



HaMMR Digest

Stay current with economic and mortgage market trends.

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In Limbo

- **Key Takeaway:** Jan. Fed Open Market Committee (FOMC) minutes align with Fed commentary in signaling that a March rate cut is likely off the table.
- **Macro Implications:** Market rate cut expectations are now roughly aligned with Fed projections, flattening the yield curve the most since December.
- **Housing Implications:** We continue to expect a choppy but gradual path lower for mortgage rates, which translates to a noisy grind higher for sales.

Macro: Waiting Game

- Light data week leaves our outlook unchanged.
- Feb. preliminary PMIs hint at potential rebound in factory output.
- FOMC Jan. minutes highlight a Fed still attentive to inflation risks.

Rates: Falling In-Line

- Market expectations now align with Fed for three 25bps cuts in '24.
- 10-year UST was roughly flat on the week, settling around 4.26%.
- Without major data surprise or Fed direction, rates action on hold.

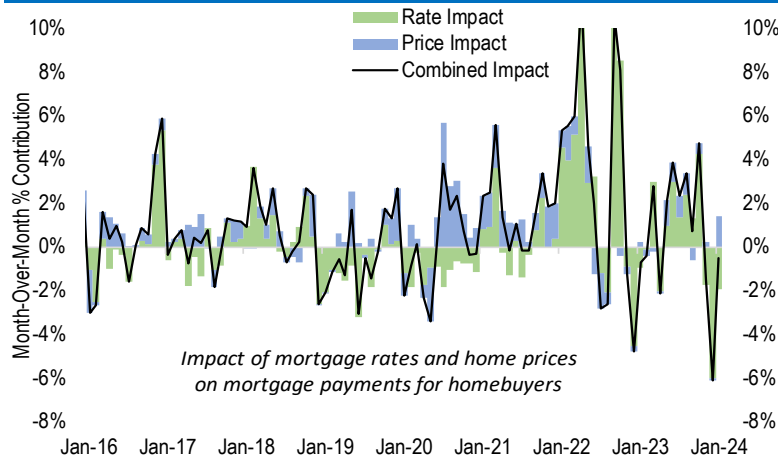
Housing: Mortgage Rates Hover Around 7%

- Mortgage rates remained around ~7% alongside light data week.
- Purchase applications declined for fourth straight week.
- Housing market still highly rate-sensitive, rebound will have to wait.

Existing Home Sales: Don't Get Too Excited

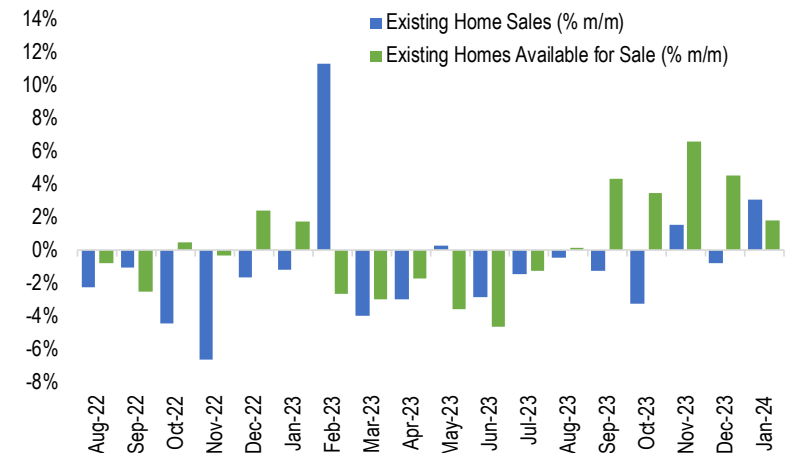
- Sales rose 3.1% m/m in Jan. but were still down -1.7% y/y.
- Inventory up sixth month in a row but remained down -37% from '19.
- Market tightened modestly with months' supply down to 3.6 in Jan.

