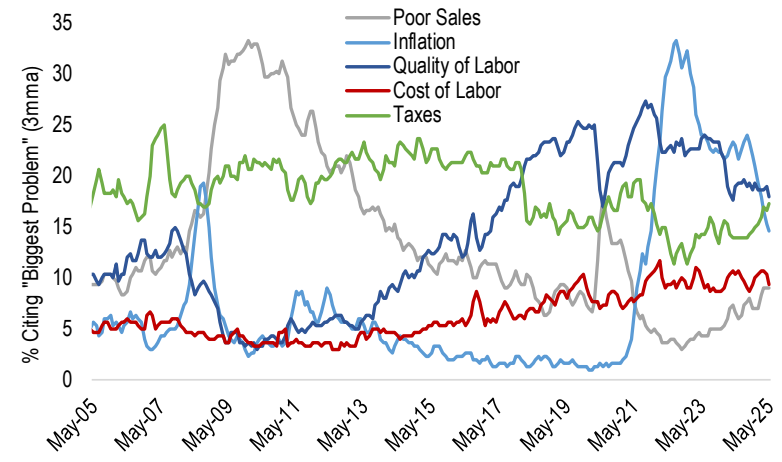
### ... As Housing Inflation Has Largely Normalized



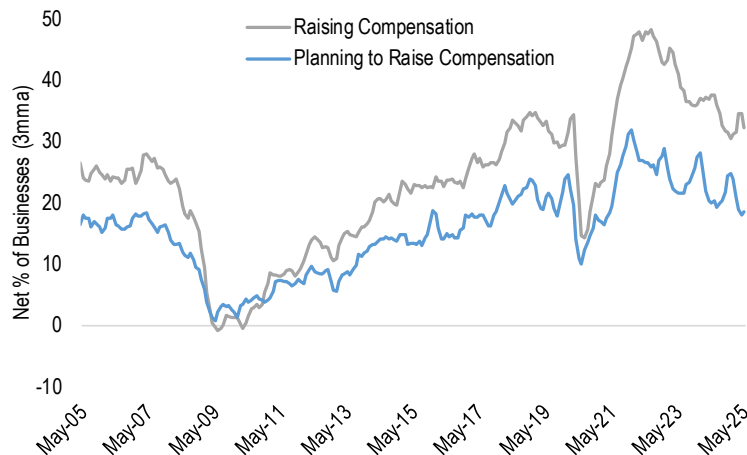
### Net Share of Small Businesses Planning to Hire Has Hit a Multi-Month Low, Coinciding with Rising Job Losers



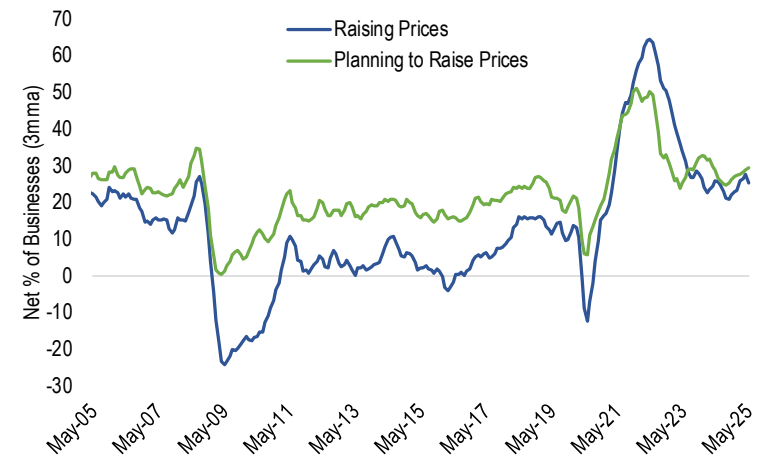
### "Taxes" Cited as "Biggest Problem" by More Businesses, Likely Due to Budget Bill, "Inflation" Still Falling



