



HaMMR Digest

Stay current with economic and mortgage market trends.

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Decisions, Decisions

- **Key Takeaway:** Headline jobs data for Jan. showed firms picked up the pace of hiring and boosted the pace of growth in hourly pay.
- **Macro Implications:** Underlying employment data paint a less robust picture that more resembles trend with minimal implications for Fed policy.
- **Housing Implications:** Market volatility increased amid strong economic data, but nonetheless, mortgage rates poised to move modestly lower in '24.

Macro: Heading in Right Direction

- So far, 1Q24 looks set for solid economic growth, not a cooldown.
- Solid productivity gains enable durable economic growth.
- Fed still waiting for sustainably lower inflation and weaker labor market.

Jobs Report: Big Bounce in Payrolls

- Monthly payrolls rose a strong 353k in Jan. following 333k gain in Dec.
- Labor supply steadied but has been soft in recent months.
- Strong wage growth skewed by shortened work week (weather impact).

Labor Market Churn: Turnover Continued to Cool in Dec.

- Dec. job openings rose 1% but are still down -20% y/y.
- Layoffs remained low but the quits rate fell to lowest level since '17.
- Hiring rate rose for first time in four months, but remained in a downtrend.

Consumer Sentiment: Feeling Better

- Consumer Confidence Index rose to highest level since Aug. '21.
- Consumer Sentiment Index also hit multi-year high.
- Households see brighter prospects for economy and income.

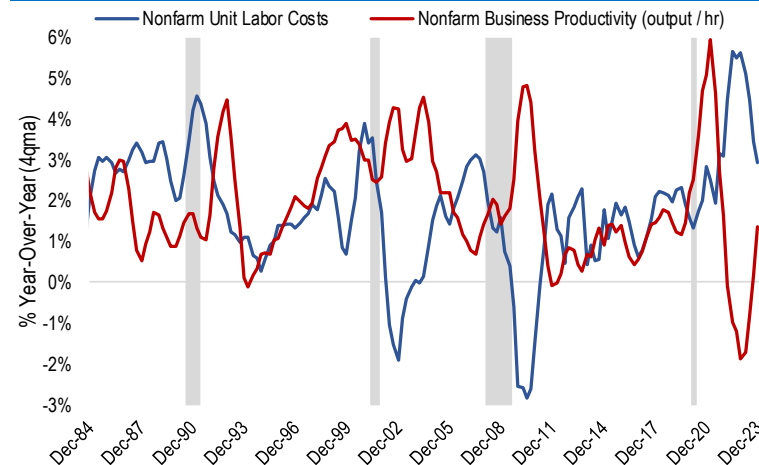
Rates: Despite Volatility, Downtrend Intact

- Market odds for first rate cut in March fell to ~20%.
- 10-year UST yields down 10bps to 4.03% despite midweek volatility.
- A path lower for rates remains, but the choppy ride will continue.

Housing: Mortgage Rates in Holding Pattern Since Late Dec.

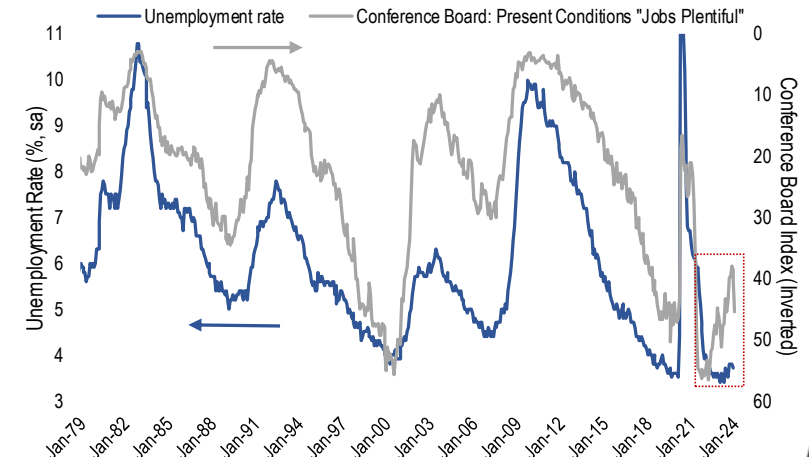
- Mortgage rates inched lower but remained in a narrow trend.
- Purchase applications declined for first time in four weeks.
- Despite weekly blip, uptrend in housing demand remained intact.

Pressure on Firms' Bottom Lines Continue to Ease as Productivity Recovers

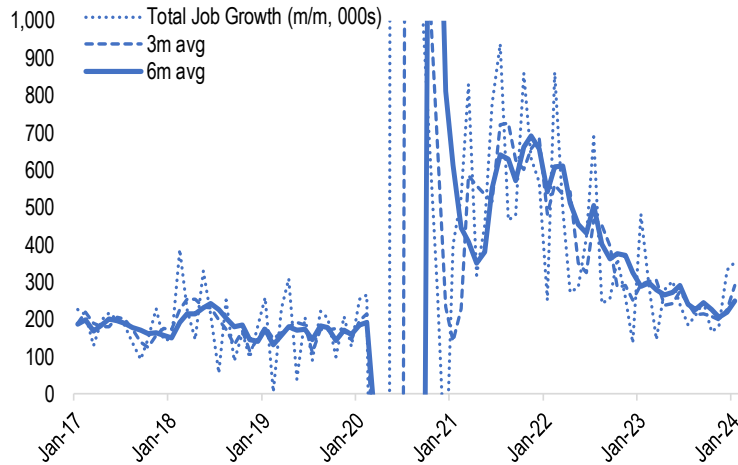


Sources: U.S. Bureau of Labor Statistics (BLS), Conference Board, Arch Global Economics

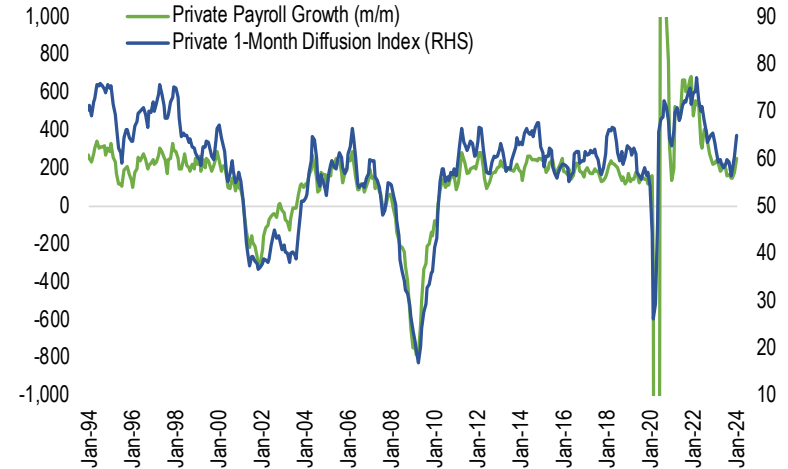
Consumers' Perceptions of Labor Market Conditions Improved Notably in Jan.



