

HaMMR Digest

Stay current with economic and mortgage market trends.

February 10, 2025

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Hurts So Good

- **Key Takeaway:** Despite revisions bringing down pace of payroll growth last summer, rebound has been solid as unemployment rate inched lower.
- **Macro Implications:** Labor market remains healthy with strength concentrated in services — enough to push the Fed’s first rate cut in 2025 to June.
- **Housing Implications:** Rates will remain elevated for longer than expected with housing market activity staying in low gear for most of the year.

Macro: Trend Is Your Friend

- Labor market remains key pillar of health for the economy.
- Business activity survey strength has gained momentum early in 2025.
- Fed will be watching surging inflation expectations closely.

Jobs Report: From Too Cold to Too Hot? Not Exactly ...

- Unemployment ticked down to 4.01% in Jan., down over 20bps since Nov.
- Private sector payrolls up 111k m/m; 3-month average still above 200k.
- Job finding rate rose while unemployment duration eased.

Labor Market Turnover: Stabilization?

- Net hiring remained solid, led by increase in smaller sized firms.
- Quits rate stable aside from lift in key services sectors over prior months.
- Construction hires rate continued to fall, suggesting cooling sector activity.

Rates: A Little Bit Softer Now

- 10-yr UST yield down -8bps last week to 4.49% and -34bps since Jan. 13.
- Rate volatility will return with a vengeance given policy uncertainty.
- Market swiftly pares back rate cut expectations: Only 25bps priced for '25.

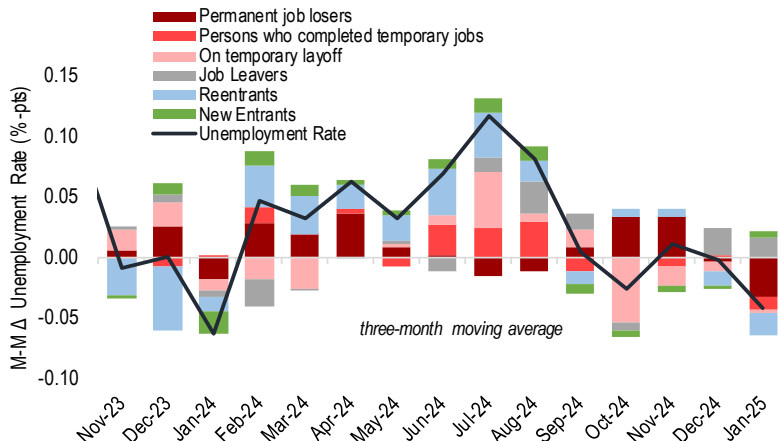
Housing: Serenity Now

- Welcome to new near-term normal: 7% mortgage rates +/- 50bps.
- Purchase applications have inched higher, unlikely to pick up materially.
- Fannie Mae Home Purchase Sentiment index remains at low levels.

Bank Credit: Cautiously Optimistic

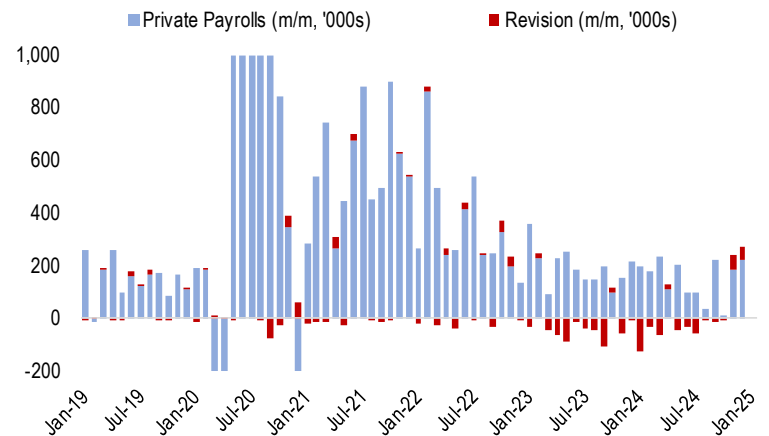
- Smaller net share of banks tightened lending standards in January.
- Credit still tightening, most notably for CRE and large-firm capex loans.
- Banks have grown less wary over residential loans and credit cards.

Unemployment Dynamics Have Shifted, but All Eyes on Potential Implications of Immigration and Tariff Policies



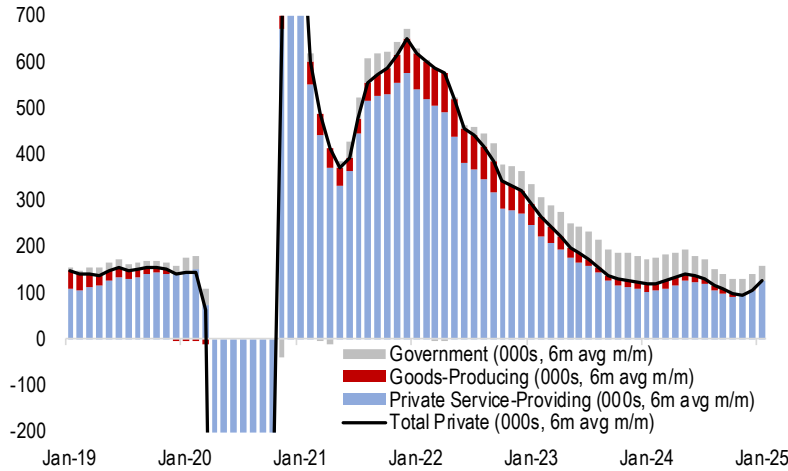
Sources: U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

Benchmark Revisions to Payrolls Revealed Deeper Lull Last Summer, but Job Growth Reverting to Trend