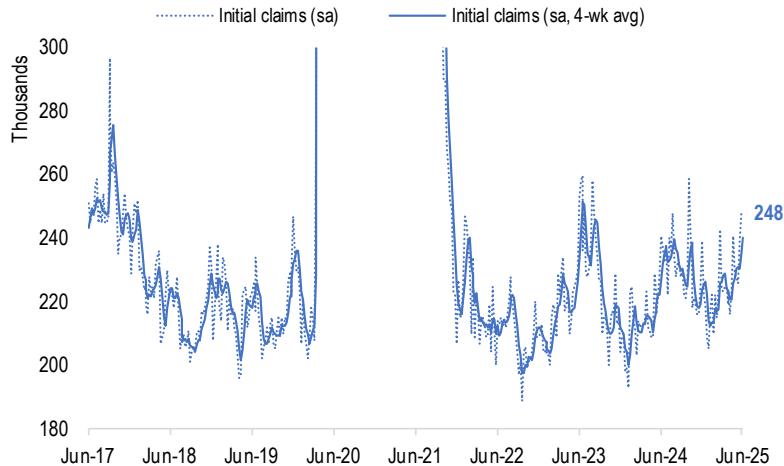
### Pay Increases Have Pivoted Higher, but Future Wage Growth Expectations Falling amid Rising Economic Risks



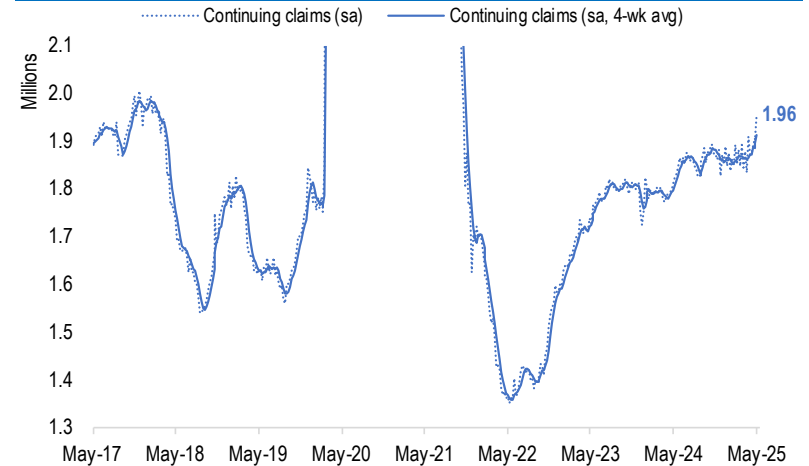
### Share of Firms Raising Prices Receded after Earlier Bounce, but Plans to Hike Prices Still Rising



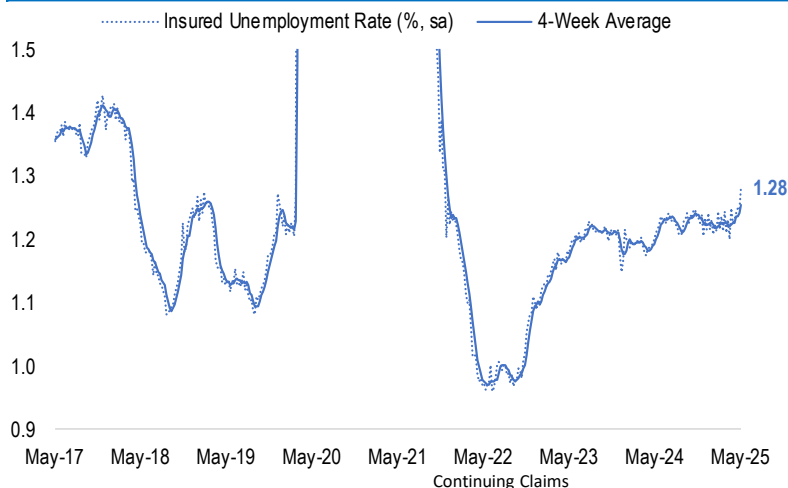
### Initial Claims Climbed to 248k (SA) during Week Ending June 7, Near Upper Range of Post-Pandemic Era