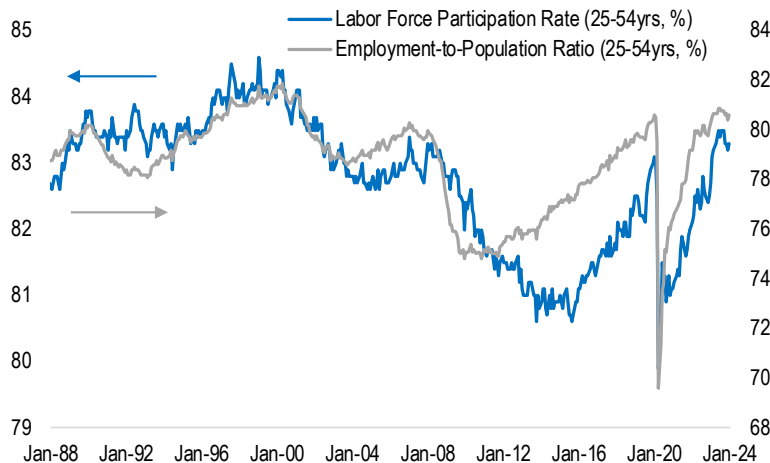
Job Growth Bounced Back in Jan. after Modest Cooling in Late 2023



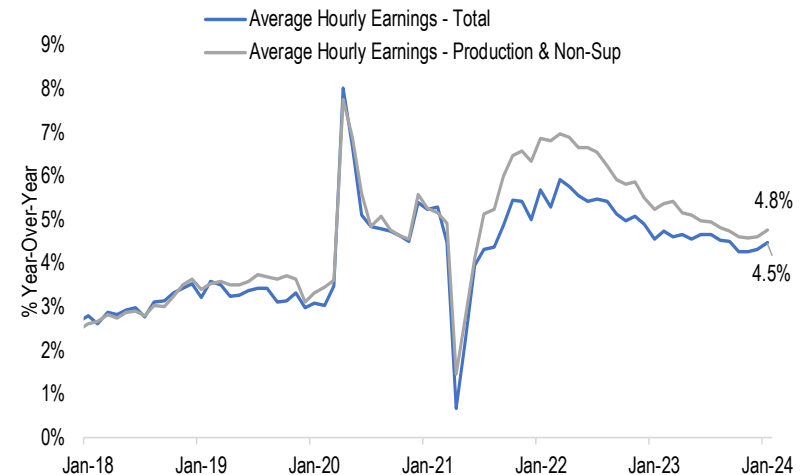
Private Job Growth Rebound was Broad-Based in Jan.



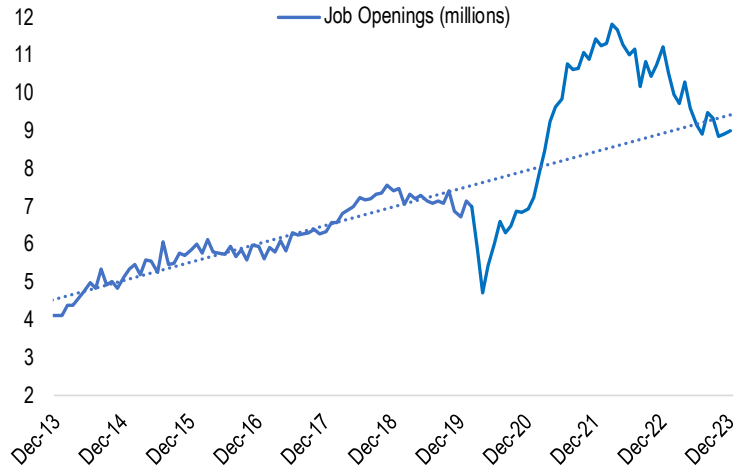
Participation Rates Have Turned Lower, Suggesting Labor Supply Impulse Has Slowed



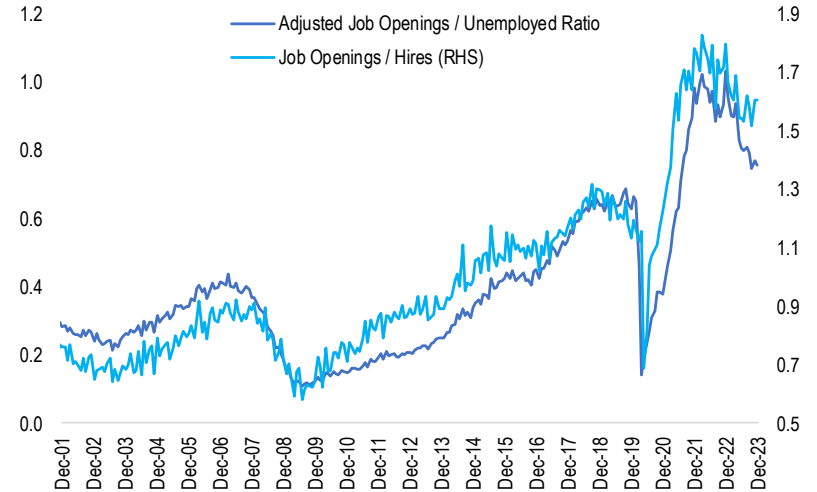
Average Hourly Earnings Growth Accelerated on Annual Basis But Skewed by Reduced Hours Worked