Home Sales Growth a Response to Recent Improvement in Affordability But Will Prove to Be Short-Lived

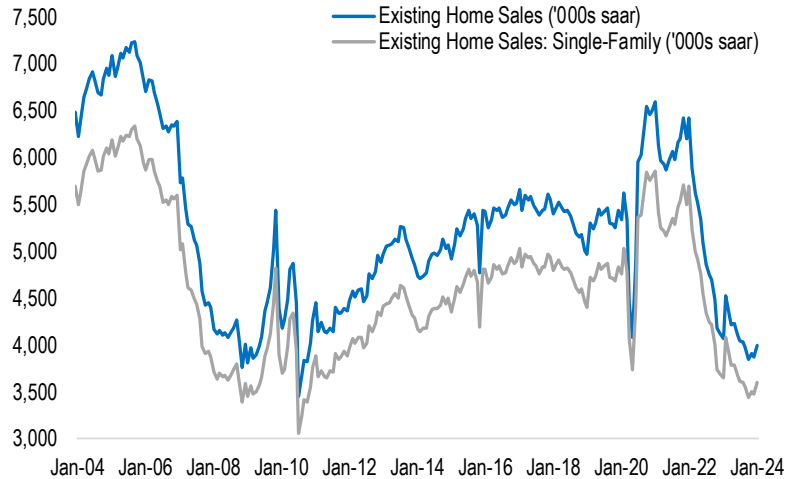


Sources: National Association of Realtors (NAR), Arch Global Economics

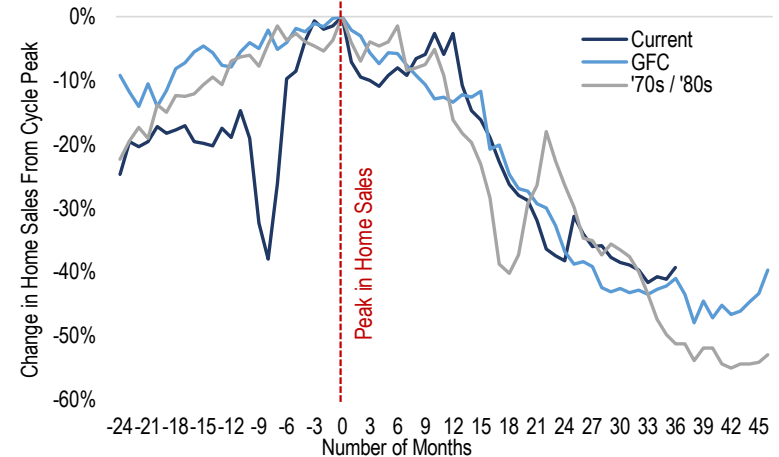
Upward Pressure on Months' Supply Eased in Jan. with Sales Growth Outpacing Inventory Growth



Existing Home Sales Bounced Higher in January But Remained Very Low Historically



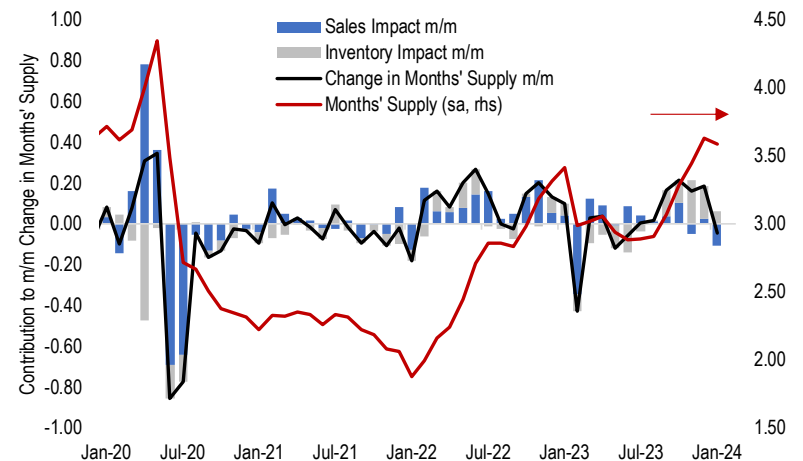
Existing Home Sales Likely Close to a Bottom, But Strong Rebound Unlikely in Near-Term