### Continuing Claims Jumped 54k to new Cycle High (1,956k SA) during the Week Ending May 31



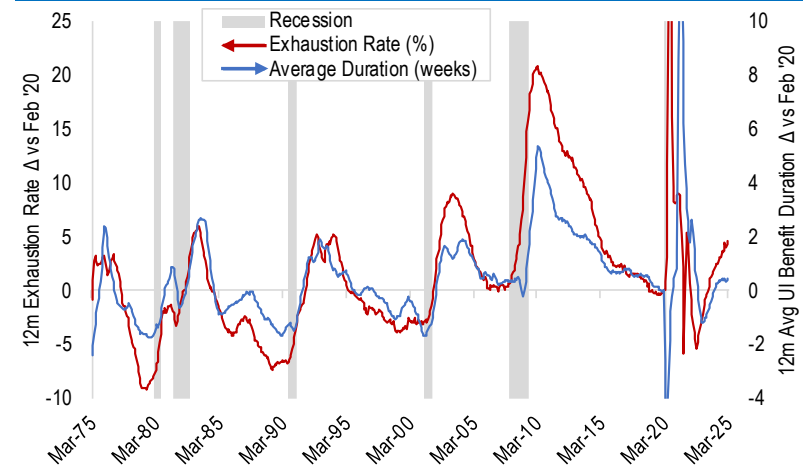
### Normalizing for the Size of the Labor Force, Insured Unemployment Also Surged to a Post-Pandemic High



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

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

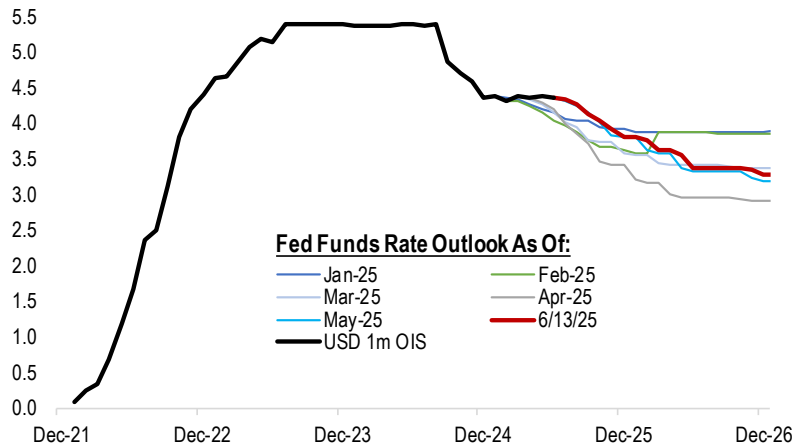
### Elevated Share of UI Beneficiaries Exhausting Benefits Means Continuing Claims Worse Than They Appear



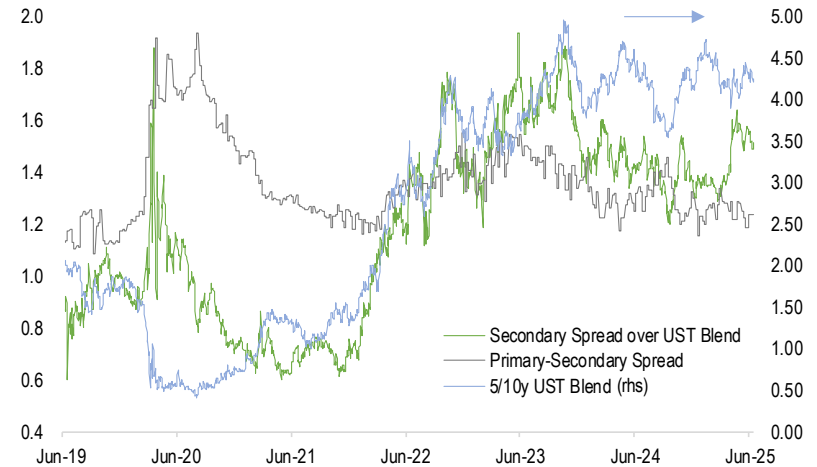
SA = Seasonally Adjusted  
NSA = Not Seasonally Adjusted