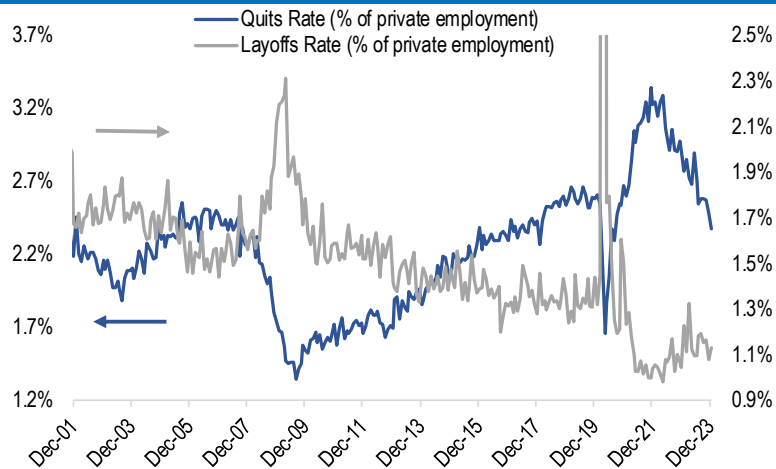
Total Job Openings Were Down -20% y/y in Dec. and Have Fallen Below the Pre-Pandemic Trend



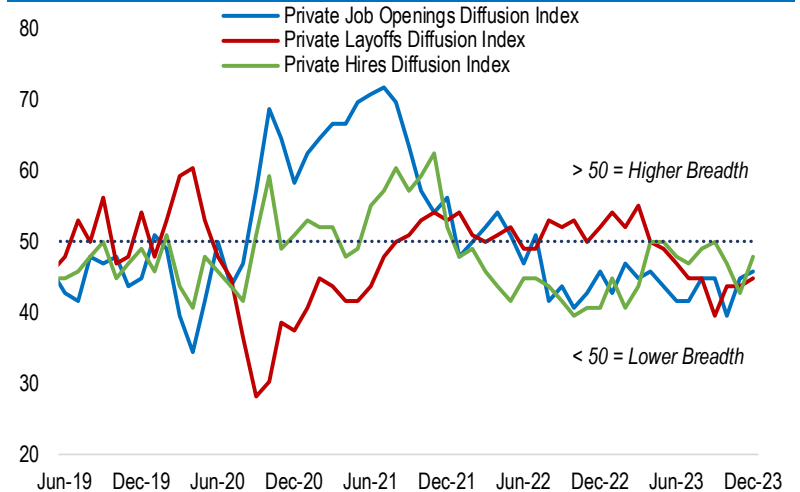
Number of Job Openings Per Unemployed Individual Remained Elevated



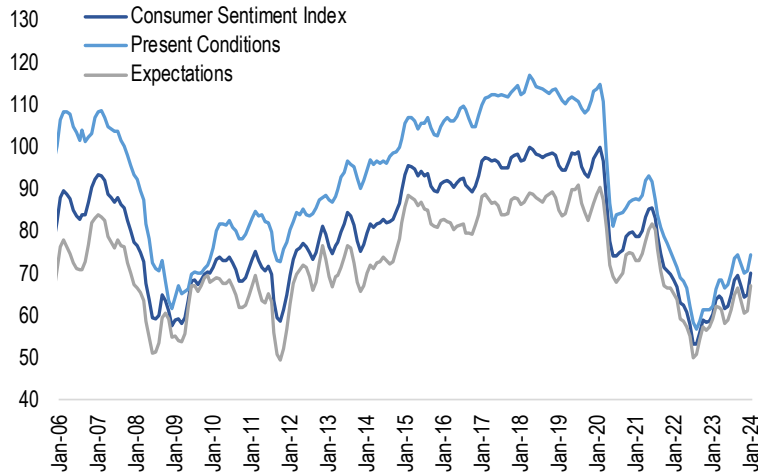
Quits Rate Fell to Lowest Level Since 2017; Are Employees Finally Happy in Current Roles?



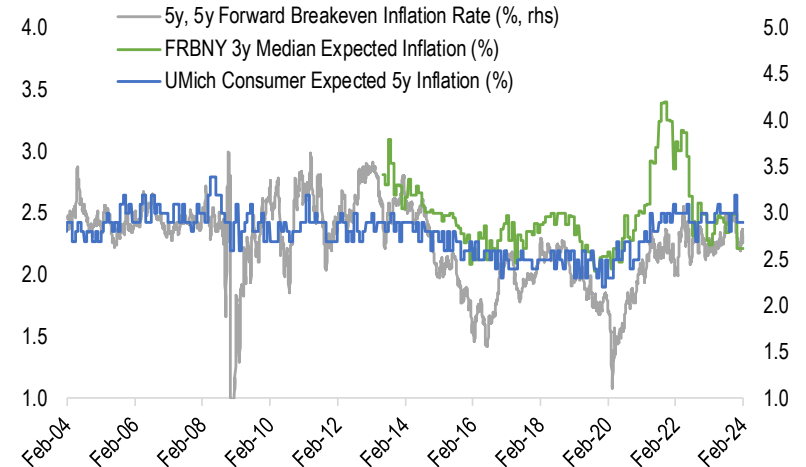
Hiring Breadth Picked up after a String Of Monthly Declines



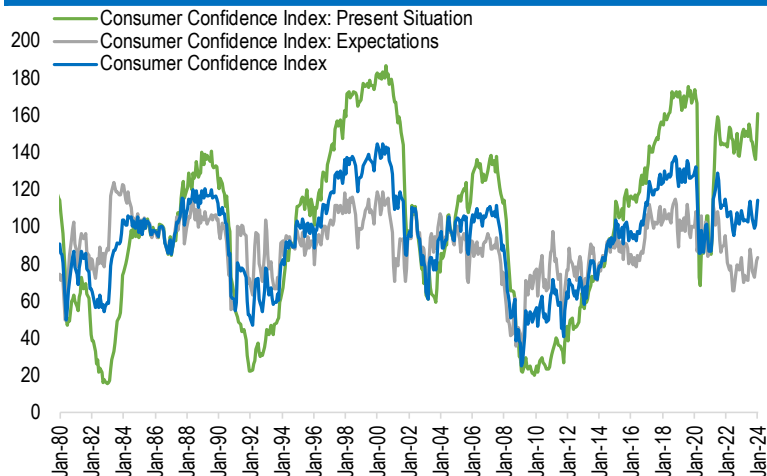
University of Michigan Consumer Sentiment Surged Higher in January