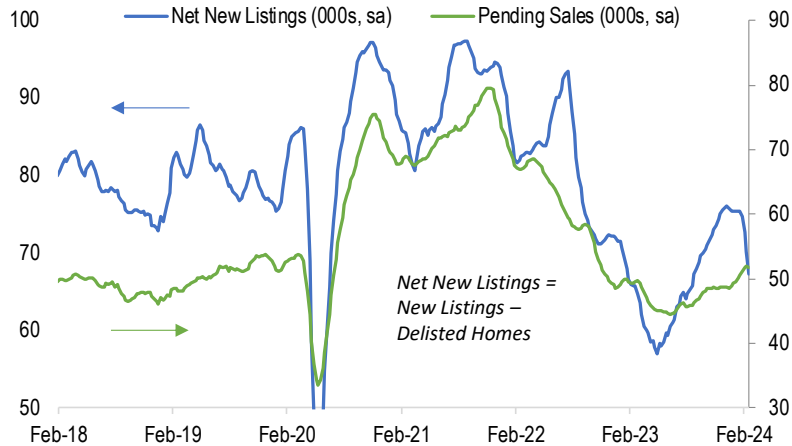
Inventory Has Seemingly Bottomed and Was Up 3% y/y But Resale Market Remained Tight



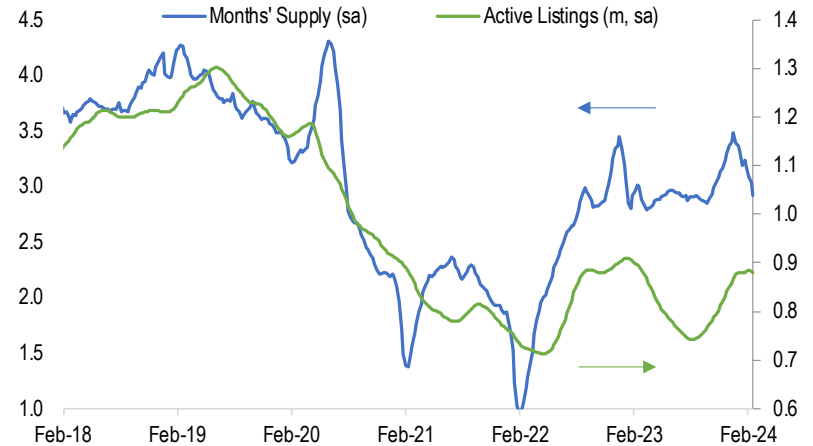
Uptick in Sales Pace Alongside a Slower Rise in Inventory Produced Downshift in Months' Supply



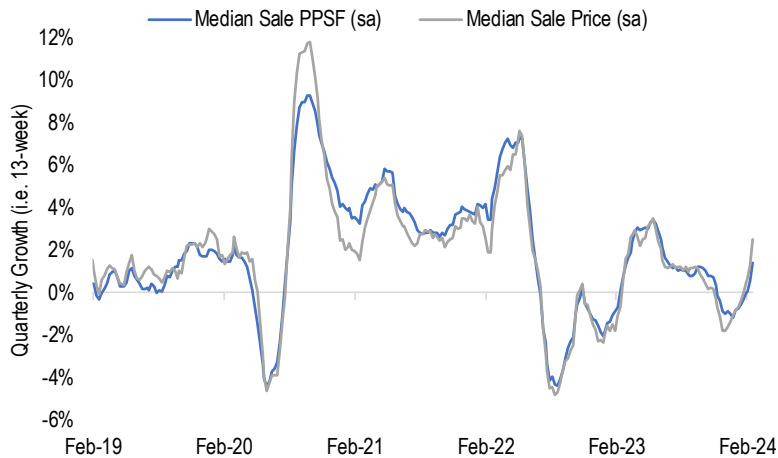
Real-Time Data on Pending Sales Show Rebound Still Underway as New Supply of Existing Homes Cooled ...