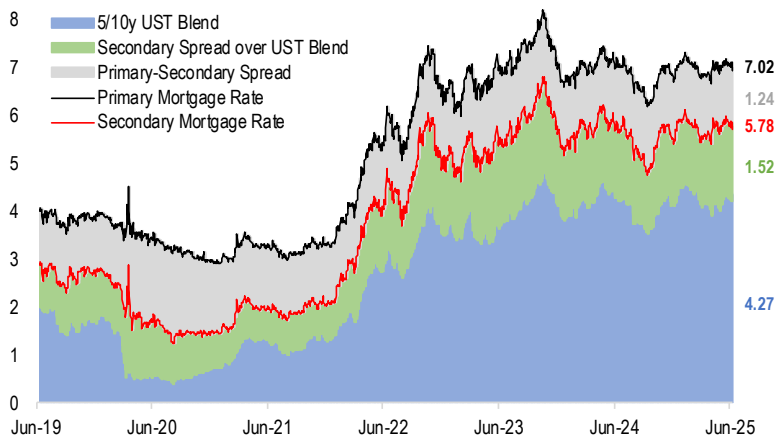
### Weak Inflation, Rising Claims, Middle East Escalation Leads to Market Pricing in an Additional Rate Cut in '26



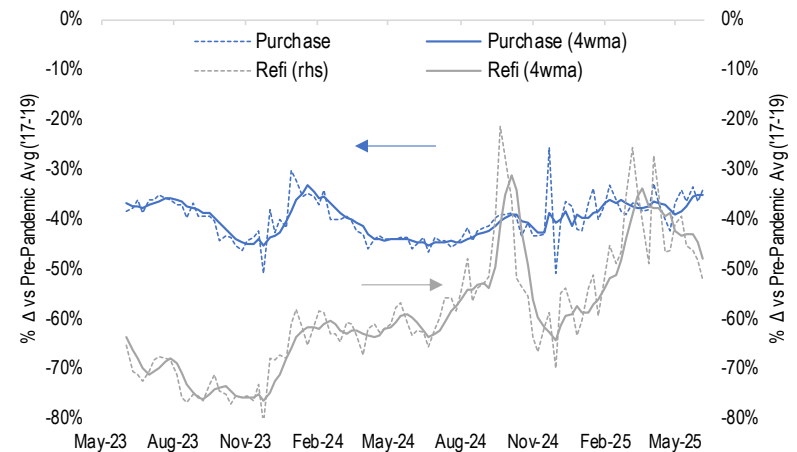
### U.S. Treasury Yields Dropped -11bps Last Week and Mortgage Spreads Were Unchanged...



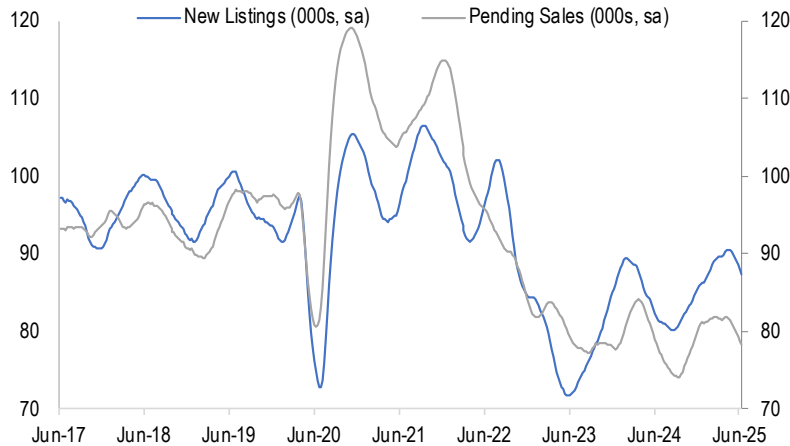
### ... Which Brought Mortgage Rates Back in Line with the Average Level for 2025 (~7%)