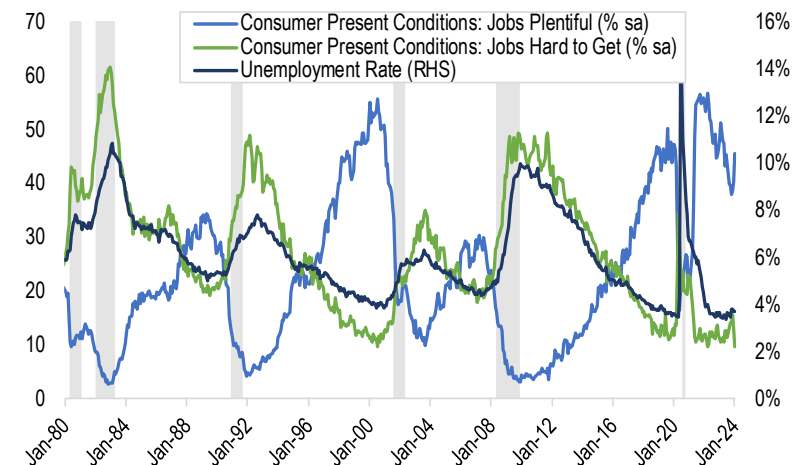
FRBNY & UMICH Inflation Expectations Moved Lower in December, Realigning with Market Expectations



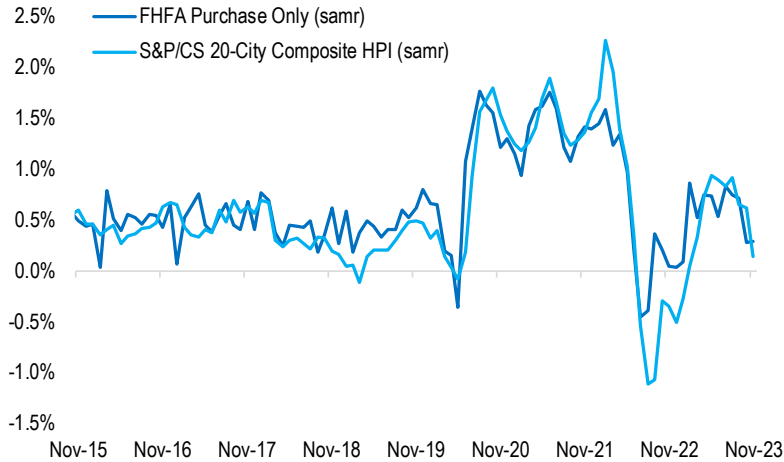
Conference Board's Consumer Confidence Index Also Rebounded Sharply to Start the Year



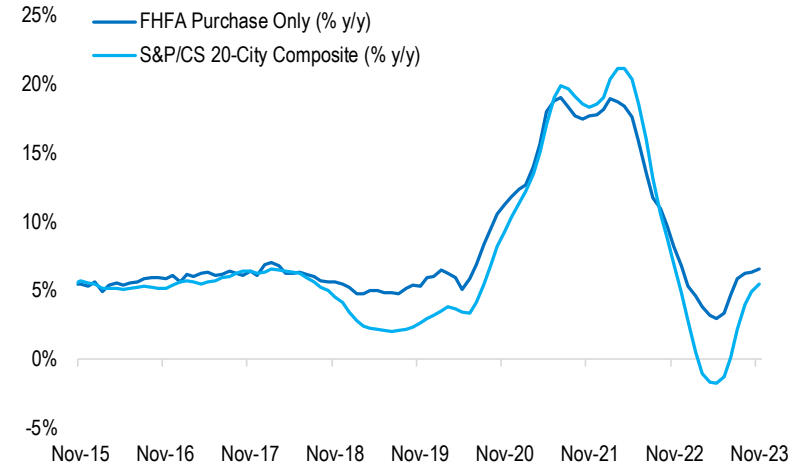
Households' Perceptions of Job Market Suggests Meaningful Improvement from 4Q23



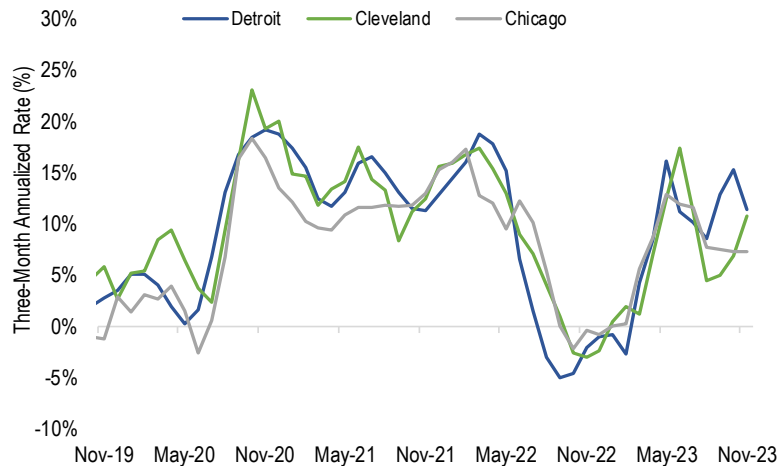
Home Prices Cooled Further, Particularly Case-Shiller, Which Is Skewed by Expensive Homes



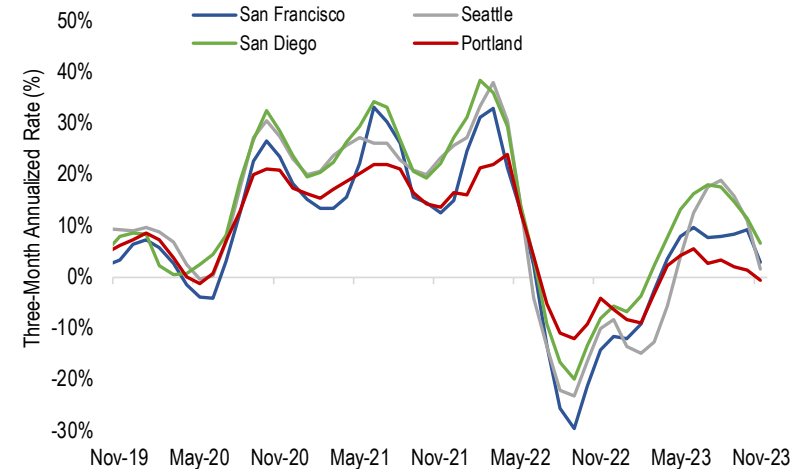
Annual Home Price Growth Picked Up Amid Favorable Annual Comps