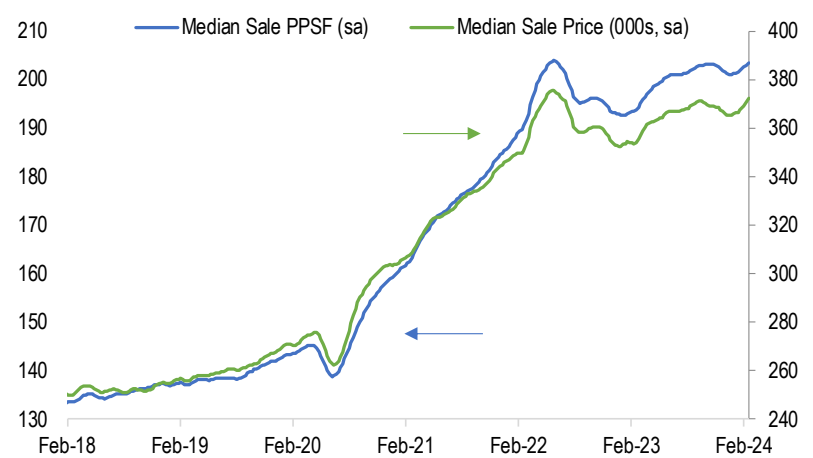
... causing a Continued Decline in Months' Supply after a Sharp Rise Through Dec.



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



... lifting National Median Sales Prices Back to Mid-2022 Peak

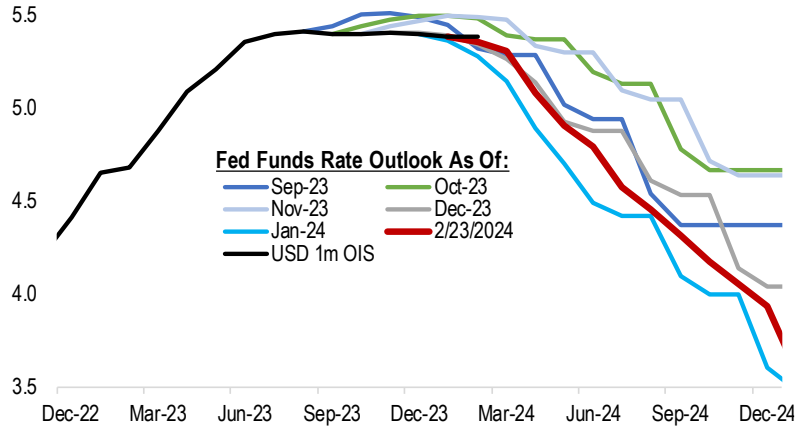


Although National Home Prices Are Up a Solid 5.4% Over a Year Ago, Price Gains Vary Greatly Across the Country