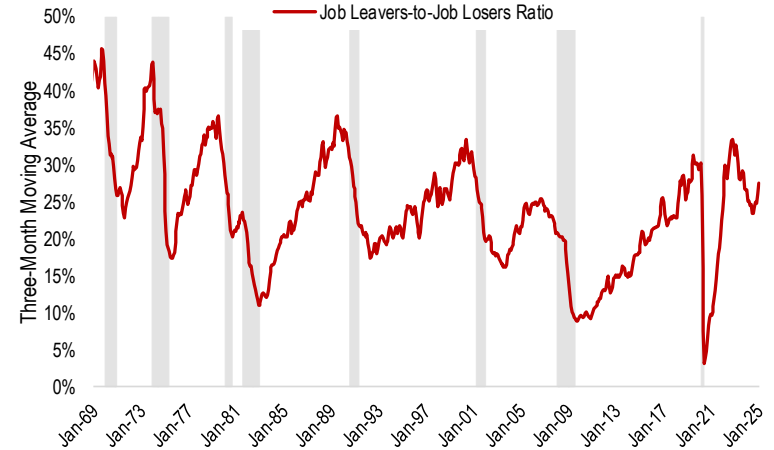


SAAR = Seasonally Adjusted Annualized Rate

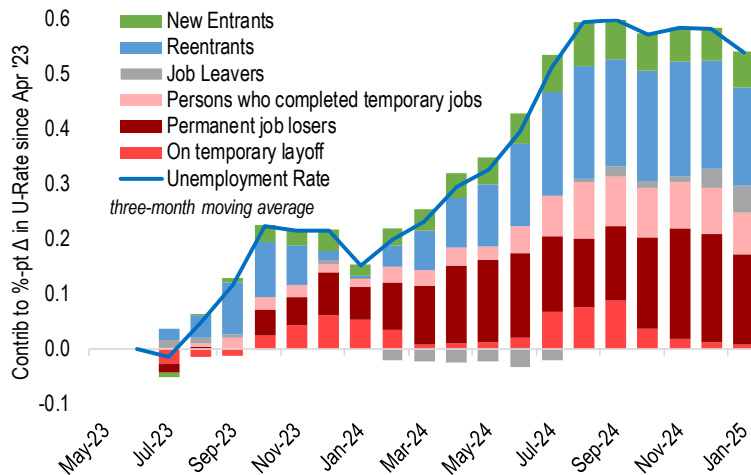
Private-Sector Payrolls Still Growing Close to Trend Despite Recent Weather-Related Noise



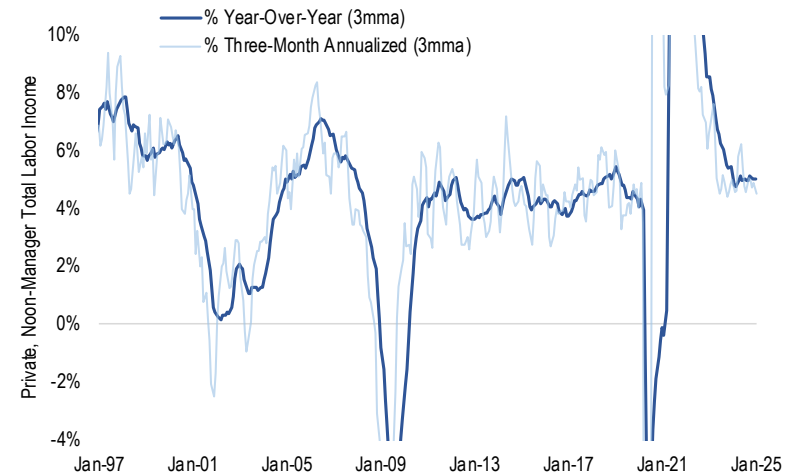
Uptick in Job Leavers Relative to Job Losers Suggests Improved Confidence in Labor Market



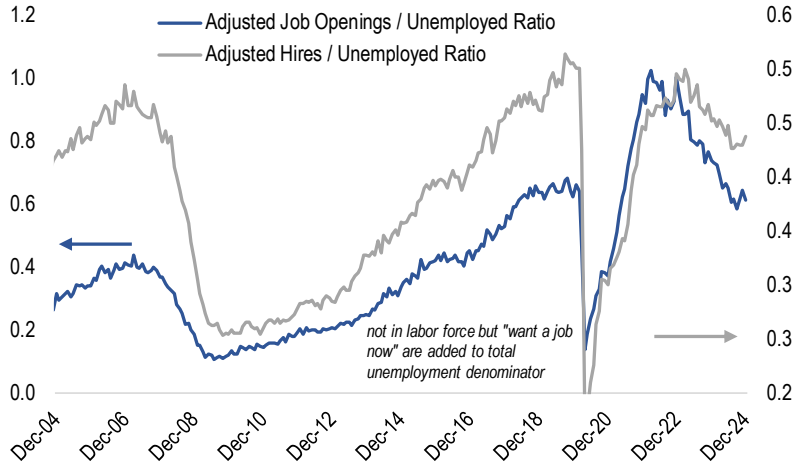
Uptrend in Unemployment Rate Has Seemingly Eased: Permanent Job Losers Key Segment to Watch



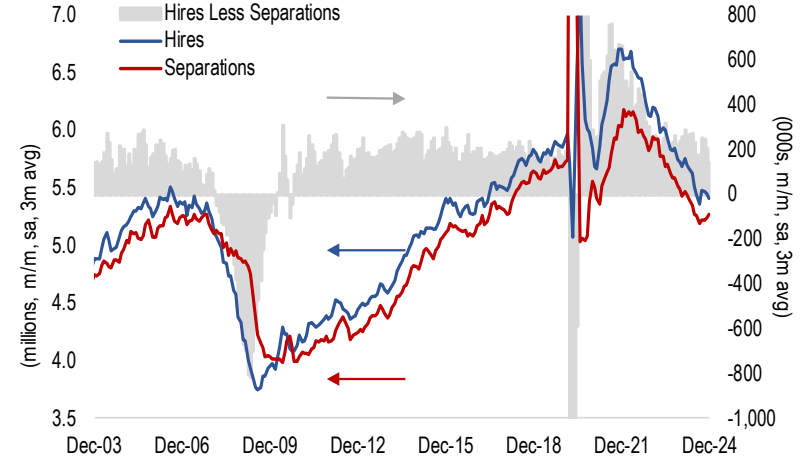
Aggregate Labor Income Remained Firm and Will Remain a Key Support for Household Spending



