

A photograph of a row of colorful townhouses in a residential neighborhood. The houses are painted in various colors like red, green, and yellow, with dark shutters. There are trees and a sidewalk in the foreground.

# HaMMR Digest

Stay current with economic and mortgage market trends.

March 10, 2025

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### Margins of Slack

- **Key Takeaway:** Decent Feb. payroll gains offset by higher unemployment rate and a further reduction in average weekly hours worked.
- **Macro Implications:** Fed will retain its easing bias but will not act until June unless there is material labor market deterioration.
- **Housing Implications:** Given rising economic anxiety amongst consumers, much lower mortgage rates will be needed to unlock demand.

### Macro: Shifting Dynamics

- Fed regional business accounts report weaker activity through end of Feb.
- Businesses are more willing to adjust prices higher compared to 2018 tariffs.
- Growth bounce seen late in 2024 and into early 2025 is fading.

### Jobs Report: A Bit on the Light Side

- Unemployment ticked up to 4.14% in Feb., par with trailing 6-month avg.
- Private sector payrolls up 140k m/m; 6-month average at 160k.
- Unemployment duration eased contrasting with a rise in discouraged workers.

### Rates: Bouncing

- 10-yr UST yield rose 7bps last week to 4.30% after hitting a 3-month low.
- Political uncertainty drag on growth bigger concern than tariff inflation.
- Market pricing now reflects three 25bps rate cuts in 2025.

### Housing: Light at the End of the Tunnel or Just a Very Long Tunnel?

- Mortgage rates halted decline but remained below 7%.
- Annual purchase apps growth positive for fifth straight week (Feb. 28).
- Lower rates may not spark sales given rising economic uncertainty.

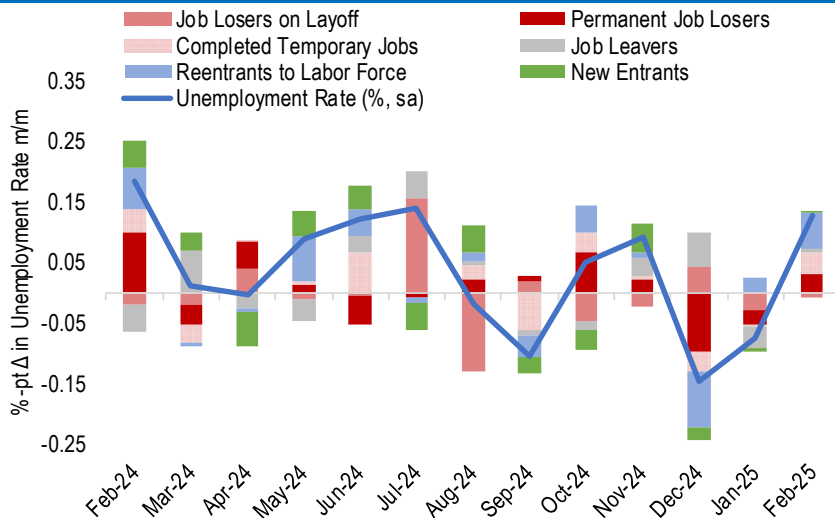
### Consumer Credit: Credit Freeze?

- Consumer credit rose 0.4% m/m in Jan. but fell -0.6% y/y.
- Downward revisions to revolving credit left trend even weaker than prior.
- This may be the first sign that consumer spending is set for downshift.

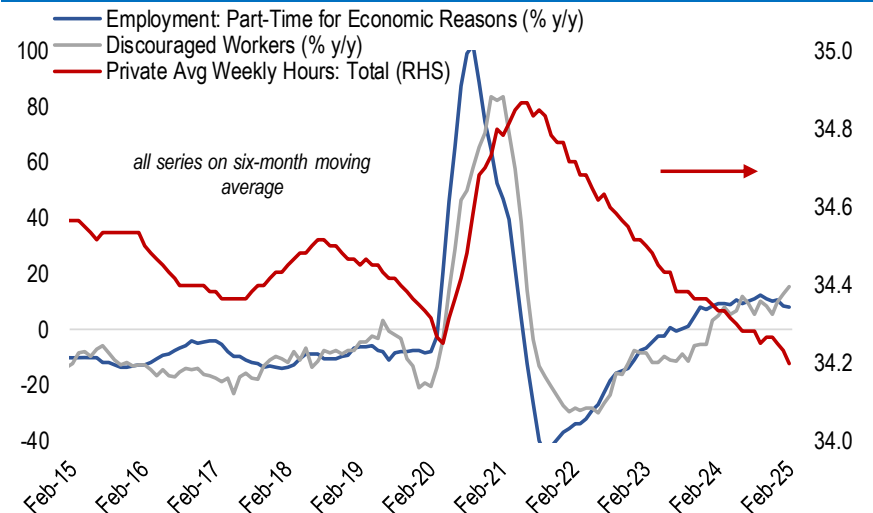
### ISM PMI: Hoping for the Best, Preparing for the Worst

- Manufacturing production aided by front-loaded purchasing.
- Services firms still expanding output, albeit at slower pace.
- Cost pressures are already building ahead of tariff implementation.