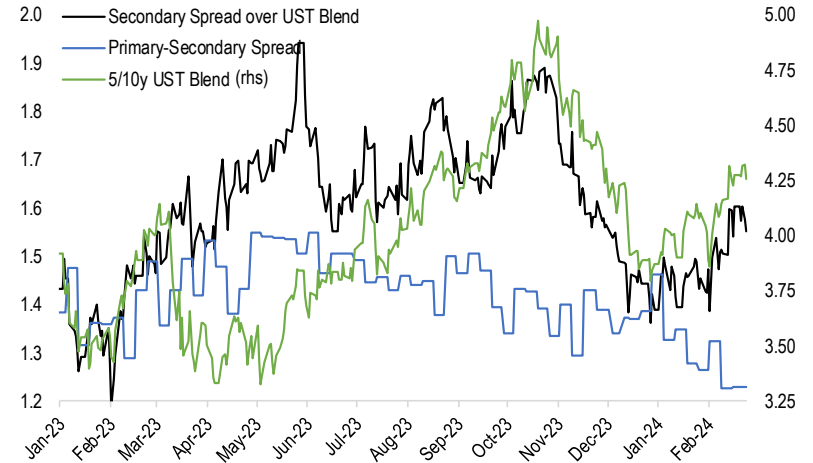
Metro	Median Sale Price Per Square Foot (y/y)		Active Listings with Price Drops		Share of Homes Sold Above List		Average Sale-to-List Ratio		Total Active Listings (y/y)	Median Days on Market vs Pre-COVID		Months' Supply vs Pre-COVID	
	Current	Year Ago	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)		Current	Year Ago	Current	Year Ago
All Redfin Metros	5.4%	1.2%	5.7%	1.4%	23%	2.0%	98.3%	0.5%	-2%	-15.8	-13.6	-24%	-26%
Atlanta	7.0%	3.1%	5.5%	0.9%	20%	0.4%	98.2%	0.4%	-27%	-4.5	-1.6	-33%	-16%
Austin	-1.4%	-11.1%	6.3%	-0.2%	10%	-1.3%	96.8%	0.1%	-4%	37.3	36.6	39%	45%
Baltimore	6.8%	2.7%	5.0%	0.4%	35%	3.6%	100.3%	-0.5%	-7%	-20.0	-17.1	-39%	-40%
Boston	8.8%	2.3%	3.0%	-0.2%	43%	9.7%	100.3%	1.2%	-11%	-6.1	1.5	-12%	-17%
Chicago	8.8%	-0.1%	2.8%	0.5%	33%	7.1%	99.0%	1.5%	-25%	4.7	14.7	-31%	-8%
Dallas	1.9%	0.1%	6.6%	1.3%	15%	-0.1%	97.6%	0.2%	4%	7.8	10.3	-6%	-13%
Denver	4.0%	-5.6%	6.8%	0.1%	25%	3.4%	99.0%	0.4%	-1%	16.8	19.5	4%	5%
Houston	2.3%	3.0%	6.8%	1.4%	12%	-0.4%	97.1%	0.2%	3%	-0.3	-0.6	-13%	-18%
Los Angeles	8.6%	-5.0%	3.4%	0.3%	41%	10.0%	100.0%	1.6%	-13%	-6.1	7.1	-14%	3%
Miami	8.1%	7.7%	4.3%	1.2%	12%	2.5%	96.1%	0.5%	3%	-1.4	4.8	-11%	-28%
Minneapolis	2.9%	0.5%	4.7%	1.0%	27%	1.4%	99.1%	0.4%	0%	-6.6	-1.2	-22%	-13%
Nashville	4.0%	3.4%	4.6%	0.3%	14%	1.3%	98.1%	0.5%	-7%	8.5	11.1	-9%	1%
New York	8.8%	-2.4%	14.8%	11.5%	25%	5.5%	98.9%	0.7%	-15%	-42.9	-32.9	-24%	-20%
Phoenix	6.1%	-4.9%	7.3%	0.0%	14%	2.1%	98.0%	0.8%	-9%	3.8	20.6	-3%	3%
Portland	2.4%	-1.4%	5.2%	1.2%	26%	2.0%	99.0%	0.2%	-2%	11.0	11.6	11%	2%
Riverside	5.0%	0.0%	4.6%	0.2%	34%	8.1%	99.1%	1.1%	-13%	-16.3	1.1	-27%	-16%
San Diego	14.1%	-4.7%	4.5%	0.4%	43%	12.4%	99.9%	1.3%	-6%	-14.7	2.4	-37%	-33%
Seattle	9.5%	-10.1%	3.6%	-1.2%	31%	9.8%	100.4%	1.7%	-20%	-5.3	12.1	-11%	12%
Tampa	1.4%	5.0%	9.5%	0.9%	11%	-1.6%	97.1%	-0.1%	17%	2.5	-2.5	1%	-17%
Washington DC	5.0%	-0.3%	3.7%	0.2%	35%	5.7%	99.8%	0.7%	-13%	-7.9	5.6	-18%	-11%

Data as of Feb. 18, 2024, and reflects 4-week averages.