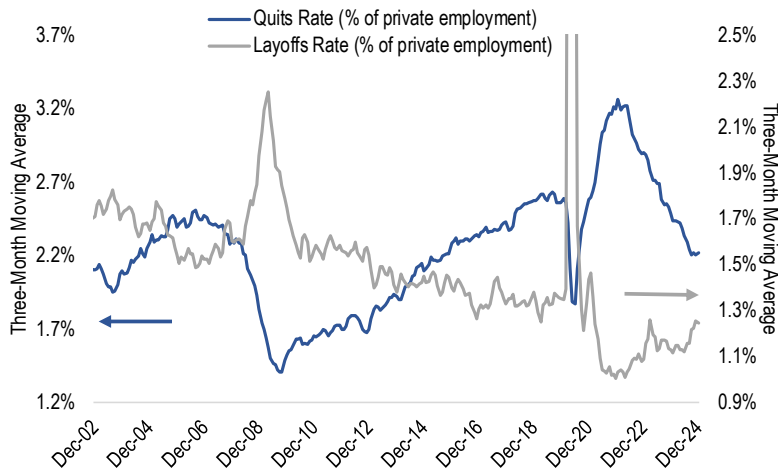
Job Market Shows More Signs of Stabilization, but Outlook Remains Uncertain



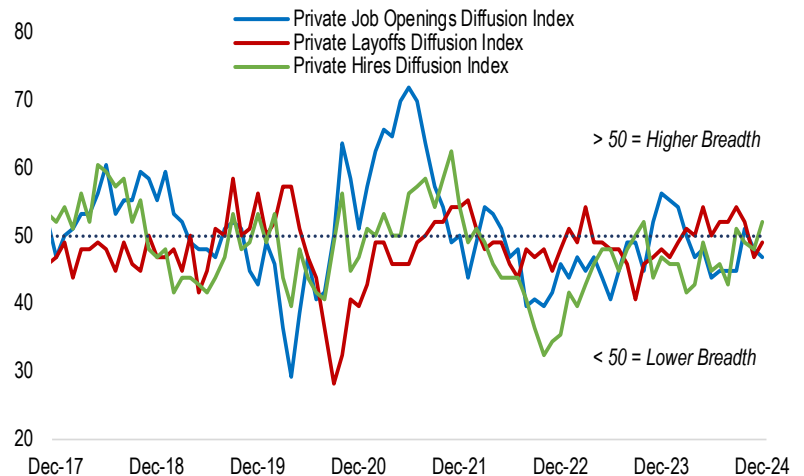
Net Job Growth Still Solid as Pace of Separations Remained below Pace of Hiring Despite Uptick



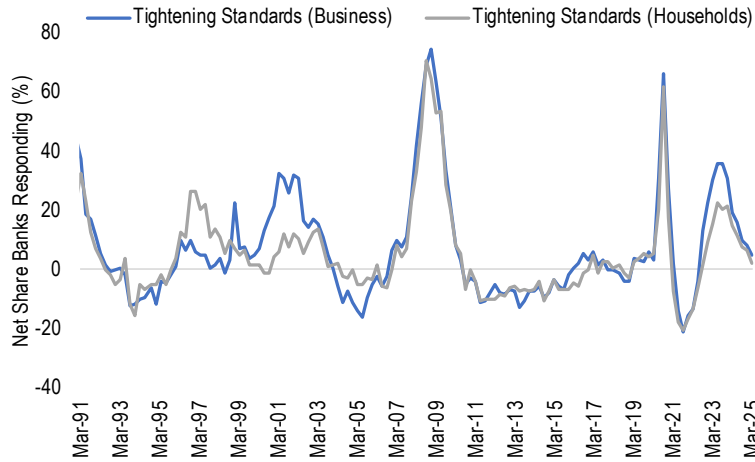
Smoothing through Monthly Noise, Quits and Layoffs, Rates Have Essentially Moved Sideways



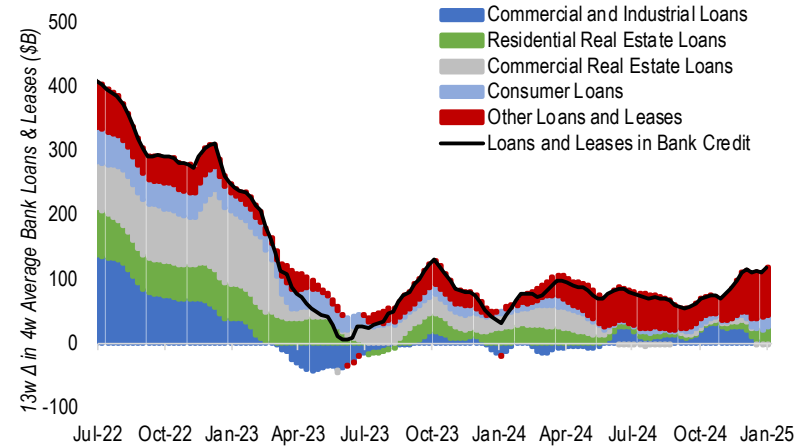
Hiring Breadth Hit a Multi-Month High, Offsetting the Smaller Uptick in Layoffs



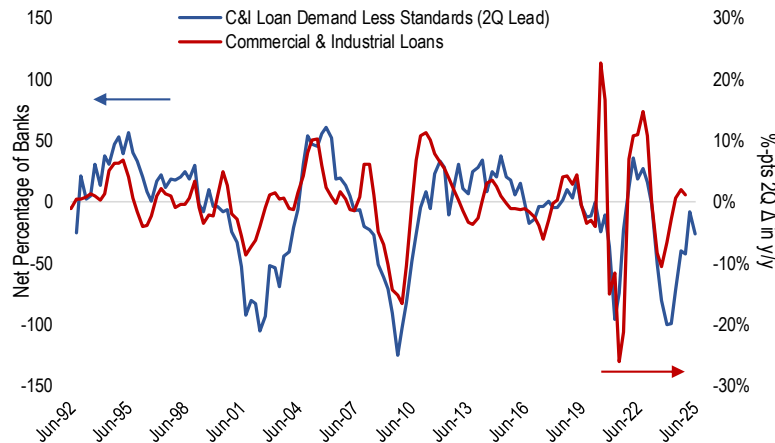
Credit Tightness Eased Marginally; Banks Cited Risk Aversion as Reason against Greater Easing