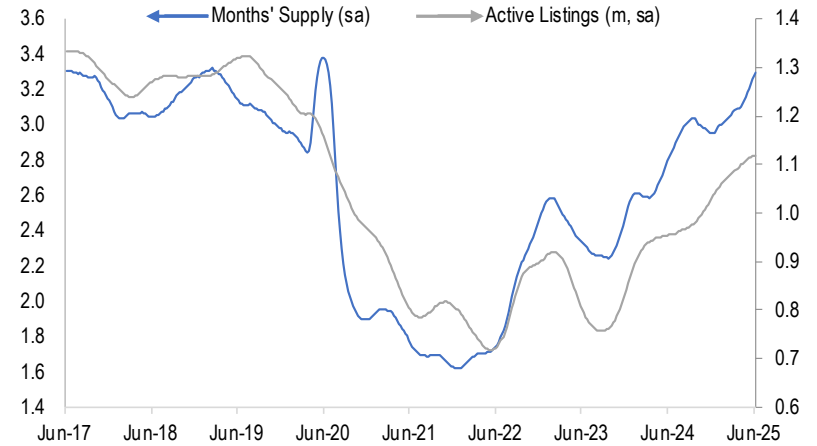
### Purchase Apps Have Perked Up Modestly, Suggesting Some Buyers Have Come to Terms with Higher Rates



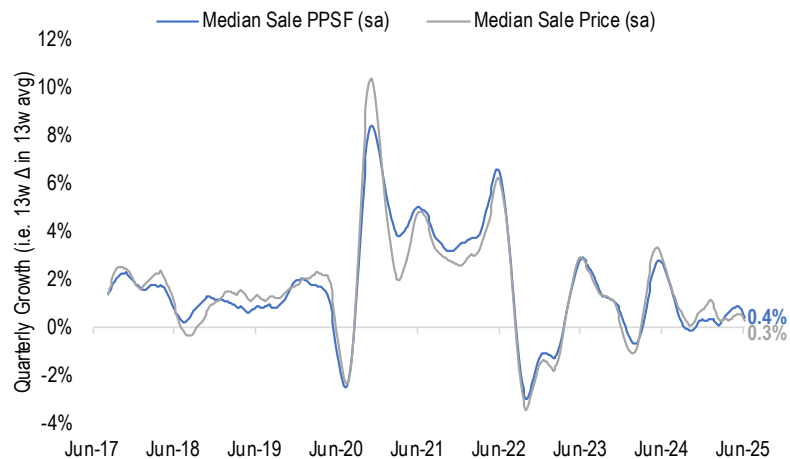
### New Listings Have Cooled but Still Far Outpacing Pace of Pending Sales



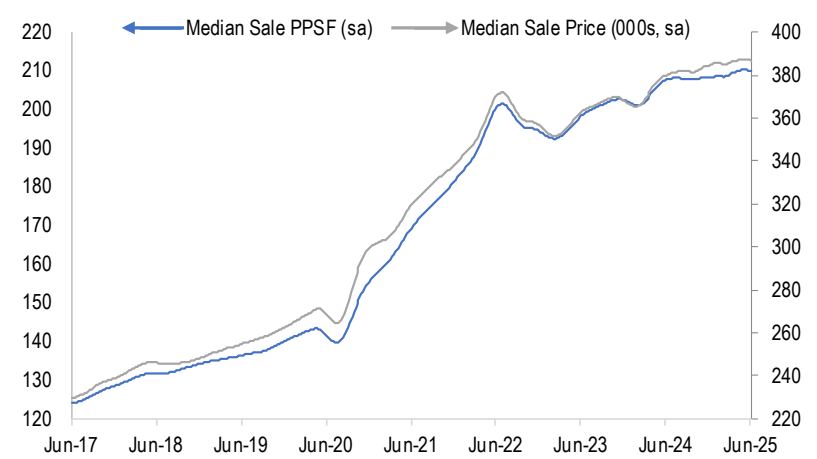
### ... Which Lifted Months' Supply Further above the Pre-Pandemic Level as Inventory Continued to Swell