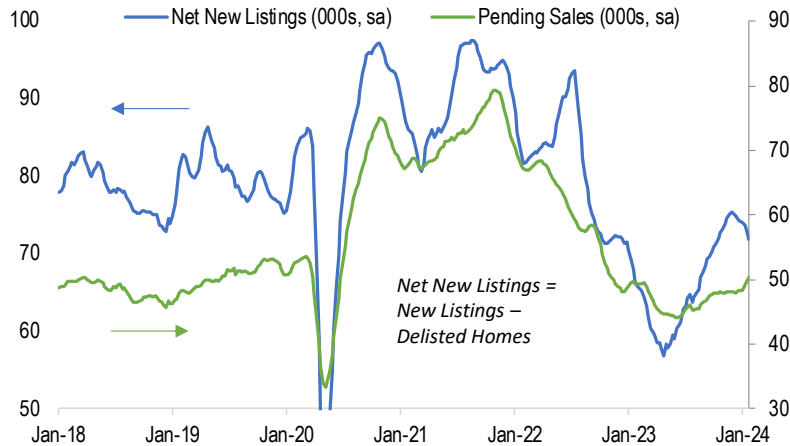
All Metros Experienced a Notable Slowdown in November, Apart from the Midwest ...



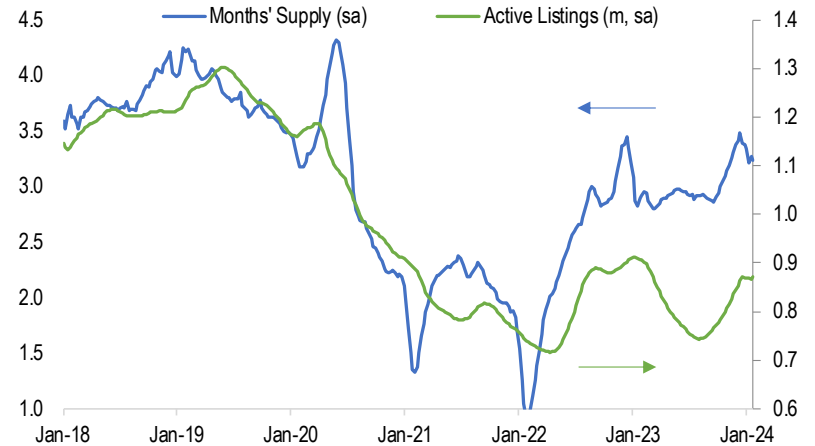
... while Metros with the Weakest Growth Were Concentrated Out West



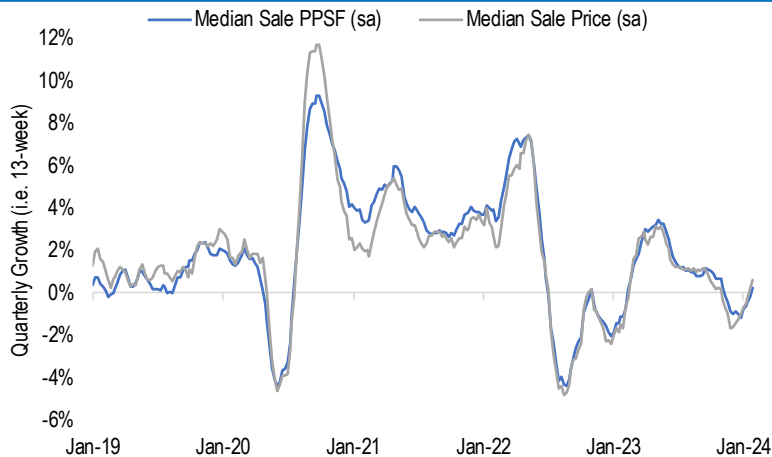
Real-Time Data on Pending Sales Show Jan. Rebound Still Underway as Supply of Existing Homes Cooled ...



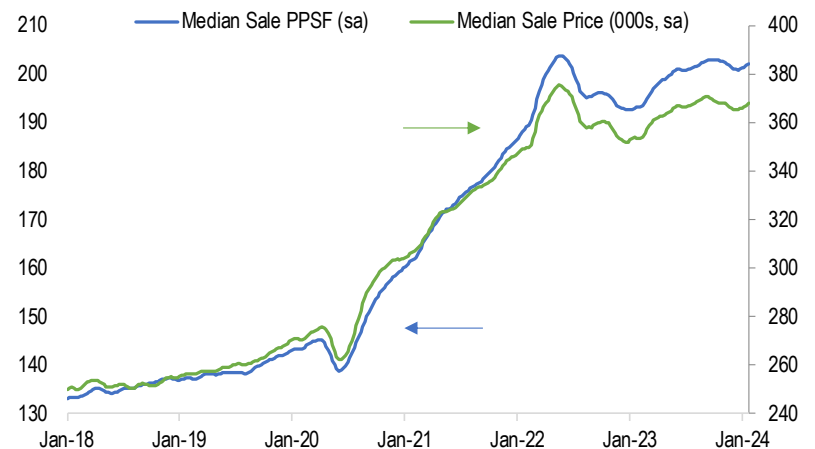
... causing a Decline in Months' Supply in Jan. after a Sharp Rise Through Dec.



Pace of Seasonally Adjusted Home-Price Growth Continued to Rebound Alongside Increased Demand ...