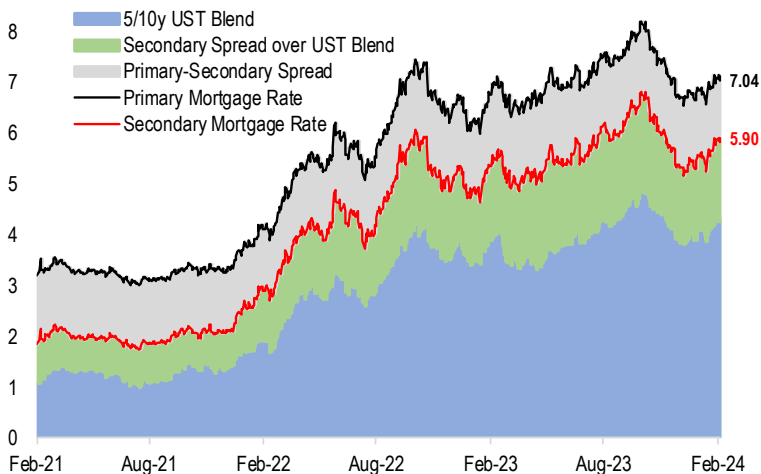
Market Odds of a March Rate Cut Moved Closer to 0%; May Odds Down to ~20% from 75% Two Weeks Ago



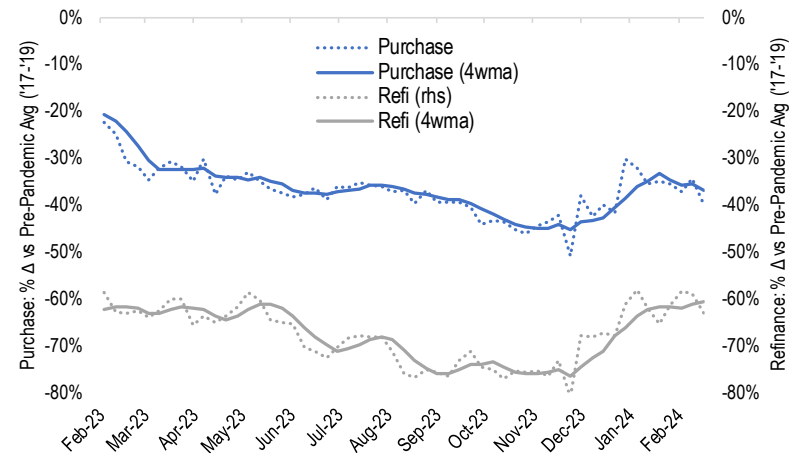
U.S. Treasury Yields Roughly Unchanged Last Week But Mortgage Spreads Compressed Slightly



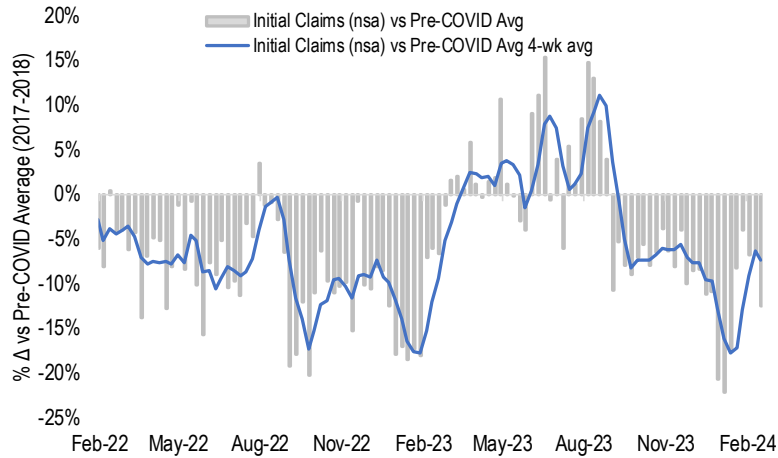
Moving Implied Mortgage Rates Slightly Lower But Still Above 7%