### Unemployment Rate Has Steadied, as Competing Factors Exert Offsetting Upward and Downward Pressure

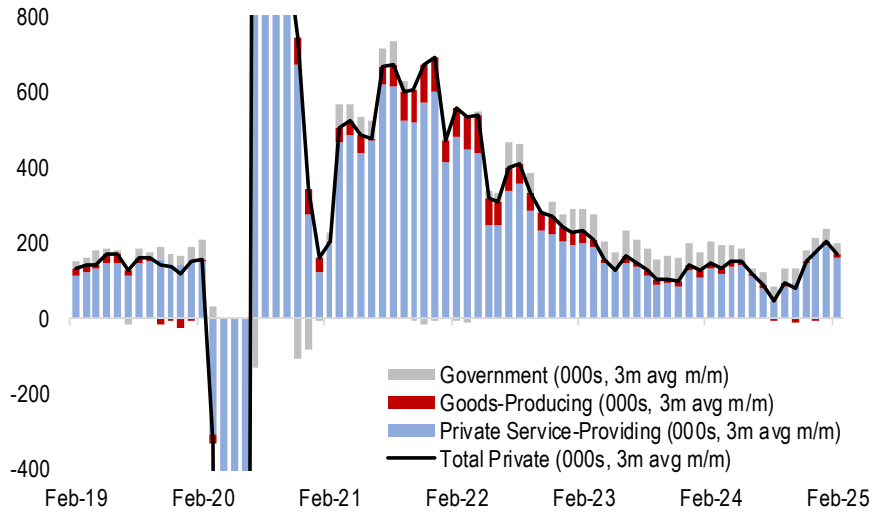


### Fewer Hours Worked Implies Weaker Growth, Strong Productivity or Firms Hoarding Labor

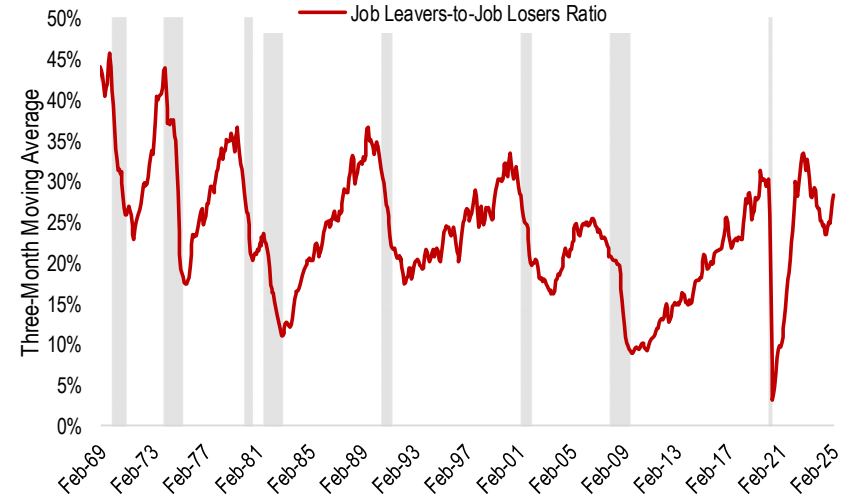


Sources: U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

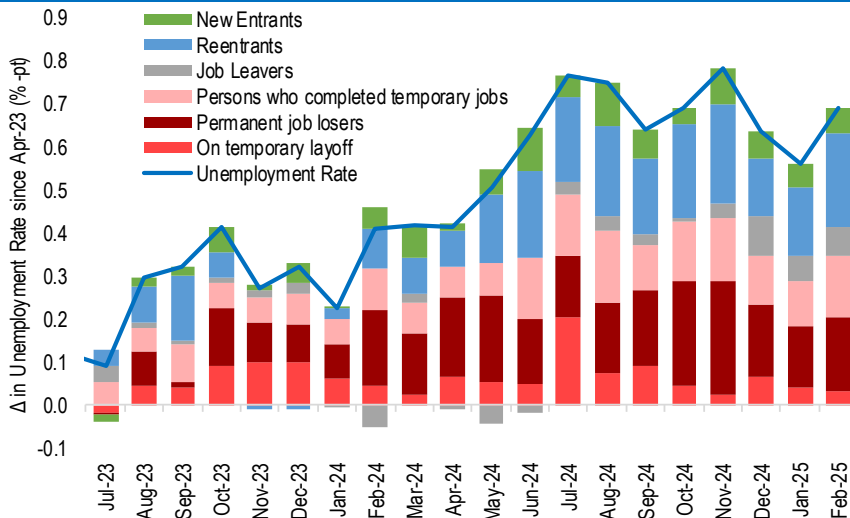
Smoothing through the Noise, Job Gains Still Rising at a Healthy Clip Despite Cooling from Prior Hot Pace



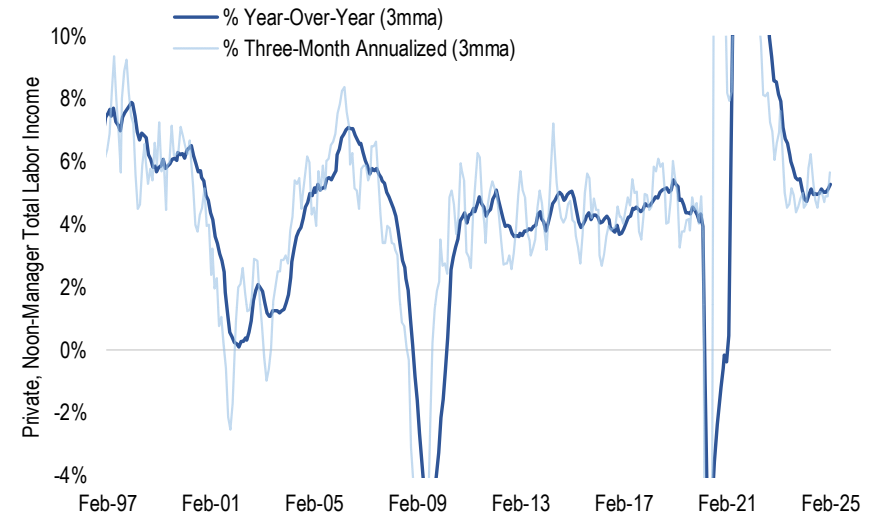
Uptick in Job Leavers Relative to Job Losers Suggests Steady Confidence in Labor Market



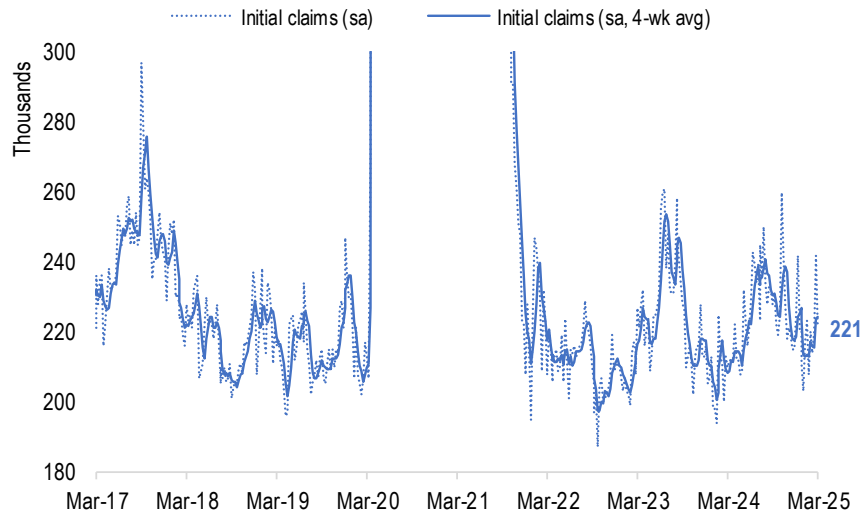
Uptrend in Unemployment Rate Has Seemingly Eased: Permanent Job Losers Key Segment to Watch