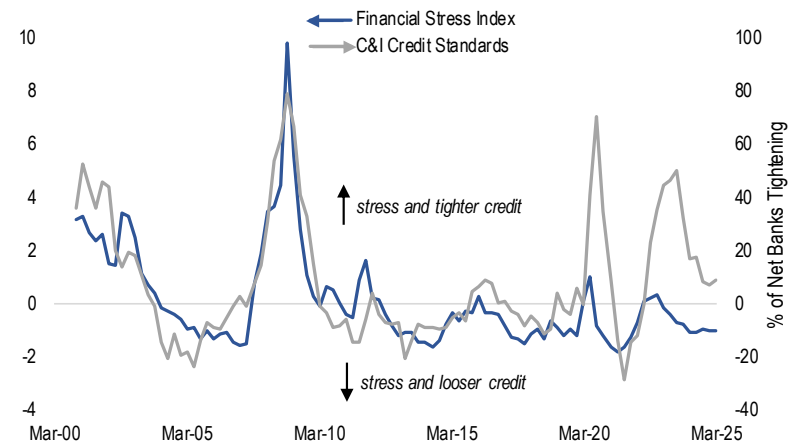
Bank Credit Impulse Rebound Led by Residential Real Estate, Consumer Loans and Other Loans and Leases



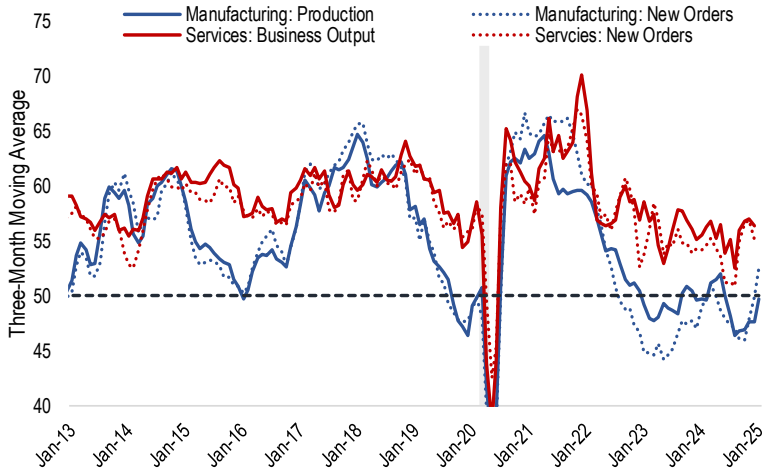
Stronger Business Loan Demand Offset by Tighter Credit Likely to Keep Business Loan Growth Weak



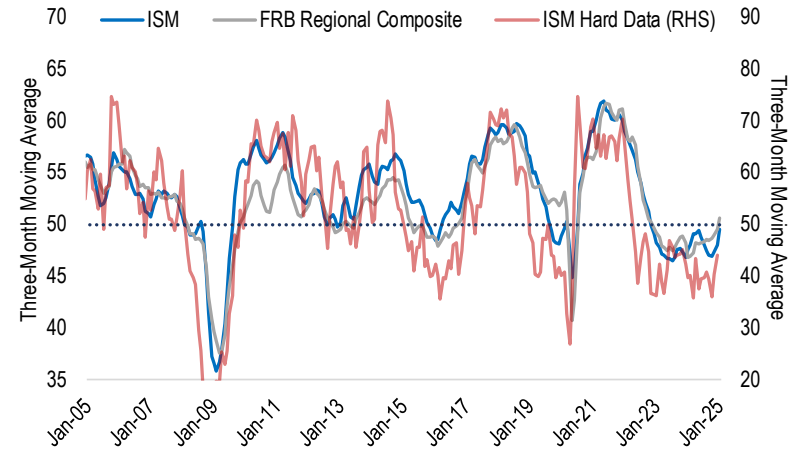
Overall, Bank Credit Remained Tight, and Despite Recent Market Volatility, Financial Stress Remains Low



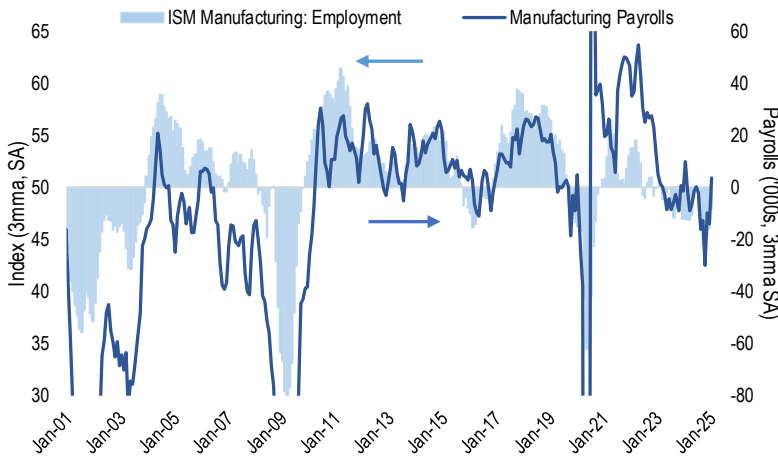
Encouraging Rebound in Manufacturing PMI, but Prior Trade Tension History Suggests This May Be Short-Lived



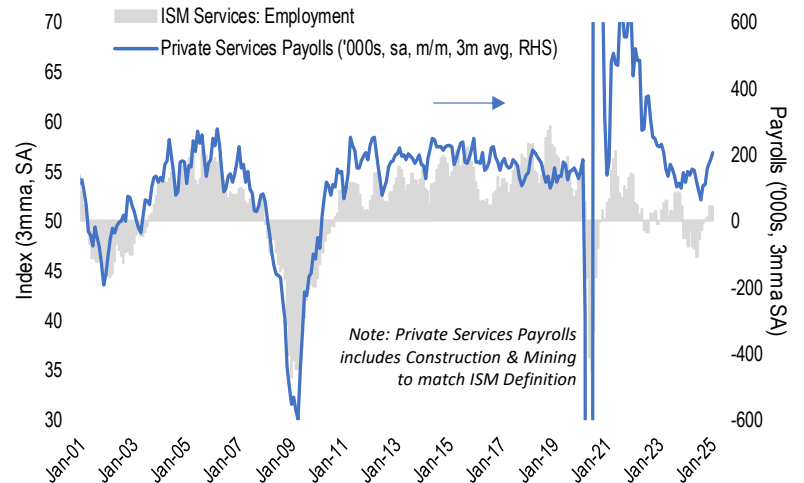
ISM "Hard Data" Shifted Higher Led by Uptick in Orders and Shipments