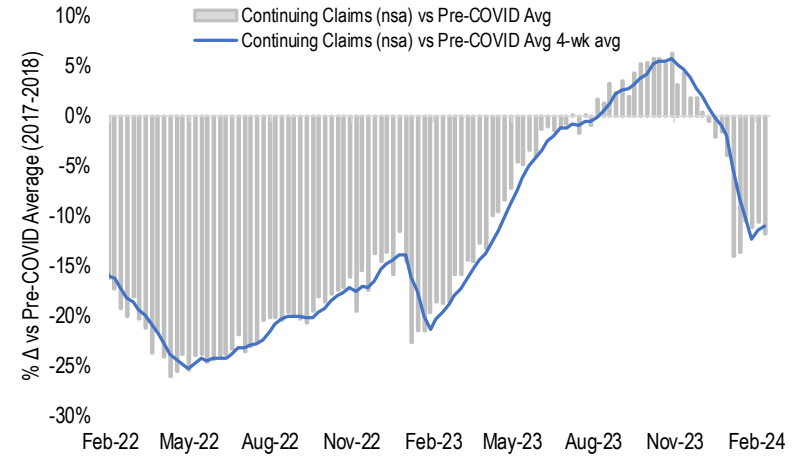
The Modest Uptrend in Rates Has Cooled the Rebound for Mortgage Purchase and Refinancing Applications



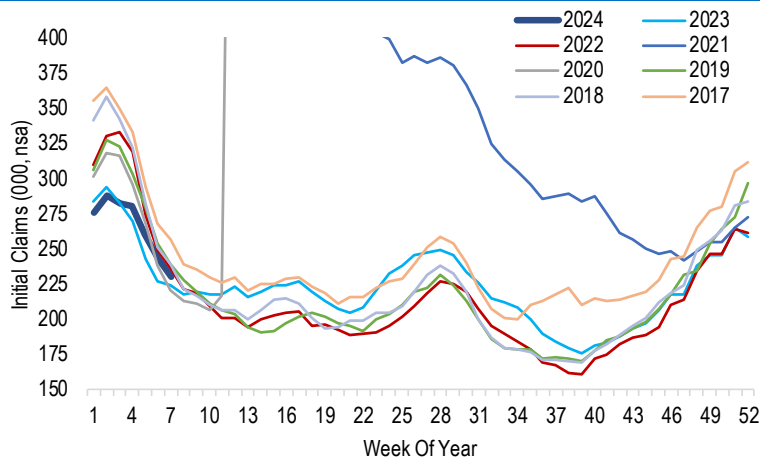
Initial Claims Have Declined Sharply After Surging Higher in January ...



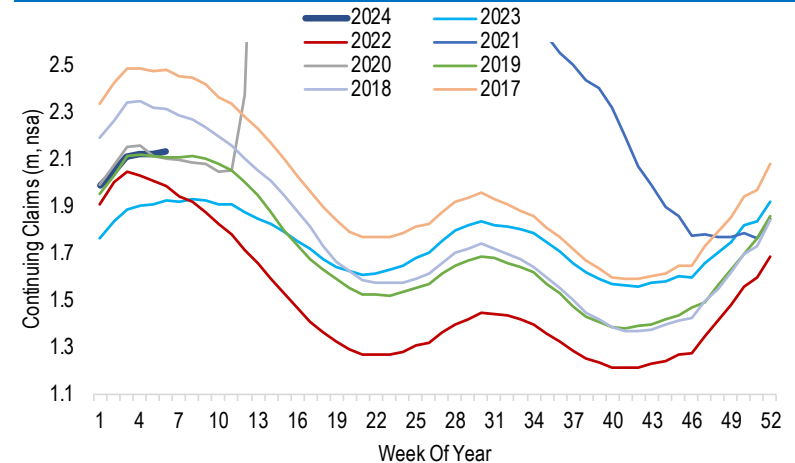
... while Continuing Claims More Than Reversed Last Week's Increase



Non-Seasonally Adjusted Initial Claims up Slightly vs. 2023, But Still Below Norm for mid-Feb. ...