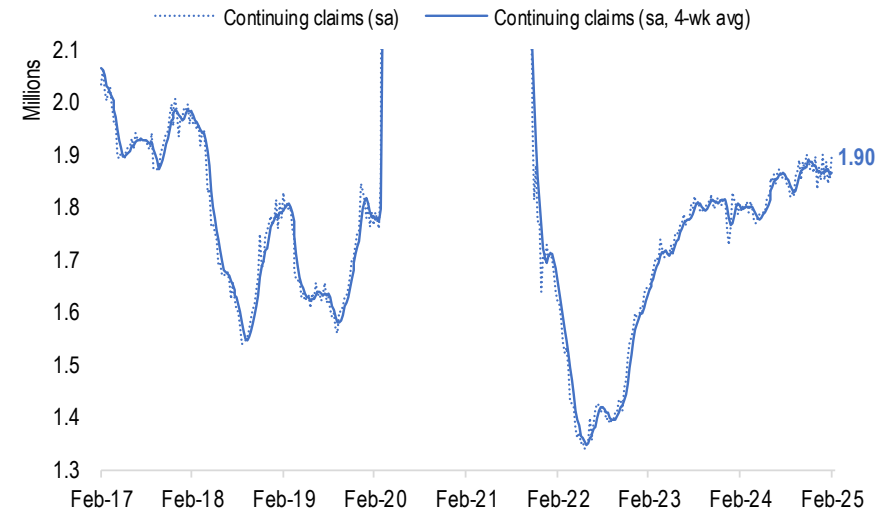
Aggregate Labor Income Remained Firm and Will Remain a Key Support for Household Spending



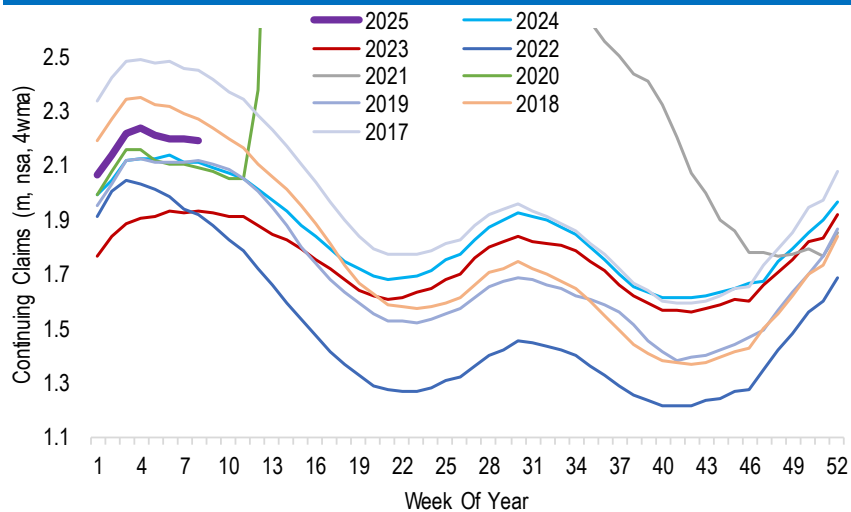
**Initial Claims (SA) Eased Back to Two-Week-Ago Level after Prior Week's Spike**



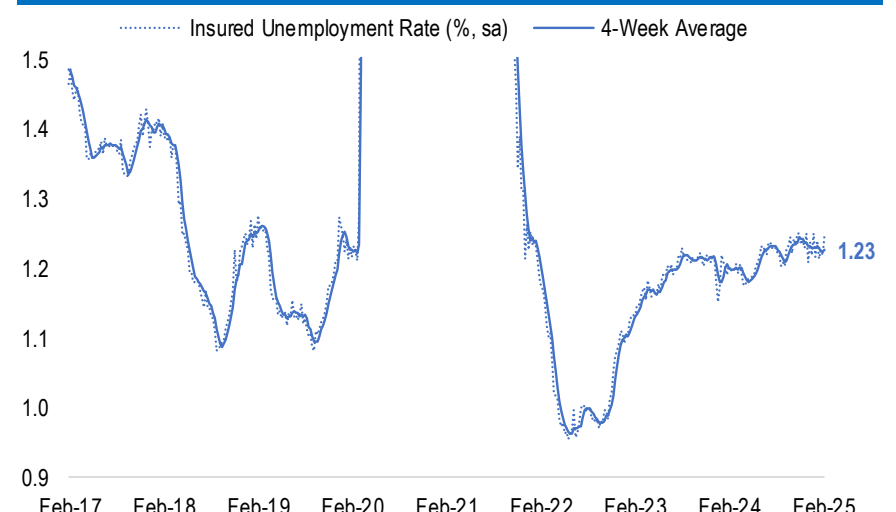
**Continuing Claims Surged during Week Ending Feb. 22 alongside Prior Jump in Initial Claims**