Manufacturing Employment Momentum Has Turned a Corner Led by Non-Durable Goods Segment

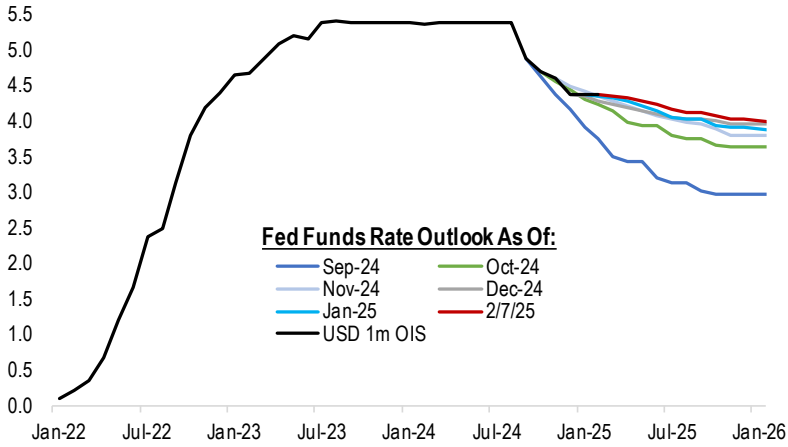


Services PMI Employment Index Firmed for Second Straight Month, Mimicking Rebound in Payrolls

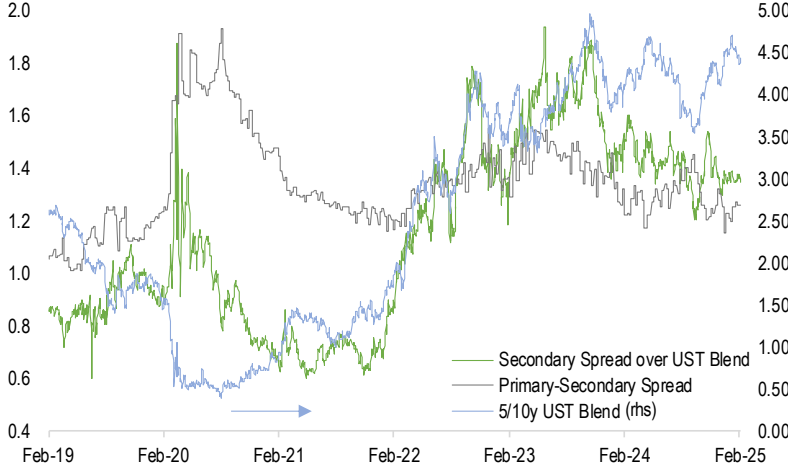


Note: Private Services Payrolls includes Construction & Mining to match ISM Definition

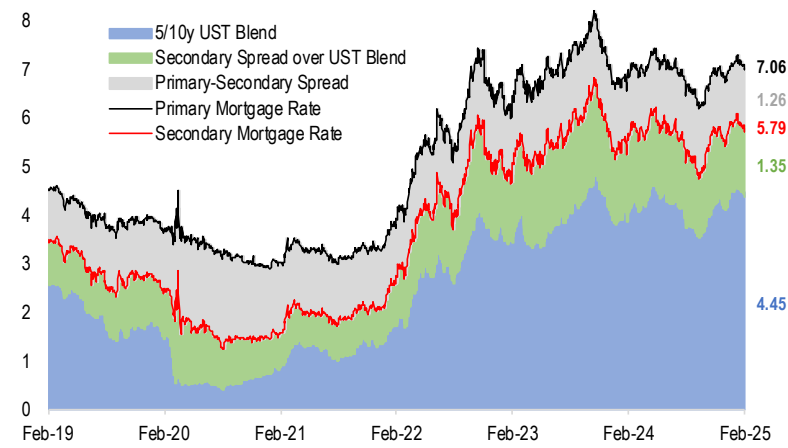
Two Cuts in 2025 Back to Less Than a Toss-Up after Being Viewed as a Near Certainty Last Week



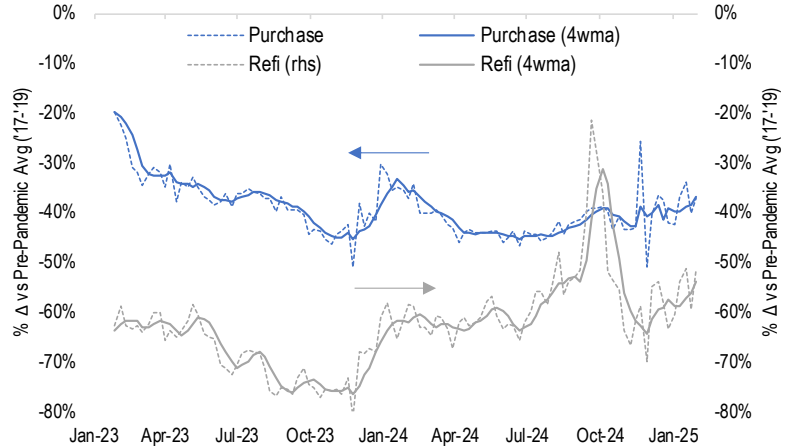
UST Yields Inched Down by -2bps Last Week alongside a -3bps Narrowing of Mortgage Spreads ...



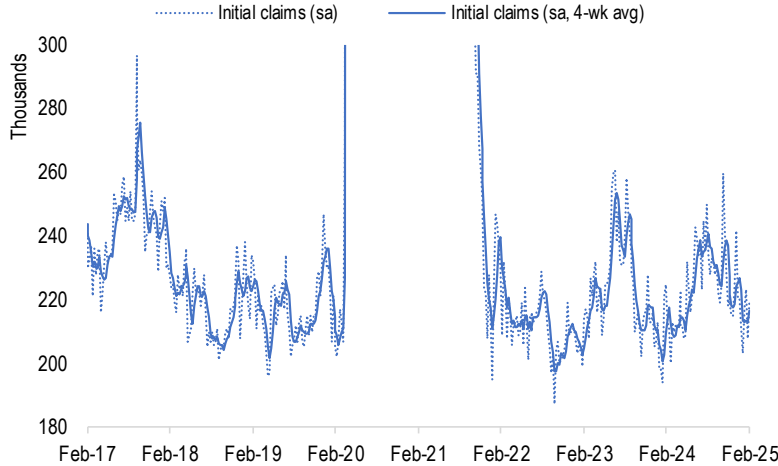
... Pulling Down Implied Mortgage Rates Back toward 7% after Recently Touching an 8-Month High