### Pace of Seasonally Adjusted Home-Price Growth Weakened into Early June



### Home Prices Have Levelled Off After Climbing Modestly in Early 2025



## Annual Home Price Growth Has Slowed to a Crawl and 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	0.6%	-1.7%	3.9%	-0.3%	7.0%	1.6%	99.1%	-0.4%	-7.3	-11.8	14%	10%	-9%
Atlanta	-0.8%	0.6%	2.3%	0.4%	7.8%	2.6%	98.5%	-0.4%	15.3	3.3	17%	23%	-6%
Austin	-3.6%	-1.5%	2.7%	0.2%	9.8%	1.3%	97.6%	-0.2%	38.5	27.8	19%	137%	84%
Baltimore	1.9%	2.0%	7.7%	2.9%	6.8%	1.2%	101.4%	-0.5%	0.6	-5.4	7%	-23%	-36%
Boston	2.8%	-0.1%	5.8%	-2.3%	6.4%	1.7%	102.6%	-0.7%	9.4	8.4	20%	7%	-8%
Chicago	5.5%	-0.8%	6.0%	1.6%	3.6%	1.4%	100.6%	-0.3%	19.9	19.2	0%	-1%	-5%
Dallas	-4.8%	-3.0%	0.7%	1.7%	9.8%	2.5%	97.9%	-0.6%	12.7	3.5	6%	31%	14%
Denver	-3.5%	-1.4%	1.1%	2.1%	10.9%	1.1%	99.2%	-0.6%	11.0	4.1	37%	118%	53%
Houston	-0.8%	-1.0%	2.9%	1.2%	8.8%	2.8%	97.1%	-0.5%	9.0	0.0	20%	28%	7%
Los Angeles	0.8%	-4.5%	2.7%	-0.8%	5.7%	2.2%	100.2%	-1.2%	2.2	-3.3	16%	34%	6%
Miami	4.8%	1.3%	2.0%	0.8%	4.9%	1.4%	95.1%	-0.9%	19.9	3.3	23%	63%	-6%
Minneapolis	1.1%	-0.6%	3.3%	1.3%	7.1%	2.1%	100.9%	0.1%	-0.5	-0.8	4%	8%	1%
Nashville	1.6%	0.0%	3.7%	1.3%	6.6%	2.1%	98.3%	-0.1%	4.3	-4.2	21%	41%	7%
New York	5.8%	-0.8%	7.2%	0.0%	4.1%	0.5%	100.4%	0.0%	-42.1	-38.8	5%	-18%	-29%
Phoenix	-2.7%	-4.1%	1.0%	1.6%	8.1%	1.3%	98.1%	-0.3%	15.5	7.8	32%	78%	33%
Portland	-0.1%	-3.1%	0.8%	-0.5%	9.1%	2.0%	100.1%	-0.2%	6.4	2.4	22%	67%	26%
Riverside	-0.6%	-3.4%	2.9%	0.2%	6.7%	2.2%	99.1%	-0.8%	-3.3	-11.5	17%	28%	3%
San Diego	-0.8%	-2.1%	0.6%	-0.5%	7.5%	2.5%	99.3%	-1.2%	3.9	-3.6	27%	35%	0%
Seattle	-0.2%	-0.5%	5.5%	2.8%	8.1%	2.1%	100.7%	-1.4%	-0.4	-1.4	42%	68%	11%
Tampa	-1.1%	0.5%	3.9%	2.3%	10.0%	1.0%	97.1%	-0.5%	7.4	-0.6	14%	73%	31%
Washington DC	1.0%	-4.8%	3.9%	1.8%	6.2%	1.8%	100.3%	-1.1%	16.1	5.6	17%	14%	-7%