**Unadjusted Continuing Claims Remained at Highest Level Since 2018**

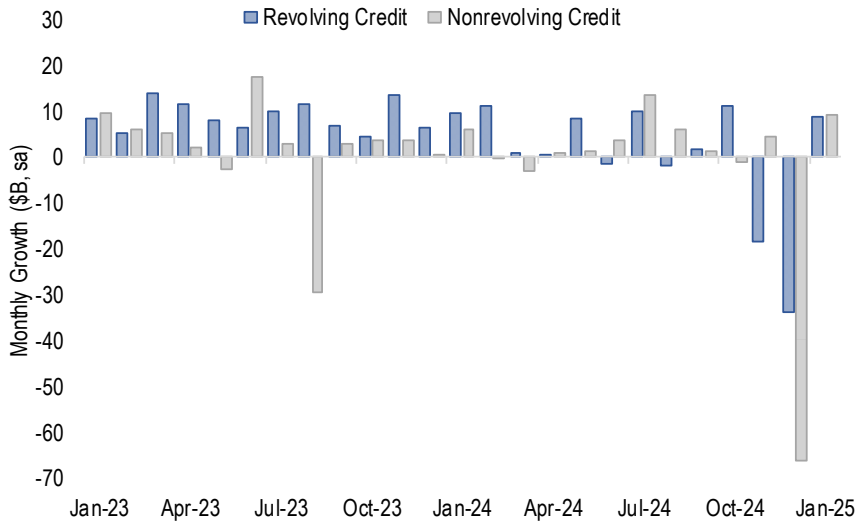


**Normalizing for the Size of the Labor Force, Insured Unemployment Still Modestly above Pre-Pandemic**

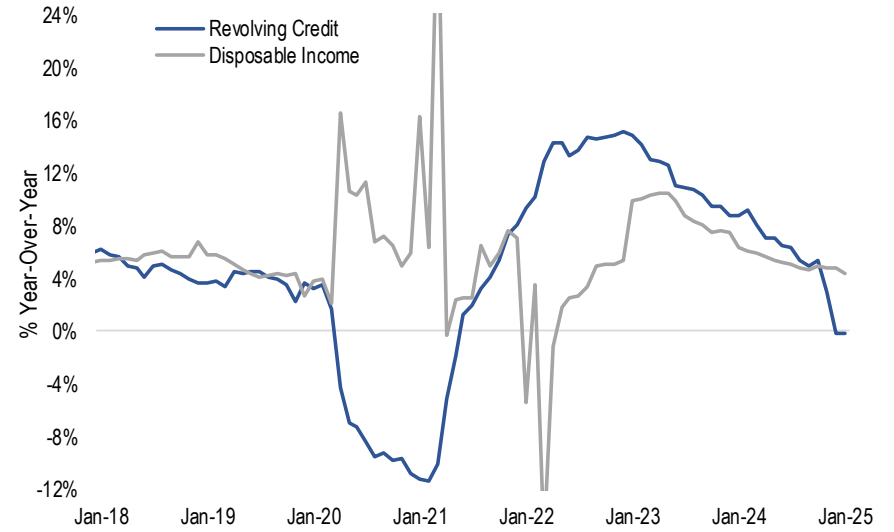


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

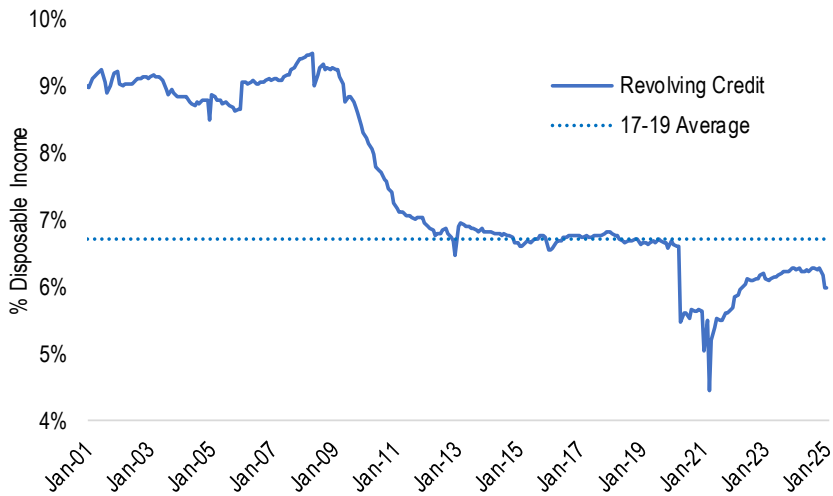
Despite the Monthly Increase in Consumer Credit, It Only Partially Offsets the Dec. Plunge



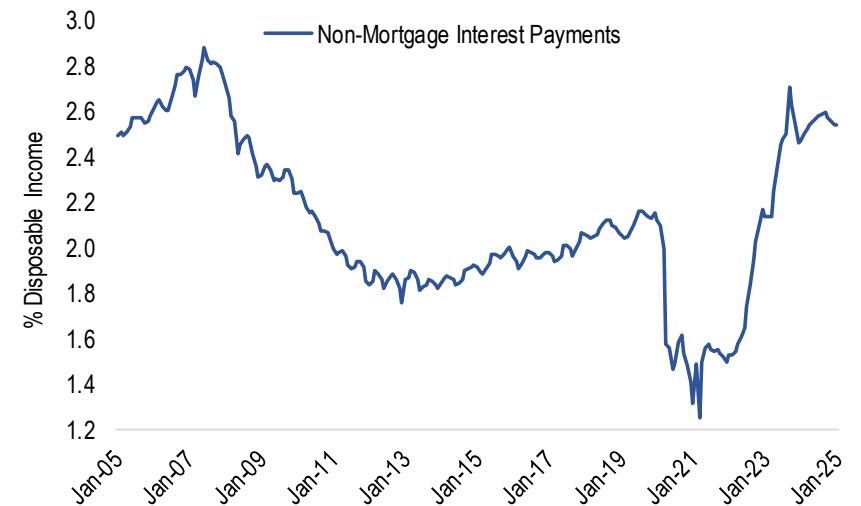
Weak Growth in Revolving Consumer Credit Confirms the Weak January Retail Sales Print



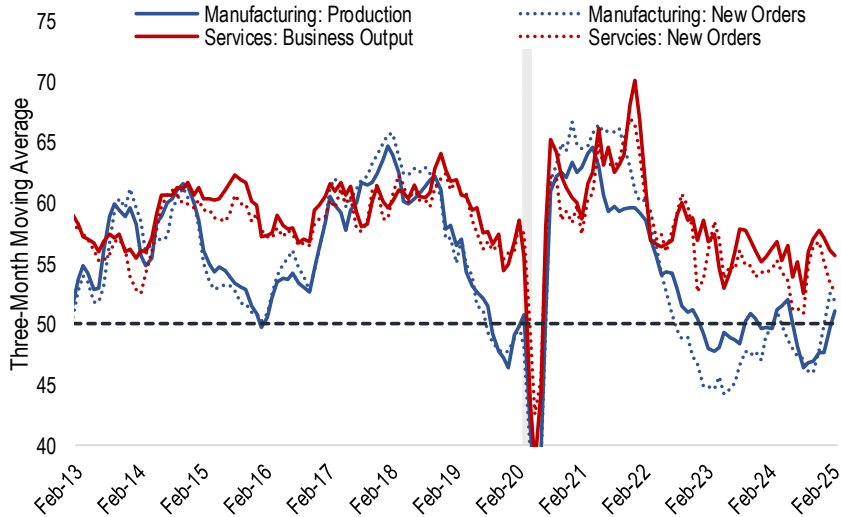
Revolving Credit Stepped Further Below Pre-Pandemic Norm Relative to Disposable Income