... lifting National Median Sales Prices Closer to Prior Peak Reached in Mid-2022

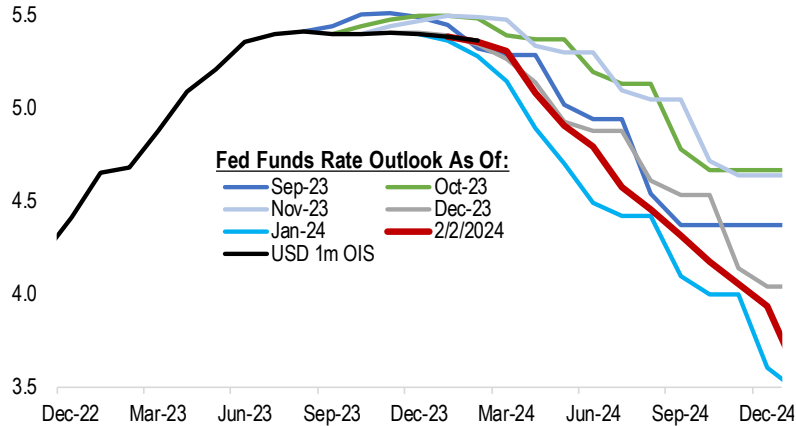


Most (But Not All) Housing Markets Have Tightened Over Past Year, Which Supported Price Recovery

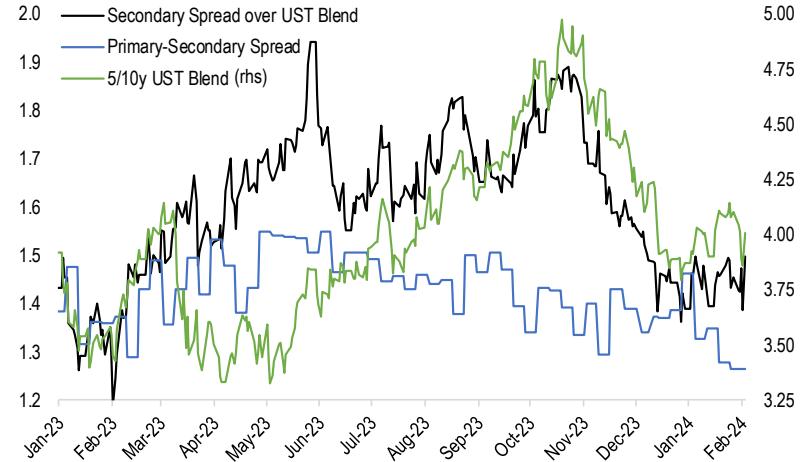
Metro	Median Sale Price Per Square Foot (y/y)		Active Listings with Price Drops		Share of Homes Sold Above List		Average Sale-to-List Ratio		Total Active Listings (y/y)	Median Days on Market vs Pre-COVID		Months' Supply vs Pre-COVID	
	Current	Year Ago	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)		Current	Year Ago	Current	Year Ago
All Redfin Metros	5.5%	2.0%	5.2%	0.3%	23%	2.3%	98.2%	0.5%	-4%	-15.7	-13.2	-17%	-20%
Atlanta	6.6%	3.8%	5.3%	0.0%	20%	1.8%	98.0%	0.5%	-29%	-4.7	-1.4	-27%	-5%
Austin	-3.5%	-9.2%	6.3%	-2.1%	11%	0.2%	96.8%	0.7%	-6%	34.2	33.0	54%	49%
Baltimore	5.1%	1.6%	5.2%	0.1%	36%	6.2%	100.3%	-0.4%	-11%	-18.1	-11.1	-34%	-34%
Boston	4.5%	1.9%	3.5%	-0.1%	43%	7.9%	100.3%	1.1%	-14%	-2.2	2.2	-14%	-14%
Chicago	7.2%	1.5%	2.7%	0.1%	32%	8.3%	98.9%	1.3%	-25%	7.8	17.3	-24%	-4%
Dallas	2.2%	2.2%	6.5%	-0.7%	15%	0.5%	97.5%	0.2%	-3%	8.8	7.3	-2%	6%
Denver	3.5%	-2.5%	5.7%	-1.1%	19%	2.1%	98.4%	0.2%	-28%	12.6	15.3	29%	26%
Houston	2.2%	5.6%	6.2%	0.0%	12%	0.3%	97.0%	0.0%	-1%	-2.4	-5.3	-10%	-11%
Los Angeles	5.1%	-1.2%	3.3%	-0.2%	39%	8.5%	99.7%	1.3%	-16%	-2.3	6.3	-11%	11%
Miami	7.2%	11.7%	4.1%	0.9%	11%	0.6%	96.1%	0.4%	2%	-0.7	-0.5	-8%	-22%
Minneapolis	3.1%	-0.1%	4.4%	0.1%	26%	0.5%	98.8%	0.1%	-3%	-5.1	-1.5	-5%	-4%
Nashville	1.8%	7.0%	3.7%	-0.9%	15%	4.1%	97.9%	0.6%	-5%	8.5	9.8	16%	12%
New York	8.3%	-2.0%	3.7%	-0.3%	28%	8.1%	99.4%	1.2%	-19%	-41.0	-34.7	-28%	-23%
Phoenix	7.0%	-4.6%	7.0%	-1.4%	14%	2.0%	97.9%	0.9%	-14%	2.8	19.0	13%	22%
Portland	2.4%	-1.6%	4.5%	-1.3%	24%	1.5%	98.8%	0.4%	-7%	7.2	8.2	16%	24%
Riverside	4.2%	1.1%	4.2%	-0.7%	34%	8.7%	99.0%	0.9%	-17%	-12.7	2.2	-20%	-6%
San Diego	9.4%	1.2%	4.5%	0.4%	36%	8.3%	99.4%	1.1%	-12%	-9.5	1.3	-31%	-24%
Seattle	7.2%	-5.1%	3.8%	-1.9%	24%	7.2%	99.3%	1.3%	-29%	4.0	11.5	1%	39%
Tampa	2.1%	7.7%	8.8%	-0.6%	11%	-1.8%	97.0%	-0.1%	11%	0.3	-2.5	9%	-3%
Washington DC	5.3%	2.4%	3.7%	-0.4%	29%	3.9%	99.4%	0.5%	-17%	-1.1	11.6	-10%	-3%

Data as of Jan. 28, 2024, and reflects 4-week averages.