Data as of June 8, 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
6/16/25	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	--	-0.6	--	0.1	%, sa
6/17/25	8:30 AM	Retail Sales Control Group m/m	May	--	0.3	--	-0.2	%, sa
6/17/25	8:30 AM	Import Price Index m/m	May	--	-0.2	--	0.1	%, nsa
6/17/25	8:30 AM	Import Price Index y/y	May	--	0.0	--	0.1	%, nsa
6/17/25	9:15 AM	Industrial Production m/m	May	--	0.0	--	0.0	%, sa
6/17/25	9:15 AM	Capacity Utilization	May	--	77.7	--	77.7	sa
6/17/25	10:00 AM	Business Inventories m/m	Apr	--	0.0	--	0.1	%, sa
6/17/25	10:00 AM	NAHB Housing Market Index	Jun	--	36.0	--	34.0	index, sa
6/18/25	7:00 AM	MBA Mortgage Applications w/w	6/13/25	--	--	--	12.5	%, sa
6/18/25	8:30 AM	Housing Starts	May	--	1,350	--	1,361	k, saar
6/18/25	8:30 AM	Building Permits	May P	--	1,425	--	1,422	k, saar
6/18/25	8:30 AM	Housing Starts m/m	May	--	-0.8	--	1.6	%, sa
6/18/25	8:30 AM	Building Permits m/m	May P	--	0.2	--	-4.0	%, sa
6/18/25	8:30 AM	Initial Jobless Claims	6/14/25	--	245	--	248	k, sa
6/18/25	8:30 AM	Continuing Claims	6/7/25	--	1,940	--	1,956	k, sa
6/18/25	2:00 PM	FOMC Rate Decision (Upper Bound)	6/18/25	--	4.5	--	4.5	%
6/20/25	8:30 AM	Philadelphia Fed Business Outlook	Jun	--	-1.5	--	-4.0	index, sa
6/20/25	10:00 AM	Conference Board Leading Index m/m	May	--	-0.1	--	-1.0	%, 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
6/9/25	10:00 AM	Wholesale Inventories m/m	Apr F	0.2	0.0	--	0.0	%, sa
6/9/25	10:00 AM	Wholesale Trade Sales m/m	Apr	0.1	0.3	0.8	0.6	%, sa
6/9/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	May	3.2	3.5	--	3.6	%
6/10/25	6:00 AM	NFIB Small Business Optimism	May	98.8	96.0	--	95.8	index, sa
6/11/25	7:00 AM	MBA Mortgage Applications w/w	6/6/25	12.5	--	--	-3.9	%, sa
6/11/25	8:30 AM	CPI m/m	May	0.1	0.2	--	0.2	%, sa
6/11/25	8:30 AM	CPI Core (ex Food and Energy) m/m	May	0.1	0.3	--	0.2	%, sa
6/11/25	8:30 AM	CPI y/y	May	2.4	2.4	--	2.3	%, nsa
6/11/25	8:30 AM	CPI Core (ex Food and Energy) y/y	May	2.8	2.9	--	2.8	%, nsa
6/12/25	8:30 AM	PPI Final Demand m/m	May	0.1	0.2	-0.2	-0.5	%, sa
6/12/25	8:30 AM	PPI Core (ex Food and Energy) m/m	May	0.1	0.3	-0.2	-0.4	%, sa
6/12/25	8:30 AM	PPI Final Demand y/y	May	2.6	2.6	2.5	2.4	%, nsa
6/12/25	8:30 AM	PPI Core (ex Food and Energy) y/y	May	3.0	3.1	3.2	3.1	%, nsa
6/12/25	8:30 AM	Initial Jobless Claims	6/7/25	248	242	248	247	k, sa
6/12/25	8:30 AM	Continuing Claims	5/31/25	1,956	1,910	1,902	1,904	k, sa
6/13/25	10:00 AM	U. of Mich. Sentiment	Jun P	60.5	53.6	--	52.2	index, nsa
6/13/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jun P	5.1	6.4	--	6.6	nsa
6/13/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jun P	4.1	4.1	--	4.2	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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