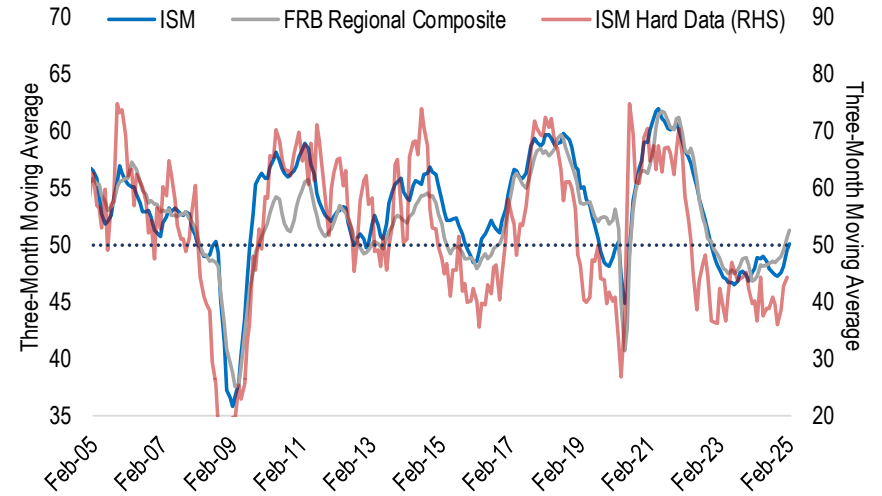
Non-Mortgage Interest Payments Will Remain Elevated, as Rates Remain Higher for Longer



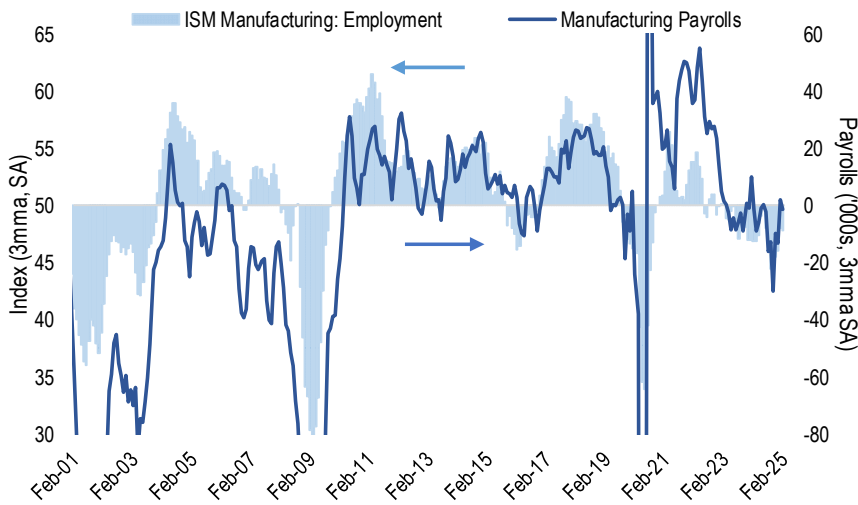
Encouraging Rebound in Manufacturing PMI, but Prior Trade Tension History Suggests This Could Be Short-



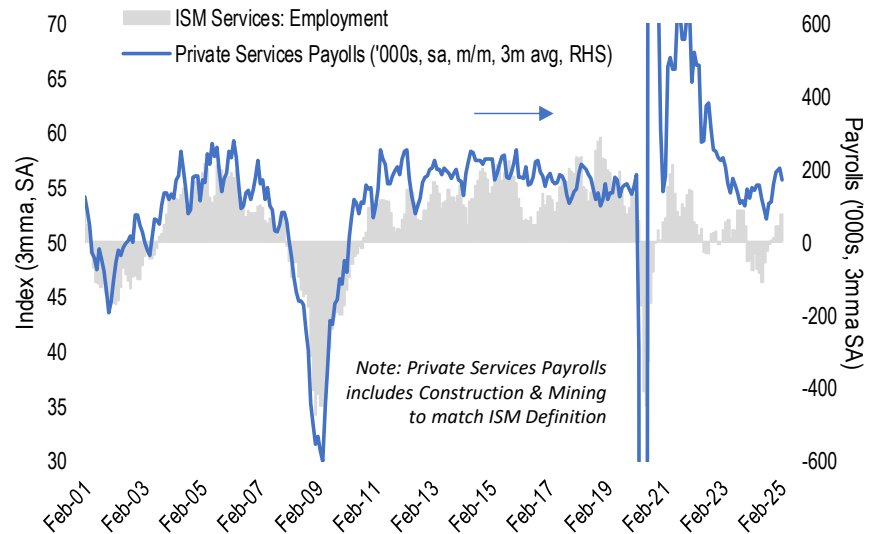
ISM "Hard Data" Shifted Higher Led by Uptick in Production and Shipments



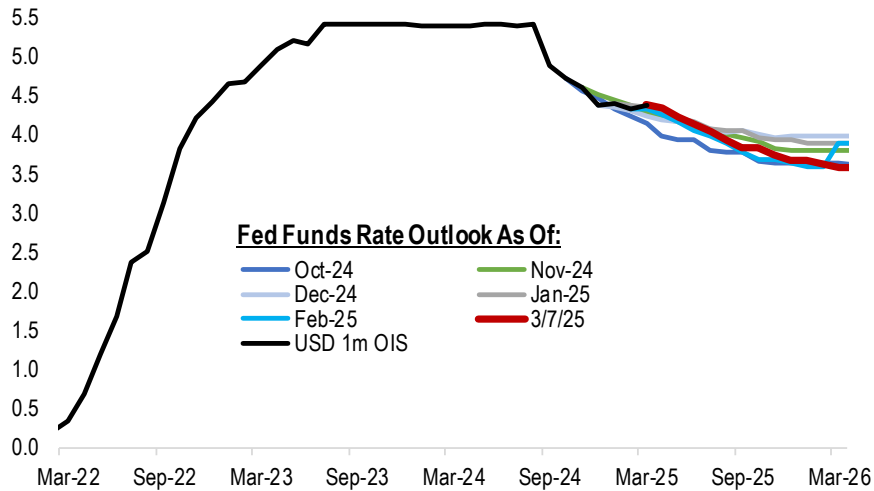
Manufacturing Employment Momentum Has Turned a Corner after a Brief Rebound