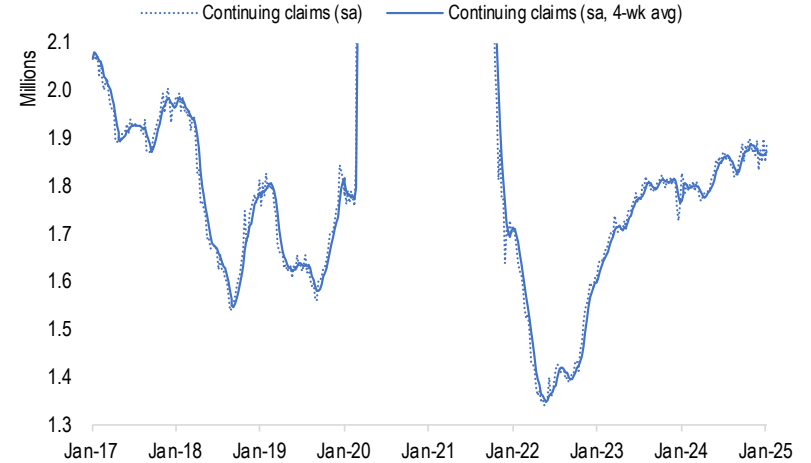
Mortgage Applications Gradually Trending Higher as Mortgage Rate Ascent Has Cooled



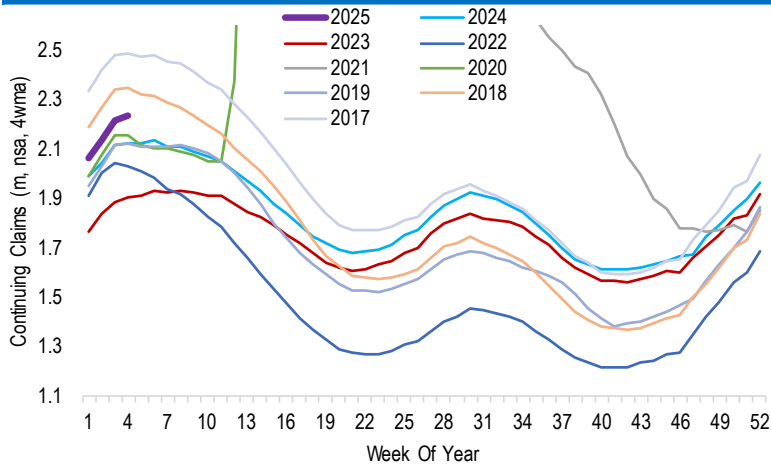
Initial Claims (SA) Remained near Recent and Historical Lows, Suggesting Little Labor Market Stress



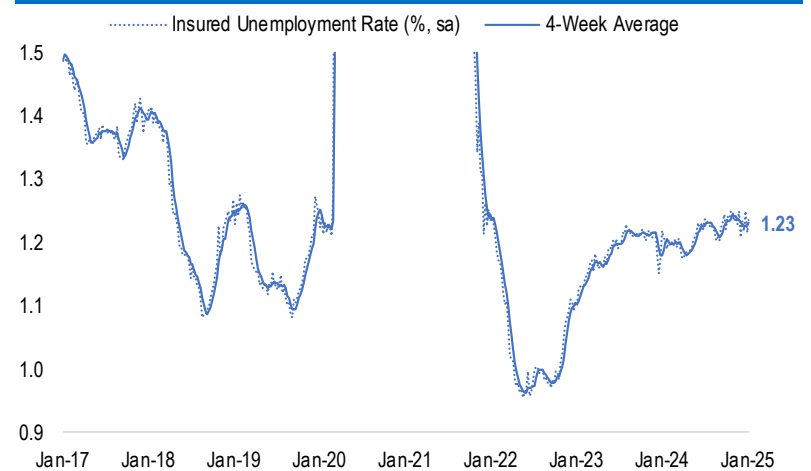
Continuing Claims Remained near Multi-Year Highs as Unemployed Workers Struggled to Find New Jobs



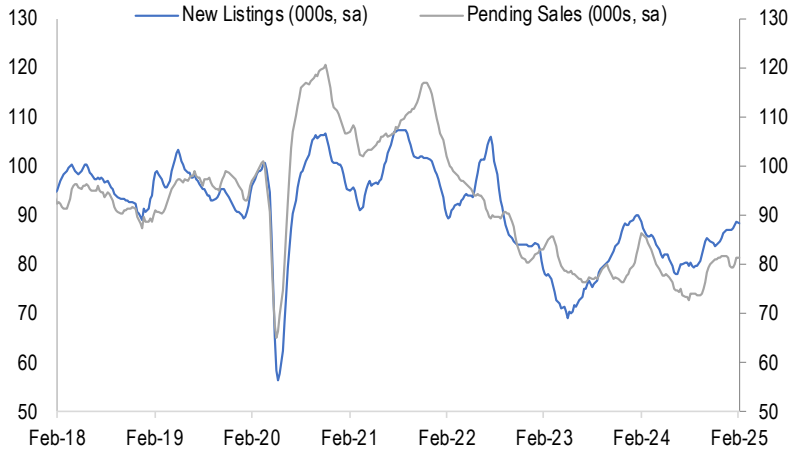
Unadjusted Continuing Claims Started 2025 at Highest Level Since 2018



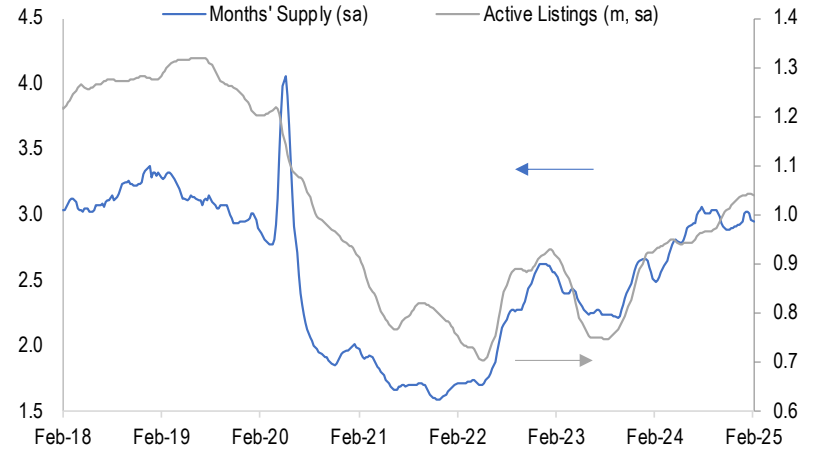
Normalizing for the Size of the Labor Force, Insured Unemployment Continued to Trend Modestly Higher