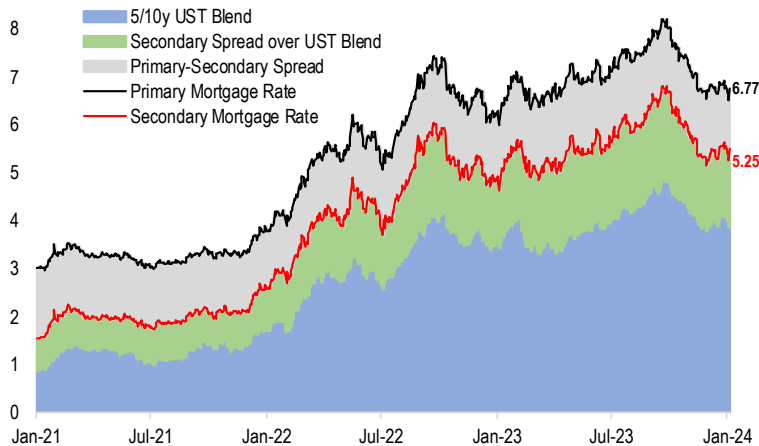
Market Odds of a Rate Cut in March Plunged to ~20% from 50% the Week Before



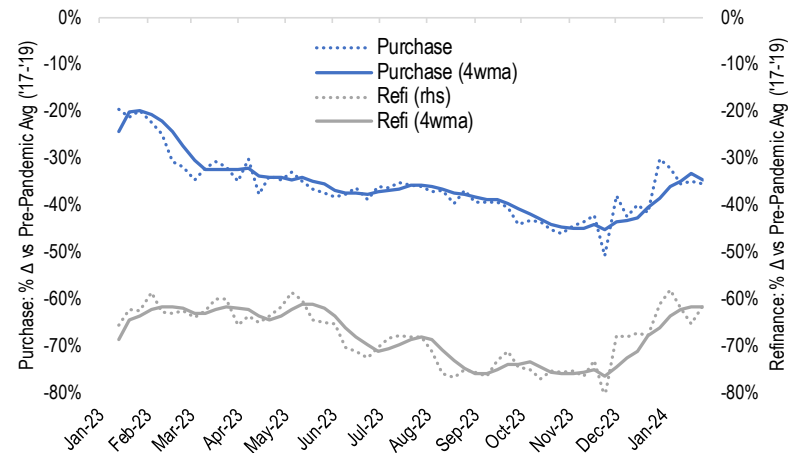
U.S. Treasury Yields Moved Lower Last Week, While Mortgage Spreads Were Modestly Wider ...



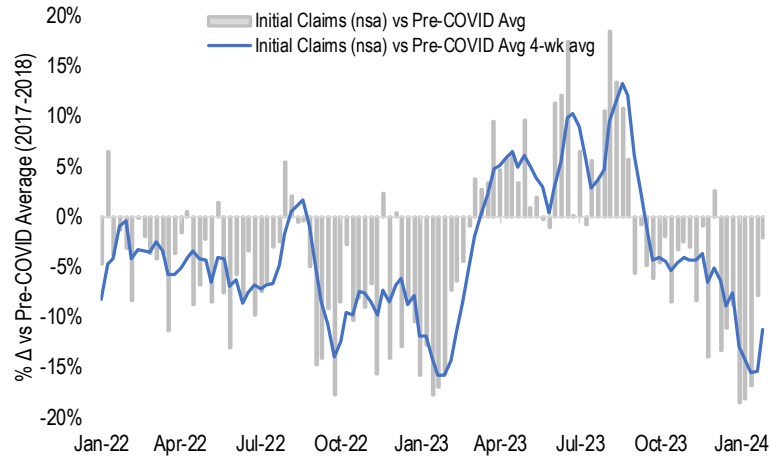
... leaving Mortgage Rates Relatively Unchanged Around 6.8%



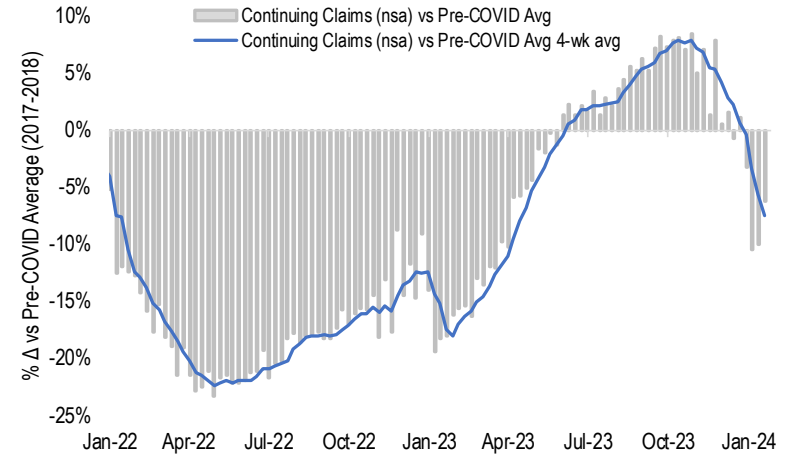
Mortgage Purchase and Refinancing Applications Leveled Off after Prior Strong Rebound



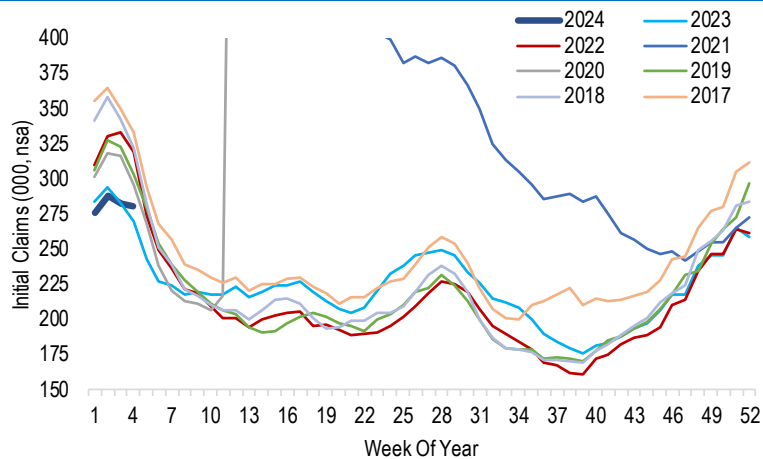
Initial Claims Jumped Back to Just Below the Pre-Pandemic Norm ...