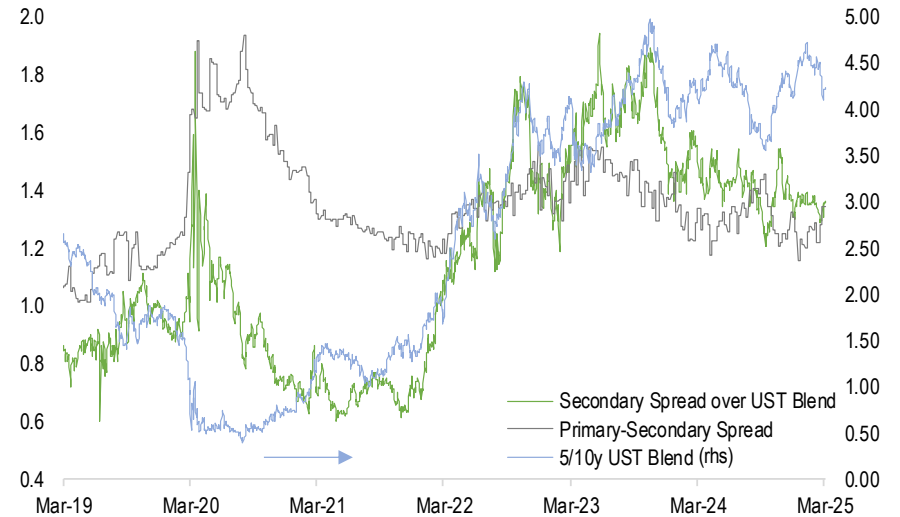
Services PMI Employment Index Painting a Stronger Rebound Picture Than Actual Sector Payrolls



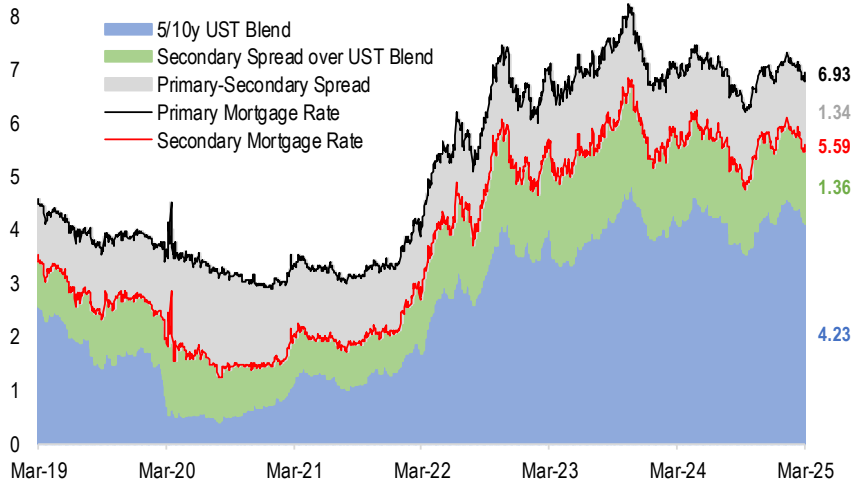
**Growth Concerns Push Markets Back to Pricing in Three 25bps Rate Cuts in 2025 vs. Two the Week Before**



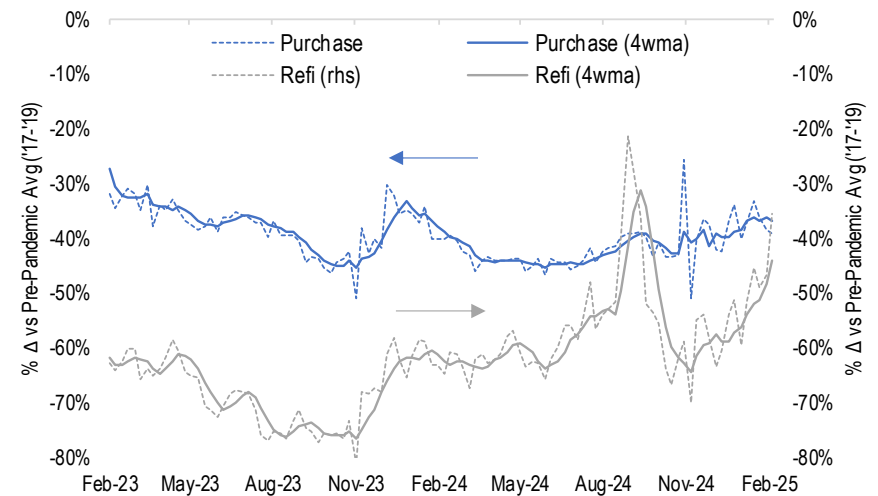
**UST Yields Rebounded 8bps Last Week alongside a 4bps Widening of Mortgage Spreads ...**



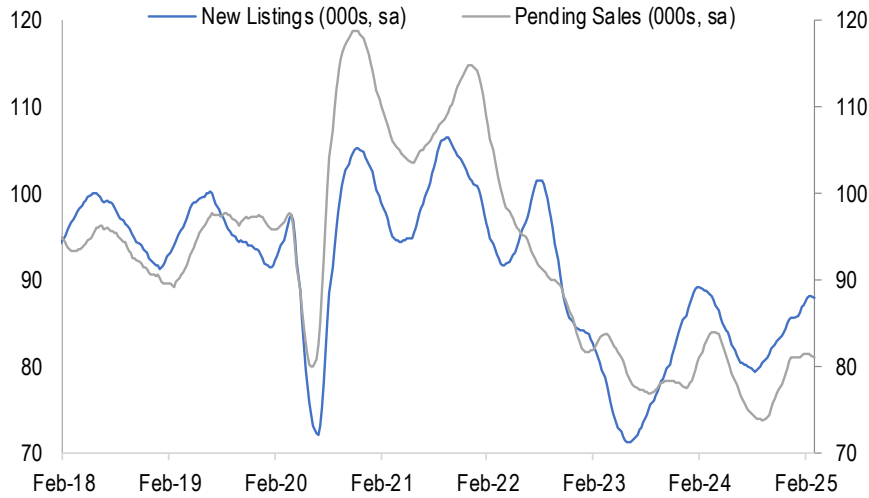
**... Which Halted the Two-Month Decline in Mortgage Rates**



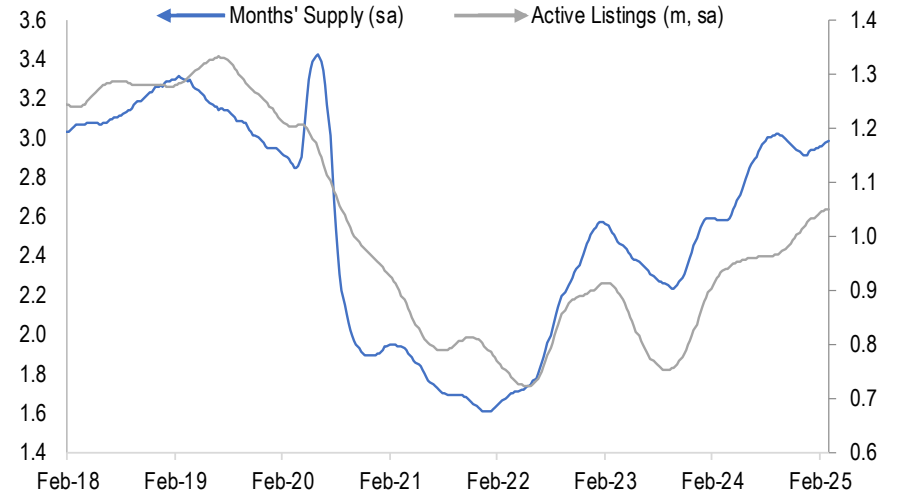
**Mortgage Applications Still Trending Higher in Response to Prior Improvement in Mortgage Rates**



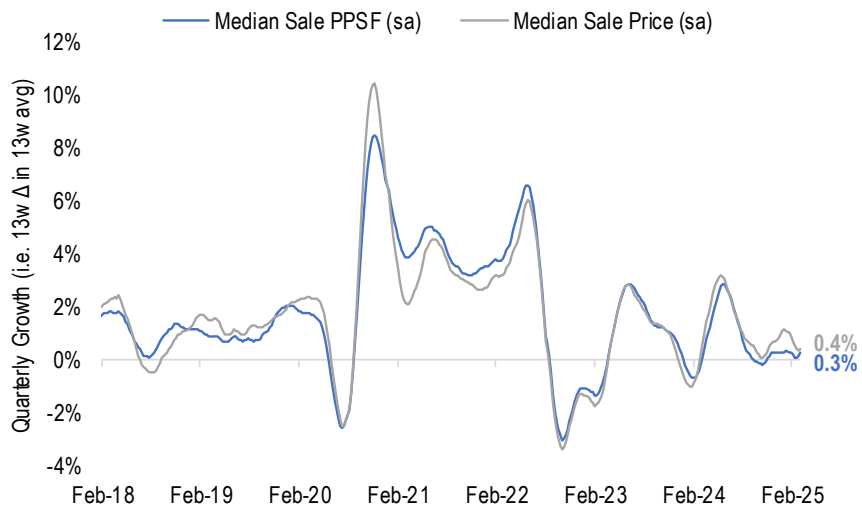
**Pending Home Sales Have Levelled-Off, as New Listings Continued to Inch Higher ...**



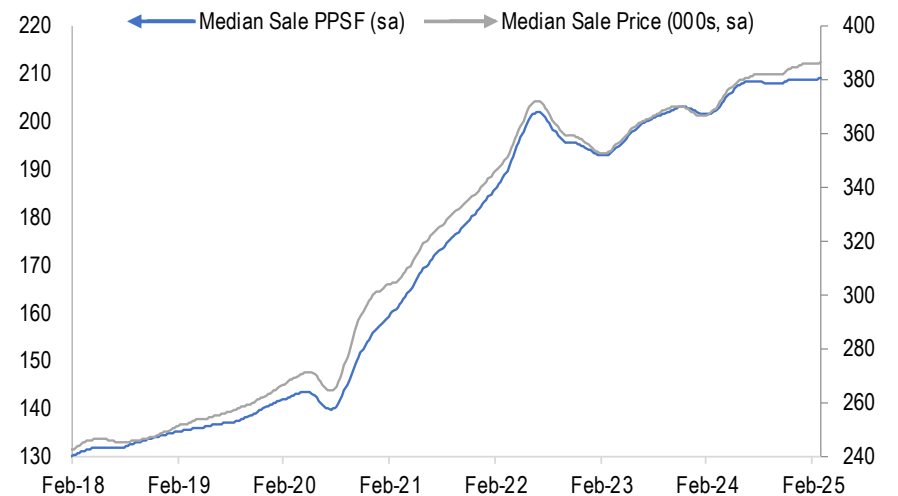
**... Which Nudged Months' Supply a Bit Higher, as Inventory Continued to Swell**



**Pace of Seasonally Adjusted Home-Price Growth Has Slowed to a Crawl**



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





### Most Housing Markets Have Become More Balanced in Recent Months, While Some Softened Further

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	3.0%	-0.5%	6.6%	3.1%	6.2%	1.6%	98.2%	-0.2%	-9.7	-17.4	10%	-9%	-23%
Atlanta	-1.6%	-3.7%	2.3%	2.5%	6.7%	2.6%	97.9%	-0.5%	15.4	-4.0	13%	1%	-26%
Austin	-2.3%	-1.3%	6.6%	7.1%	6.8%	1.1%	97.3%	-0.1%	45.8	36.5	5%	85%	49%
Baltimore	2.2%	-2.6%	6.9%	1.9%	5.4%	0.8%	100.4%	-0.5%	-18.8	-24.2	5%	-32%	-37%
Boston	2.3%	-3.0%	7.5%	-1.0%	3.4%	0.6%	100.7%	0.1%	-7.8	-10.0	0%	-17%	-17%
Chicago	6.7%	0.4%	5.6%	-1.6%	2.8%	0.9%	99.2%	0.0%	1.2	-0.1	-6%	-27%	-23%
Dallas	-1.4%	0.8%	1.2%	0.7%	7.7%	2.0%	97.5%	-0.3%	25.2	8.0	23%	35%	2%
Denver	-1.7%	-3.9%	1.1%	-0.5%	8.5%	1.7%	99.0%	-0.3%	25.2	12.1	37%	60%	8%
Houston	0.1%	-1.5%	3.6%	2.4%	7.7%	2.2%	96.4%	-0.5%	3.3	-3.7	14%	13%	-8%
Los Angeles	4.3%	3.3%	7.2%	5.6%	6.6%	4.0%	100.1%	-0.5%	-0.5	-8.5	-17%	-28%	-10%
Miami	4.9%	0.3%	4.2%	-0.6%	5.0%	1.6%	95.6%	-0.5%	21.9	0.8	22%	32%	-15%
Minneapolis	2.1%	0.3%	2.3%	-0.9%	4.9%	1.1%	99.1%	-0.3%	1.6	-1.8	-3%	-13%	-19%
Nashville	1.8%	-0.6%	4.3%	2.9%	4.8%	1.3%	97.9%	-0.4%	20.3	9.8	15%	19%	1%
New York	7.5%	0.3%	8.6%	-1.9%	3.4%	0.5%	99.1%	0.3%	-52.3	-48.8	-4%	-31%	-27%
Phoenix	2.5%	2.1%	3.1%	1.3%	8.6%	1.8%	98.1%	-0.1%	13.5	2.8	27%	30%	5%
Portland	2.4%	1.6%	1.9%	0.2%	6.1%	1.4%	99.6%	0.3%	7.4	11.4	6%	24%	25%
Riverside	2.7%	-1.3%	4.5%	0.3%	8.9%	5.1%	98.8%	-0.3%	-7.0	-18.3	-13%	-30%	-23%
San Diego	1.7%	-1.5%	3.0%	0.0%	7.3%	3.8%	99.5%	-0.6%	-3.9	-14.9	5%	-22%	-30%
Seattle	2.4%	-3.7%	4.7%	3.7%	5.4%	2.2%	101.1%	-0.1%	-6.8	-9.0	27%	23%	-6%
Tampa	-1.7%	0.7%	5.4%	4.1%	9.7%	1.1%	96.6%	-0.7%	7.1	-0.4	16%	29%	4%
Washington DC	6.6%	3.1%	5.5%	0.5%	4.7%	1.5%	100.1%	-0.1%	-5.1	-8.2	9%	-6%	-22%

Data as of Mar. 2, 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
3/10/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Feb	<b>3.1</b>	3.1	--	3.0	%
3/11/25	6:00 AM	NFIB Small Business Optimism	Feb	--	101.0	--	102.8	index, sa
3/11/25	10:00 AM	JOLTS Job Openings	Jan	--	7,600	--	7,600	k, sa
3/12/25	7:00 AM	MBA Mortgage Applications w/w	3/7/25	--	--	--	20.4	%, sa
3/12/25	8:30 AM	CPI m/m	Feb	--	0.3	--	0.5	%, sa
3/12/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Feb	--	0.3	--	0.4	%, sa
3/12/25	8:30 AM	CPI y/y	Feb	--	2.9	--	3.0	%, nsa
3/12/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Feb	--	3.2	--	3.3	%, nsa
3/13/25	8:30 AM	PPI Final Demand m/m	Feb	--	0.3	--	0.4	%, sa
3/13/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Feb	--	0.3	--	0.3	%, sa
3/13/25	8:30 AM	PPI Final Demand y/y	Feb	--	3.3	--	3.5	%, nsa
3/13/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Feb	--	3.5	--	3.6	%, nsa
3/13/25	8:30 AM	Initial Jobless Claims	3/8/25	--	225	--	221	k, sa
3/13/25	8:30 AM	Continuing Claims	3/1/25	--	1,888	--	1,897	k, sa
3/14/25	10:00 AM	U. of Mich. Sentiment	Mar P	--	63.1	--	64.7	index, nsa
3/14/25	10:00 AM	U. of Mich. 1 Yr Inflation	Mar P	--	4.2	--	4.3	nsa
3/14/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Mar P	--	3.4	--	3.5	nsa

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
3/3/25	9:45 AM	S&P Global US Manufacturing PMI	Feb F	<b>52.7</b>	51.6	--	51.6	index, sa
3/3/25	10:00 AM	ISM Manufacturing	Feb	<b>50.3</b>	50.7	--	50.9	index, sa
3/3/25	10:00 AM	ISM Prices Paid	Feb	<b>62.4</b>	56.0	--	54.9	index, nsa
3/3/25	4:24 PM	Wards Total Vehicle Sales	Feb	<b>16.0</b>	16.1	--	15.6	m, saar
3/5/25	7:00 AM	MBA Mortgage Applications w/w	2/28/25	<b>20.4</b>	--	-6.4	-1.2	%, sa
3/5/25	8:15 AM	ADP Employment m/m	Feb	<b>77</b>	140	186	183	k, sa
3/5/25	9:45 AM	S&P Global US Services PMI	Feb F	<b>51.0</b>	49.7	--	49.7	index, sa
3/5/25	9:45 AM	S&P Global US Composite PMI	Feb F	<b>51.6</b>	50.4	--	50.4	index, sa
3/5/25	10:00 AM	Durable Goods Orders m/m	Jan F	<b>3.2</b>	3.1	--	3.1	%, sa
3/5/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Jan F	<b>0.8</b>	0.8	--	0.8	%, sa
3/5/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Jan F	<b>-0.3</b>	-0.3	--	-0.3	%, sa
3/5/25	10:00 AM	ISM Services Index	Feb	<b>53.5</b>	52.5	--	52.8	index, nsa
3/6/25	8:30 AM	Nonfarm Productivity q/q	4Q F	<b>1.5</b>	1.2	--	1.2	%, saar
3/6/25	8:30 AM	Unit Labor Costs q/q	4Q F	<b>2.2</b>	3.0	--	3.0	%, saar
3/6/25	8:30 AM	Initial Jobless Claims	3/1/25	<b>221</b>	233	--	242	k, sa
3/6/25	8:30 AM	Continuing Claims	2/22/25	<b>1,897</b>	1,874	1,855	1,862	k, sa
3/6/25	10:00 AM	Wholesale Inventories m/m	Jan F	<b>0.8</b>	0.7	--	0.7	%, sa
3/6/25	10:00 AM	Wholesale Trade Sales m/m	Jan	<b>-1.3</b>	0.5	1.4	1.0	%, sa
3/7/25	8:30 AM	Nonfarm Payrolls m/m	Feb	<b>151</b>	160	125	143	k, sa
3/7/25	8:30 AM	Private Payrolls m/m	Feb	<b>140</b>	145	81	111	k, sa
3/7/25	8:30 AM	Unemployment Rate	Feb	<b>4.1</b>	4.0	--	4.0	%, sa
3/7/25	8:30 AM	Average Hourly Earnings m/m	Feb	<b>0.3</b>	0.3	0.4	0.5	%, sa
3/7/25	8:30 AM	Average Hourly Earnings y/y	Feb	<b>4.0</b>	4.1	3.9	4.1	%, nsa
3/7/25	8:30 AM	Average Weekly Hours All Employees	Feb	<b>34.1</b>	34.2	--	34.1	sa
3/7/25	8:30 AM	Labor Force Participation Rate	Feb	<b>62.4</b>	62.6	--	62.6	%, sa
3/7/25	3:00 PM	Consumer Credit m/m	Jan	<b>18.1</b>	14.9	37.1	40.8	\$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)