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



UPCOMING DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Indicator	Period	Actual	Consensus	Revised	Prior	Note
2/26/24	New Home Sales	Jan	--	684	--	664	k, saar
2/26/24	New Home Sales m/m	Jan	--	3.0%	--	8.0%	sa
2/27/24	Durable Goods Orders	Jan P	--	-5.0%	--	0.0%	m/m, sa
2/27/24	Cap Goods Orders Nondef Ex Air	Jan P	--	0.1%	--	0.2%	m/m, sa
2/27/24	FHFA House Price Index	Dec	--	0.3%	--	0.3%	m/m, sa
2/27/24	S&P CoreLogic CS 20-City m/m SA	Dec	--	0.2%	--	0.2%	sa
2/27/24	S&P CoreLogic CS 20-City y/y NSA	Dec	--	6.0%	--	5.4%	nsa
2/27/24	Conf. Board Consumer Confidence	Feb	--	115.0	--	114.8	index, sa
2/28/24	MBA Mortgage Applications	2/23/24	--	--	--	-10.6%	w/w, sa
2/28/24	GDP Annualized q/q	4Q S	--	3.3%	--	3.3%	saar
2/28/24	Personal Consumption q/q	4Q S	--	2.7%	--	2.8%	saar
2/28/24	Core PCE Deflator q/q	4Q S	--	2.0%	--	2.0%	saar
2/28/24	Retail Inventories m/m	Jan	--	0.4%	--	0.8%	sa
2/28/24	Wholesale Inventories	Jan P	--	0.2%	--	0.4%	m/m, sa
2/29/24	Personal Income	Jan	--	0.4%	--	0.3%	m/m, sa
2/29/24	Personal Spending	Jan	--	0.2%	--	0.7%	m/m, sa
2/29/24	Real Personal Spending	Jan	--	-0.1%	--	0.5%	m/m, sa
2/29/24	PCE Inflation m/m	Jan	--	0.3%	--	0.2%	sa
2/29/24	PCE Inflation y/y	Jan	--	2.4%	--	2.6%	nsa
2/29/24	PCE Core Inflation (ex Food and Energy) m/m	Jan	--	0.4%	--	0.2%	sa
2/29/24	PCE Core Inflation (ex Food and Energy) y/y	Jan	--	2.8%	--	2.9%	nsa
2/29/24	Initial Jobless Claims	2/24/24	--	210	--	201	k, sa
2/29/24	Continuing Claims	2/17/24	--	1,874	--	1,862	k, sa
2/29/24	Pending Home Sales m/m	Jan	--	1.1%	--	8.3%	sa
2/29/24	Pending Home Sales y/y	Jan	--	--	--	-1.0%	nsa
3/1/24	S&P Global US Manufacturing PMI	Feb F	--	51.5	--	51.5	index, sa
3/1/24	U. of Mich. Sentiment	Feb F	--	79.6	--	79.6	index, nsa
3/1/24	U. of Mich. 1 Yr Inflation	Feb F	--	3.0%	--	3.0%	nsa
3/1/24	U. of Mich. 5-10 Yr Inflation	Feb F	--	--	--	2.9%	nsa
3/1/24	ISM Prices Paid	Feb	--	54.5	--	52.9	index, nsa
3/1/24	ISM Manufacturing	Feb	--	49.5	--	49.1	index, sa
3/1/24	Wards Total Vehicle Sales	Feb	--	15.4	--	15.0	m, saar

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Indicator	Period	Actual	Consensus	Revised	Prior	Note
2/20/24	Conference Board Leading Index	Jan	-0.4%	-0.3%	-0.2%	-0.1%	m/m, sa
2/21/24	MBA Mortgage Applications	2/16/24	-10.6%	--	-3.3%	-2.3%	w/w, sa
2/21/24	FOMC Meeting Minutes	1/31/24	--	--	--	--	
2/22/24	Chicago Fed Nat Activity Index	Jan	-0.30	-0.21	0.02	-0.15	index, nsa
2/22/24	Initial Jobless Claims	2/17/24	201	216	213	212	k, sa
2/22/24	Continuing Claims	2/10/24	1,862	1,884	1,889	1,895	k, sa
2/22/24	S&P Global US Manufacturing PMI	Feb P	51.5	50.7	--	50.7	index, sa
2/22/24	S&P Global US Services PMI	Feb P	51.3	52.3	--	52.5	index, sa
2/22/24	S&P Global US Composite PMI	Feb P	51.4	51.8	--	52.0	index, sa
2/22/24	Existing Home Sales	Jan	4,000	3,970	3,880	3,780	k, saar
2/22/24	Existing Home Sales m/m	Jan	3.1%	4.9%	-0.8%	-1.0%	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)