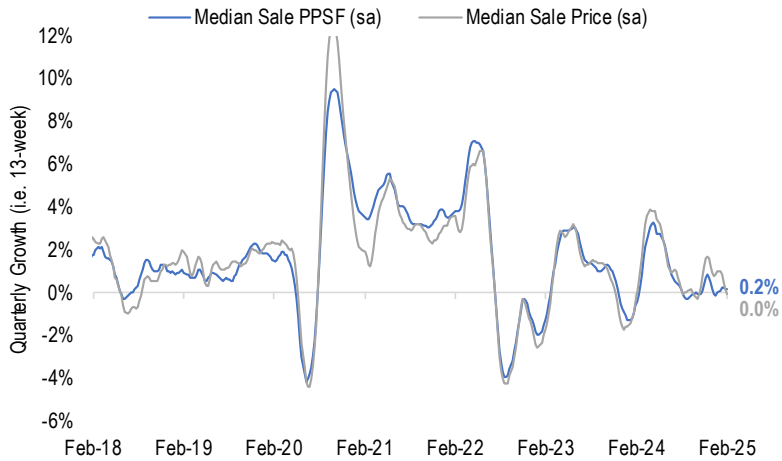
Pending Home Sales Inched Higher to Start Feb. While New Listings Continued to Trend Higher ...



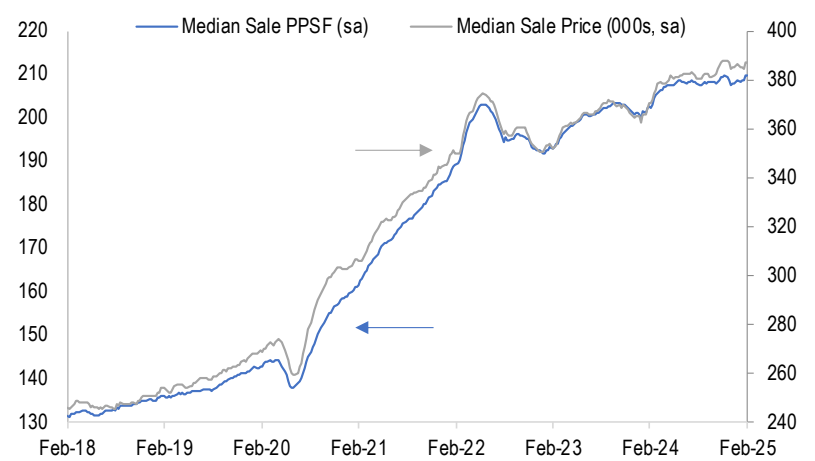
... Which Kept Months' Supply in Check as Inventory Increase Has Cooled



Pace of Seasonally Adjusted Home-Price Growth Remained Modest to Start the Year



Majority of Recent Growth in National Median Sales Price/SF (SA) Occurred at the Start of 2024



Some Housing Markets Still Softening Even as Most Have Stabilized in Recent Months

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	3.9%	0.5%	6.1%	2.9%	5.7%	1.0%	98.0%	-0.1%	-10.5	-17.2	12%	-5%	-17%
Atlanta	0.9%	-0.7%	3.1%	2.7%	5.9%	1.8%	97.8%	-0.2%	13.7	-4.6	15%	-1%	-21%
Austin	-3.2%	-1.1%	3.9%	6.9%	6.9%	1.5%	97.1%	0.3%	40.6	36.5	5%	58%	41%
Baltimore	5.1%	1.2%	4.2%	0.5%	5.4%	1.0%	100.2%	-0.1%	-13.3	-19.4	3%	-33%	-32%
Boston	8.9%	4.7%	5.5%	1.1%	3.8%	1.0%	100.2%	0.1%	1.3	-2.0	-2%	-12%	-6%
Chicago	8.0%	2.9%	5.4%	1.0%	3.2%	1.2%	98.8%	0.0%	10.8	7.3	-11%	-28%	-17%
Dallas	0.1%	0.9%	1.9%	1.1%	7.4%	1.8%	97.1%	-0.4%	22.7	8.2	24%	39%	1%
Denver	1.6%	0.6%	2.0%	2.6%	7.3%	1.8%	98.5%	-0.1%	28.5	16.3	27%	62%	28%
Houston	1.3%	-0.3%	2.0%	-1.1%	7.3%	2.3%	96.5%	-0.6%	1.8	-2.2	14%	9%	-11%
Los Angeles	3.0%	-0.5%	11.6%	9.8%	2.6%	-0.1%	99.6%	-0.2%	6.0	-3.3	20%	25%	2%
Miami	4.5%	-0.2%	6.5%	-1.1%	4.7%	1.2%	95.3%	-0.5%	20.3	-0.5	23%	27%	-12%
Minneapolis	1.3%	-0.2%	4.1%	2.6%	5.2%	1.6%	98.7%	-0.2%	0.5	-5.7	-2%	-3%	-3%
Nashville	1.4%	0.6%	3.1%	1.0%	4.4%	1.6%	97.8%	-0.3%	17.0	6.9	11%	31%	9%
New York	9.4%	2.2%	8.0%	-3.0%	3.5%	-10.7%	99.6%	0.5%	-52.5	-45.0	-4%	-33%	-26%
Phoenix	2.1%	2.6%	3.4%	2.1%	7.4%	1.0%	97.9%	0.0%	12.5	3.8	24%	35%	14%
Portland	0.8%	0.7%	2.5%	1.6%	6.5%	2.4%	98.9%	0.1%	20.4	9.8	8%	31%	36%
Riverside	4.3%	-0.2%	6.5%	3.3%	4.1%	0.5%	98.7%	-0.3%	-4.6	-14.5	23%	8%	-14%
San Diego	2.7%	-3.6%	6.8%	6.8%	4.5%	1.1%	99.0%	-0.5%	3.8	-9.5	20%	-9%	-20%
Seattle	5.1%	2.8%	4.7%	-1.6%	5.3%	2.0%	99.4%	-0.2%	5.5	1.5	27%	22%	-1%
Tampa	-1.2%	2.4%	2.8%	4.5%	8.9%	0.9%	96.4%	-0.7%	5.8	0.7	37%	31%	-3%
Washington DC	6.4%	0.8%	7.5%	4.9%	3.7%	0.4%	99.6%	0.1%	1.5	-2.0	6%	-6%	-9%

Data as of Feb. 2, 2025, and reflects 4-week averages.

Sources: [Redfin](#), Arch Global Economics

Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
2/10/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Jan	--	--	--	3.0	%
2/11/25	6:00 AM	NFIB Small Business Optimism	Jan	--	104.7	--	105.1	index, sa
2/12/25	7:00 AM	MBA Mortgage Applications w/w	2/7/25	--	--	--	2.2	%, sa
2/12/25	8:30 AM	CPI m/m	Jan	--	0.3	--	0.4	%, sa
2/12/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Jan	--	0.3	--	0.2	%, sa
2/12/25	8:30 AM	CPI y/y	Jan	--	2.9	--	2.9	%, nsa
2/12/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Jan	--	3.1	--	3.2	%, nsa
2/13/25	8:30 AM	PPI Final Demand m/m	Jan	--	0.3	--	0.2	%, sa
2/13/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Jan	--	0.3	--	0.0	%, sa
2/13/25	8:30 AM	PPI Final Demand y/y	Jan	--	3.2	--	3.3	%, nsa
2/13/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Jan	--	3.3	--	3.5	%, nsa
2/13/25	8:30 AM	Initial Jobless Claims	2/8/25	--	217	--	219	k, sa
2/13/25	8:30 AM	Continuing Claims	2/1/25	--	1,888	--	1,886	k, sa
2/14/25	8:30 AM	Advance Retail Sales m/m	Jan	--	-0.1	--	0.4	%, sa
2/14/25	8:30 AM	Retail Sales Control Group m/m	Jan	--	0.3	--	0.7	%, sa
2/14/25	8:30 AM	Import Price Index m/m	Jan	--	0.4	--	0.1	%, nsa
2/14/25	8:30 AM	Import Price Index y/y	Jan	--	1.9	--	2.2	%, nsa
2/14/25	9:15 AM	Industrial Production m/m	Jan	--	0.3	--	0.9	%, sa
2/14/25	9:15 AM	Capacity Utilization	Jan	--	77.7	--	77.6	sa
2/14/25	10:00 AM	Business Inventories m/m	Dec	--	0.0	--	0.1	%, 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
2/3/25	9:45 AM	S&P Global US Manufacturing PMI	Jan F	51.2	50.1	--	50.1	index, sa
2/3/25	10:00 AM	ISM Manufacturing	Jan	50.9	50.0	49.2	49.3	index, sa
2/3/25	10:00 AM	ISM Prices Paid	Jan	54.9	54.2	--	52.5	index, nsa
2/3/25	4:36 PM	Wards Total Vehicle Sales	Jan	15.6	16.0	--	16.8	m, saar
2/4/25	10:00 AM	JOLTS Job Openings	Dec	7,600	8,000	8,156	8,098	k, sa
2/4/25	10:00 AM	Durable Goods Orders m/m	Dec F	-2.2	-2.2	--	-2.2	%, sa
2/4/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Dec F	0.4	0.5	--	0.5	%, sa
2/4/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Dec F	0.5	0.6	--	0.6	%, sa
2/5/25	7:00 AM	MBA Mortgage Applications w/w	1/31/25	2.2	--	--	-2.0	%, sa
2/5/25	8:15 AM	ADP Employment m/m	Jan	183	150	176	122	k, sa
2/5/25	9:45 AM	S&P Global US Services PMI	Jan F	52.9	52.9	--	52.8	index, sa
2/5/25	9:45 AM	S&P Global US Composite PMI	Jan F	52.7	52.5	--	52.4	index, sa
2/5/25	10:00 AM	ISM Services Index	Jan	52.8	54.0	54.0	54.1	index, nsa
2/6/25	8:30 AM	Nonfarm Productivity q/q	4Q P	1.2	1.2	2.3	2.2	%, saar
2/6/25	8:30 AM	Unit Labor Costs q/q	4Q P	3.0	3.4	0.5	0.8	%, saar
2/6/25	8:30 AM	Initial Jobless Claims	2/1/25	219	213	208	207	k, sa
2/6/25	8:30 AM	Continuing Claims	1/25/25	1,886	1,870	1,850	1,858	k, sa
2/7/25	8:30 AM	Nonfarm Payrolls m/m	Jan	143	175	307	256	k, sa
2/7/25	8:30 AM	Private Payrolls m/m	Jan	111	158	273	223	k, sa
2/7/25	8:30 AM	Average Hourly Earnings m/m	Jan	0.5	0.3	--	0.3	%, sa
2/7/25	8:30 AM	Average Hourly Earnings y/y	Jan	4.1	3.8	4.1	3.9	%, nsa
2/7/25	8:30 AM	Average Weekly Hours All Employees	Jan	34.1	34.3	34.2	34.3	sa
2/7/25	8:30 AM	Unemployment Rate	Jan	4.0	4.1	--	4.1	%, sa
2/7/25	8:30 AM	Labor Force Participation Rate	Jan	62.6	62.5	--	62.5	%, sa
2/7/25	10:00 AM	U. of Mich. Sentiment	Feb P	67.8	71.8	--	71.1	index, nsa
2/7/25	10:00 AM	U. of Mich. 1 Yr Inflation	Feb P	4.3	3.3	--	3.3	nsa
2/7/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Feb P	3.3	3.2	--	3.2	nsa
2/7/25	10:00 AM	Wholesale Inventories m/m	Dec F	-0.5	-0.5	--	-0.5	%, sa
2/7/25	10:00 AM	Wholesale Trade Sales m/m	Dec	1.0	0.5	0.9	0.6	%, sa
2/7/25	3:00 PM	Consumer Credit m/m	Dec	40.8	15.5	-5.4	-7.5	\$B, 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)