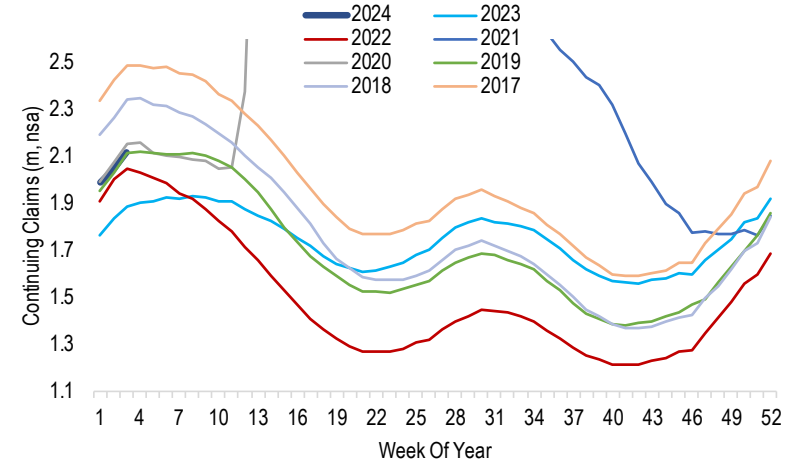
... while Continuing Claims Reversed Some of Prior Downtrend vs. the Pre-Pandemic Norm



Non-Seasonally Adjusted Initial Claims Remained More Elevated Than Typical Seasonal Path



... while Continuing Claims Still Tracking Well with Early 2019/2020 Level



Upcoming Data Releases

Key economic and housing data releases over the prior week:

Date	Indicator	Period	Actual	Consensus	Revised	Prior	Note
2/5/24	S&P Global US Services PMI	Jan F	52.5	52.9	--	52.9	index, sa
2/5/24	S&P Global US Composite PMI	Jan F	52.0	52.3	--	52.3	index, sa
2/5/24	ISM Services Index	Jan	53.4	52.0	50.5	50.6	index, nsa
2/5/24	Senior Loan Officer Opinion Survey	Q1	--	--	--	--	
2/7/24	MBA Mortgage Applications	2/2/24	--	--	--	-7.2%	w/w, sa
2/7/24	Consumer Credit	Dec	--	16.0	--	23.8	\$B, m/m, sa
2/8/24	Initial Jobless Claims	2/3/24	--	220	--	224	k, sa
2/8/24	Continuing Claims	1/27/24	--	1,875	--	1,898	k, sa
2/8/24	Wholesale Trade Sales	Dec	--	0.2%	--	0.0%	m/m, sa
2/8/24	Wholesale Inventories	Dec F	--	0.4%	--	0.4%	m/m, 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)

RECENT DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Indicator	Period	Actual	Consensus	Revised	Prior	Note
1/30/24	FHFA House Price Index	Nov	0.3%	0.3%	--	0.3%	m/m, sa
1/30/24	S&P CoreLogic CS 20-City m/m SA	Nov	0.2%	0.5%	0.6%	0.6%	sa
1/30/24	S&P CoreLogic CS 20-City y/y NSA	Nov	5.4%	5.8%	4.9%	4.9%	nsa
1/30/24	Conf. Board Consumer Confidence	Jan	114.8	114.8	108.0	110.7	index, sa
1/30/24	JOLTS Job Openings	Dec	9.03	8.75	8.93	8.79	m, sa
1/31/24	MBA Mortgage Applications	1/26/24	-7.2%	--	--	3.7%	w/w, sa
1/31/24	ADP Employment	Jan	107	150	158	164	k, m/m, sa
1/31/24	Employment Cost Index	4Q	0.9%	1.0%	--	1.1%	q/q, sa
1/31/24	FOMC Rate Decision (Upper Bound)	1/31/24	5.50%	5.50%	--	5.50%	
2/1/24	Nonfarm Productivity	4Q P	3.2%	2.5%	4.9%	5.2%	q/q, saar
2/1/24	Unit Labor Costs	4Q P	0.5%	1.2%	-1.1%	-1.2%	q/q, saar
2/1/24	Initial Jobless Claims	1/27/24	224	212	215	214	k, sa
2/1/24	Continuing Claims	1/20/24	1,898	1,839	1,828	1,833	k, sa
2/1/24	S&P Global US Manufacturing PMI	Jan F	50.7	50.3	--	50.3	index, sa
2/1/24	ISM Manufacturing	Jan	49.1	47.2	47.1	47.4	index, sa
2/1/24	ISM Prices Paid	Jan	52.9	46.9	--	45.2	index, nsa
2/1/24	Wards Total Vehicle Sales	Jan	15.0	15.7	--	15.8	m, saar
2/2/24	Nonfarm Payrolls	Jan	353	185	333	216	k, m/m, sa
2/2/24	Private Payrolls	Jan	317	170	278	164	k, m/m, sa
2/2/24	Unemployment Rate	Jan	3.7%	3.8%	--	3.7%	sa
2/2/24	Average Hourly Earnings m/m	Jan	0.6%	0.3%	--	0.4%	sa
2/2/24	Average Hourly Earnings y/y	Jan	4.5%	4.1%	4.3%	4.1%	nsa
2/2/24	Average Weekly Hours All Employees	Jan	34.1	34.3	--	34.3	sa
2/2/24	Labor Force Participation Rate	Jan	62.5%	62.6%	--	62.5%	sa
2/2/24	Durable Goods Orders	Dec F	0.0%	0.0%	--	0.0%	m/m, sa
2/2/24	Cap Goods Orders Nondef Ex Air	Dec F	0.2%	--	--	0.3%	m/m, sa
2/2/24	U. of Mich. Sentiment	Jan F	79.0	78.9	--	78.8	index, nsa
2/2/24	U. of Mich. 1 Yr Inflation	Jan F	2.9%	2.9%	--	2.9%	nsa
2/2/24	U. of Mich. 5-10 Yr Inflation	Jan F	2.9%	2.8%	--	2.8%	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics