



HaMMR Digest

Stay current with economic and mortgage market trends.

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Parker Ross — Global Chief Economist
pross@archgroup.com | 914 216 7270

Leonidas Mourelatos — Director of Real Estate Economics
lmourelatos@archgroup.com | 631 521 9048

ARCH MORTGAGE INSURANCE COMPANY® | 230 NORTH ELM STREET GREENSBORO NC 27401 | [ARCHMI.COM](https://www.archmi.com)

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Pick your Poison

- **Key Takeaway:** Feb. jobs report generally positive, but signs of slack are building as the unemployment rate continued to trend gradually higher.
- **Macro Implications:** Employment report was arguably what the Fed wants to see and keeps May in play for first rate cut (but June still more likely).
- **Housing Implications:** Market expectations for an earlier rate cut pulled down mortgage rates, but inflation reports this week will be key to watch.

Macro: Setting Up for a Rate Cut, Pending Feb. Inflation Reports

- Data flow was mixed-to-generally positive on the week.
- Fed's account of regional activity through end of Feb. showed improvement.
- Jobs report and productivity data confirm wages are not reaccelerating.

Jobs Report: Payroll Gains Remained Solid

- Monthly payrolls rose a strong 275k in Feb. following 229k gain in Jan.
- Labor supply steadied but has been soft in recent months.
- Wage growth moderated and the unemployment rate moved higher again.

Labor Market Churn: Everyone Is Staying Put

- Jan. job openings declined for second straight month and by -20% y/y.
- Quits rates continue to regress, led by retail, logistics and manufacturing.
- Hiring continued to cool but so have separations, keeping net hiring positive.

Purchasing Manager Indexes: Business Activity Eased in Feb.

- Manufacturing output slowed in Feb. amid decline in new orders.
- Services pulled back in Feb. aided by decline in employment index.
- Composite reading points to expansion at a moderated pace.

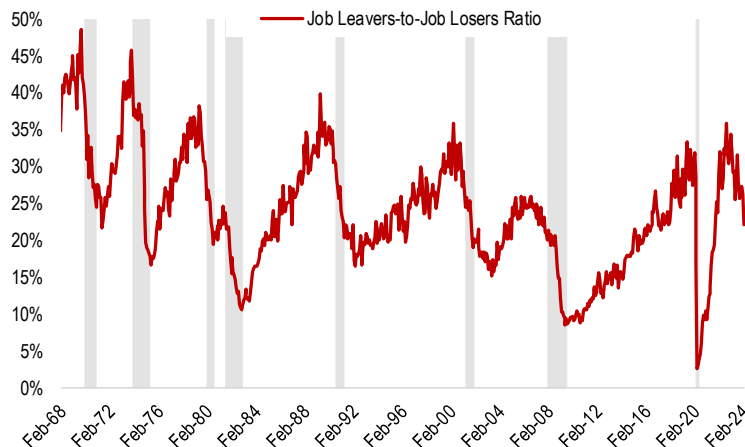
Rates: Downside Pressure Coming into Focus

- Market odds for first rate cut in May are ~25% and ~90%+ in June.
- 10-year UST yields fell 11bps w/w to 4.09%.
- Lower for rates for a week, but inflation data this week in focus.

Housing: Mortgage Rates at Lower End of Recent Range

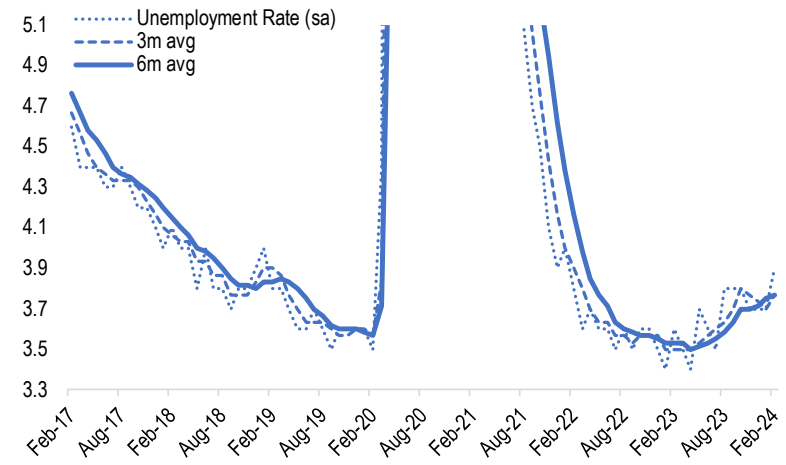
- Mortgage rates dipped but remain in a holding pattern around 7%.
- Purchase applications rose 11% w/w, but downtrend remains.
- Recent dip in rates should drive a modest bump in home sales.

Voluntary Job Leavers (Quits) Still Falling Faster Than Job Losers, Suggesting Anxious Employees

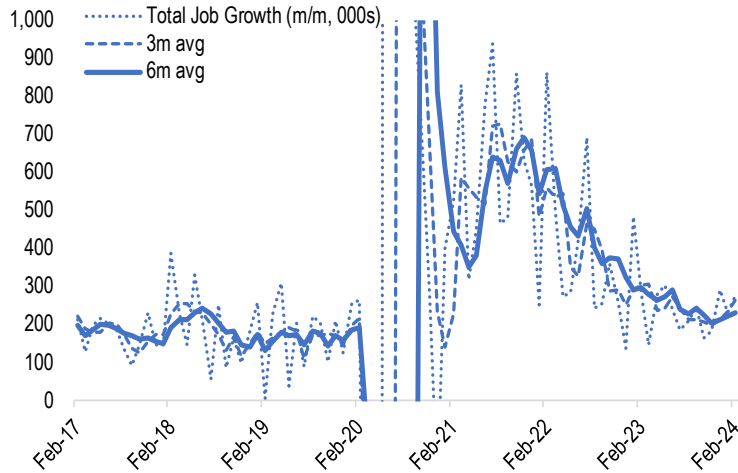


Sources: U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

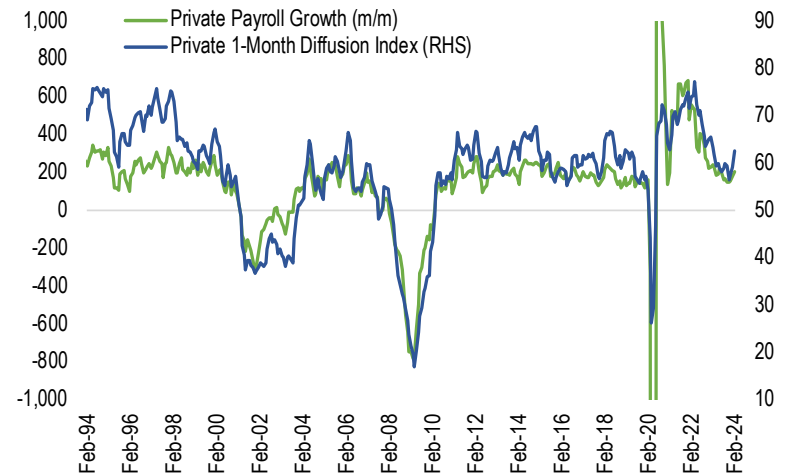
Will Unemployment Level Off or Keep Rising, Beckoning Renewed Recession Calls?



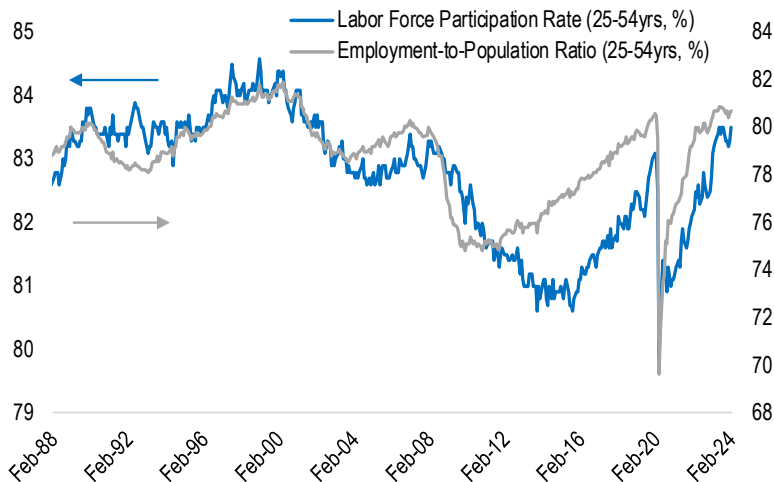
Trend in Job Growth Has Turned Higher After a Cooling Into Year-End '23



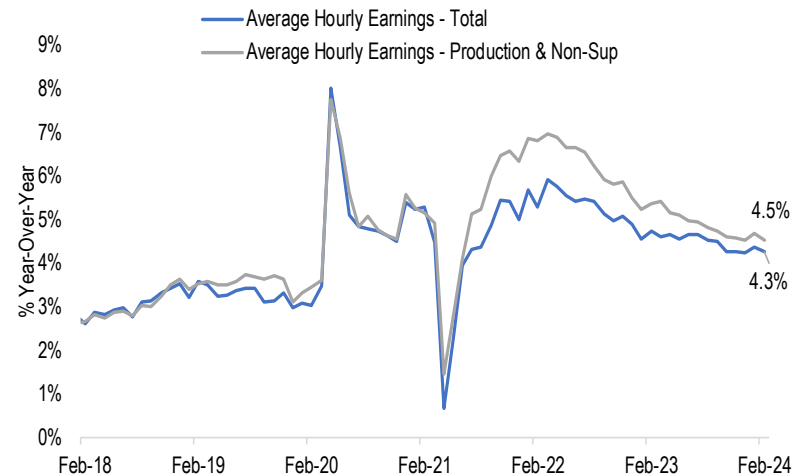
Private Job Growth Rebound Was Broad-Based in Feb.



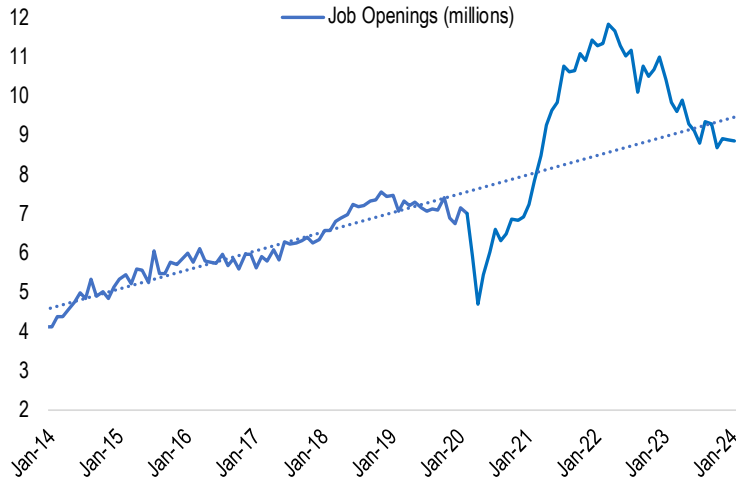
Participation Rates Turned Higher Amid a Bump in the Labor Supply, Breaking a Two-Month Slide



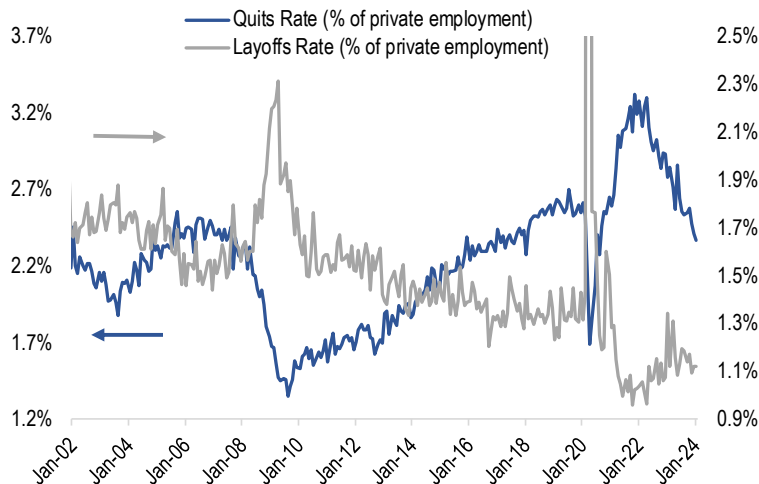
Average Hourly Earnings Growth Decelerated as Average Weekly Hours Worked Recovered



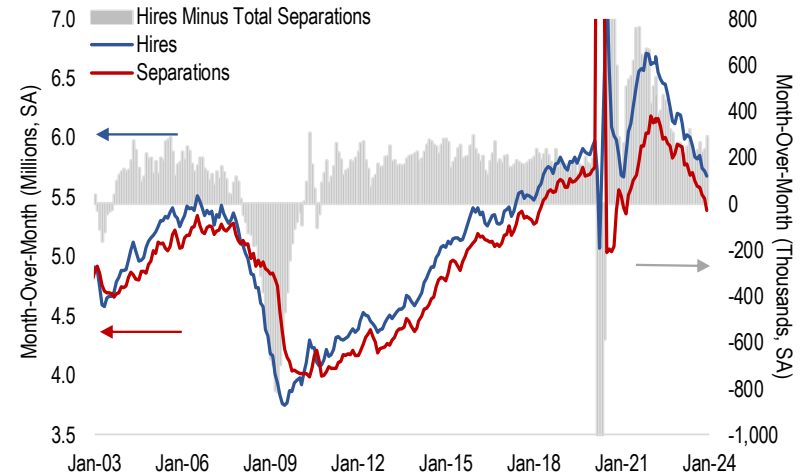
Total Job Openings Were Down -20% y/y in Jan. and Have Fallen Below the Pre-Pandemic Trend



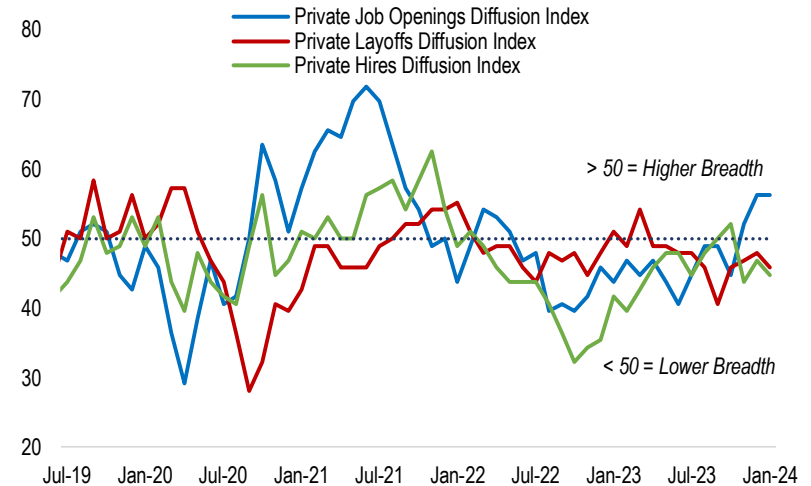
Quits Rate at Lowest Level Since 2017, Layoffs Still Low; Suggesting Less Upward Pressure on Wage Growth



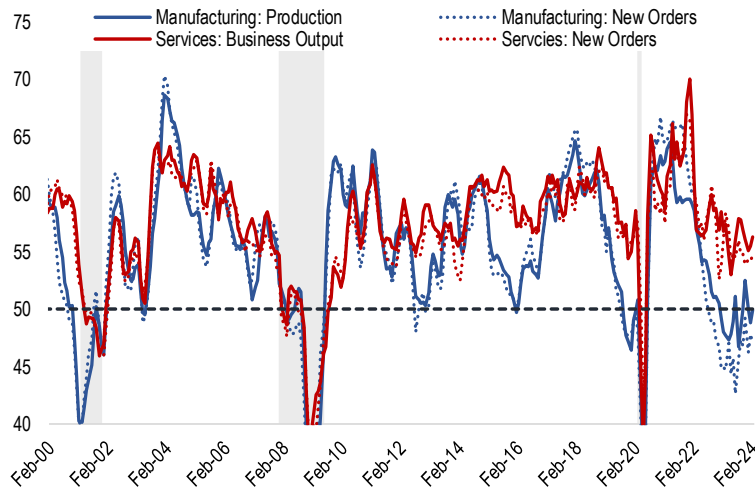
Pace of Hiring Still Slowing But Separations Dropping Faster, Driving Job Growth Higher



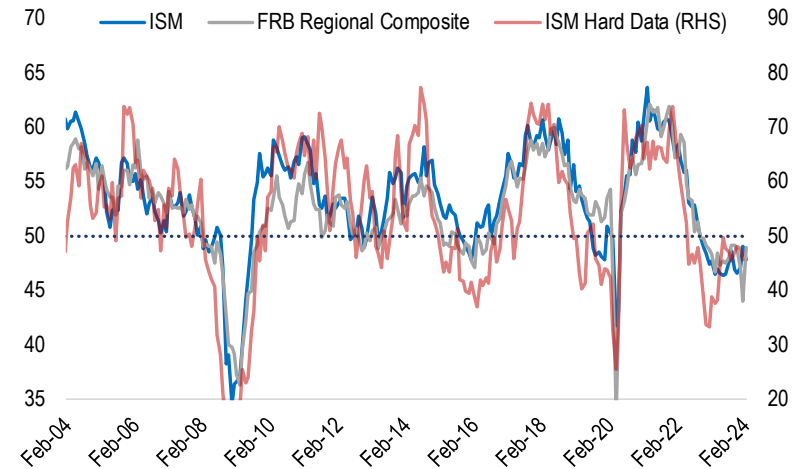
More Industries Increasing Job Openings Even as Aggregate Count Cools, But Hiring Still Broadly Cooling



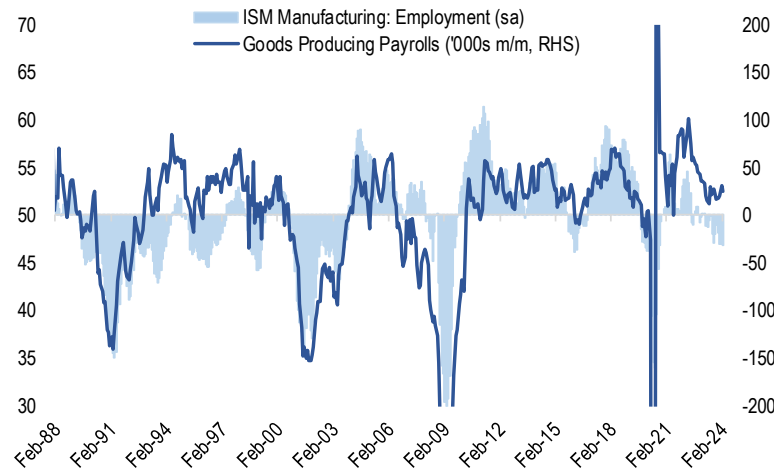
Business Output & New Orders Remained Solid for Services; Manufacturing Still Trying to Find Its Footing



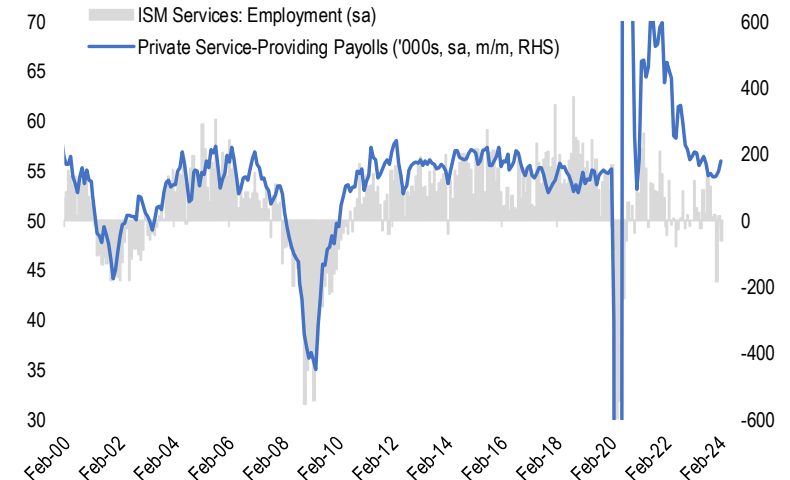
Manufacturing Sentiment Showed Net Improvement in Feb. After a Weak Jan. Across The Board



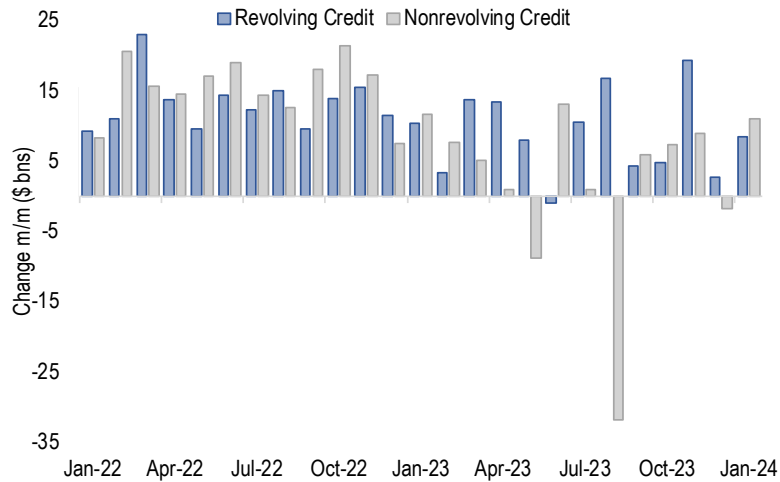
Resilient Goods-Producing Employment Could See a Boost from Fed Rate Cuts



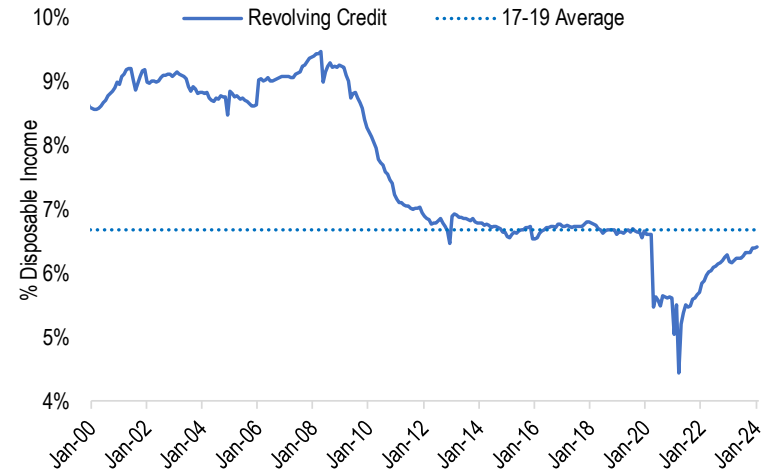
Weak Services PMI Employment Index More Tied to Reduced Hiring Pace Than Actual Layoffs



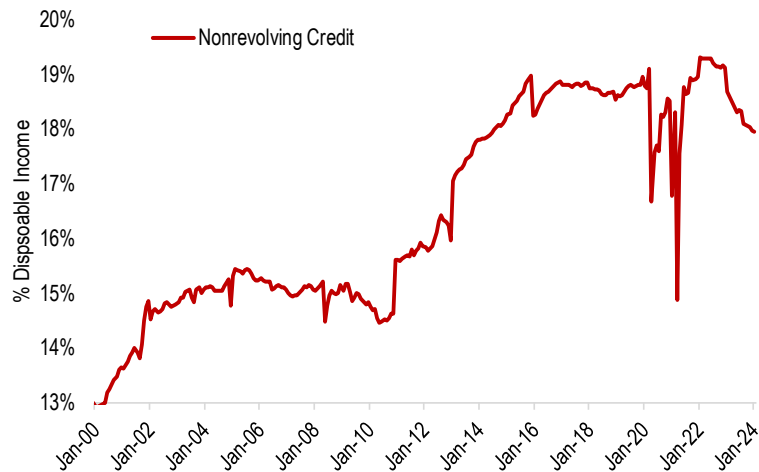
Total Consumer Credit Rose in January with Primary Lift Coming from Nonrevolving Credit



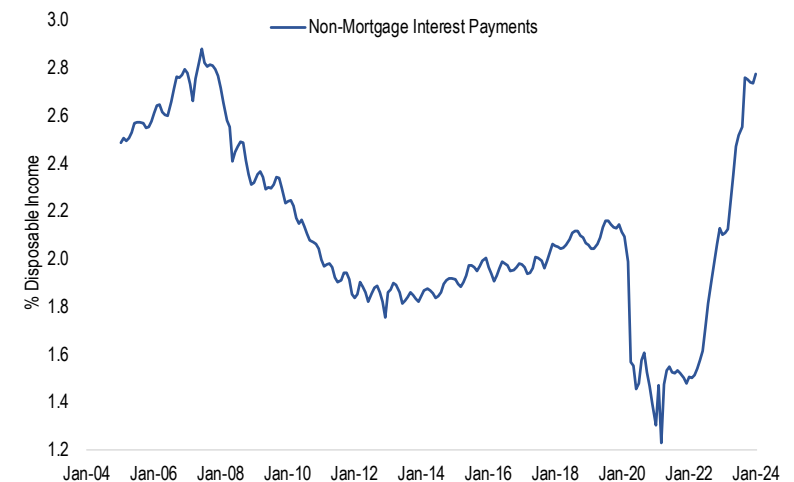
Households in Aggregate Still Have Some Capacity to Tap into Credit Relative to Pre-COVID Norm



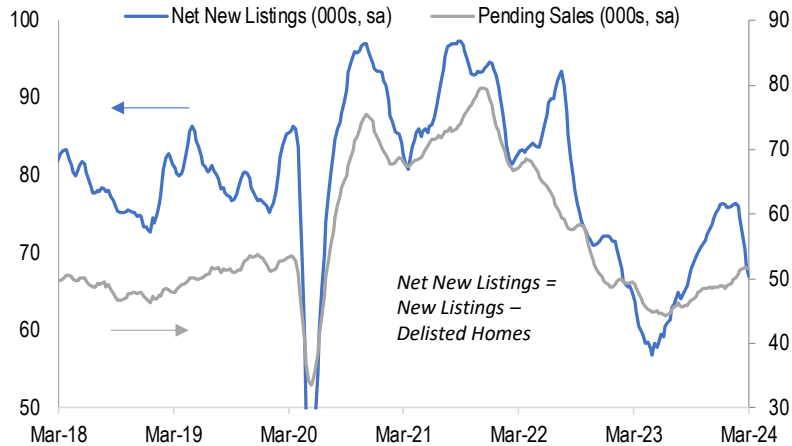
Meanwhile, Nonrevolving Credit as a Share of Disposable Income Hit the Lowest Level Since 2014



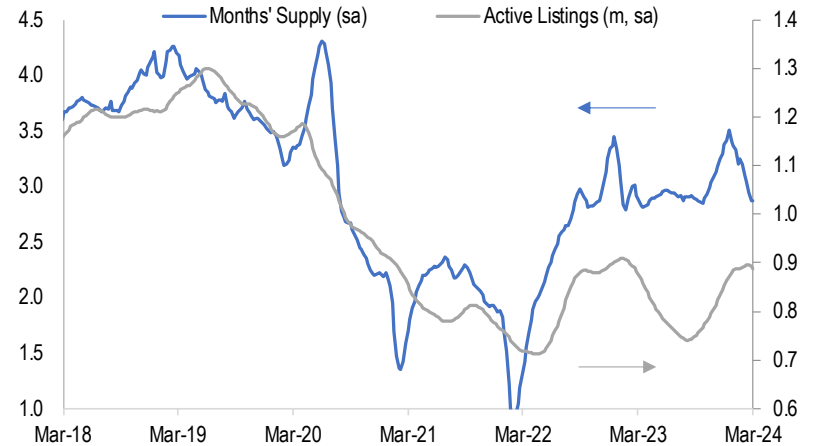
High Cost of Consumer Debt Has Driven the Surge in Non-Mortgage Interest Payments



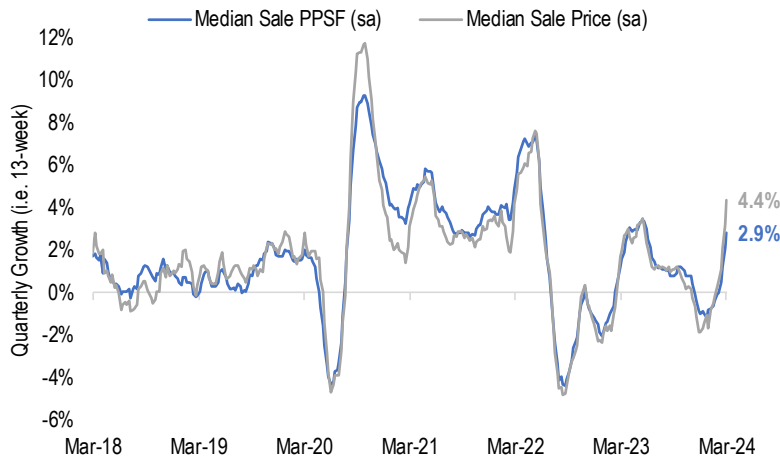
Real-Time Data on Pending Sales Show Rebound Tapering Off But New Supply Slowing Rapidly ...



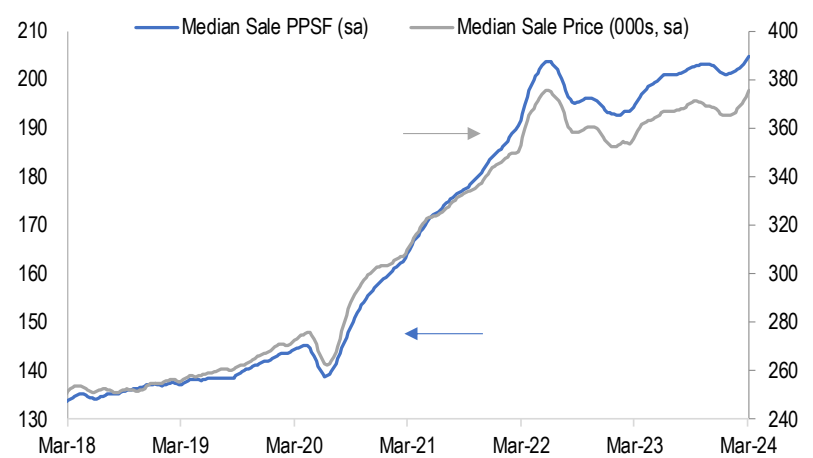
... causing a Slowing Decline in Months' Supply after Rapidly Improving through Feb.



Pace of Seasonally Adjusted Home-Price Growth Continued to Rebound Amidst Still Tight Conditions ...



... lifting National Median Sales Prices Further Above Mid-2022 Peak

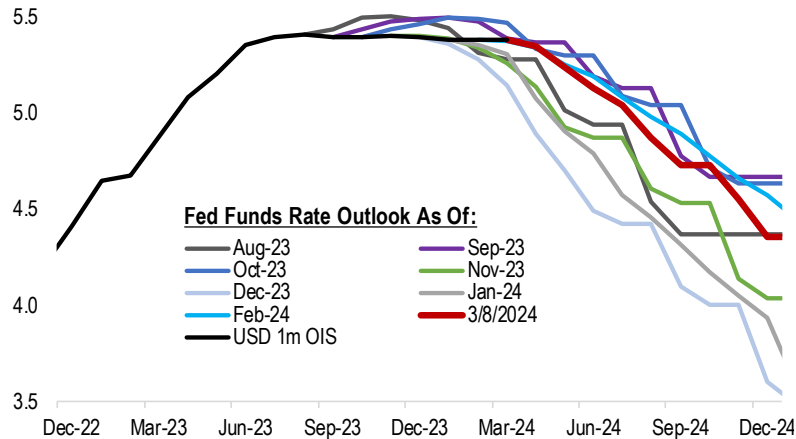


Although National Home Prices Are Up a Solid 5.1% Over a Year Ago, Price Gains Vary Greatly Across the Country

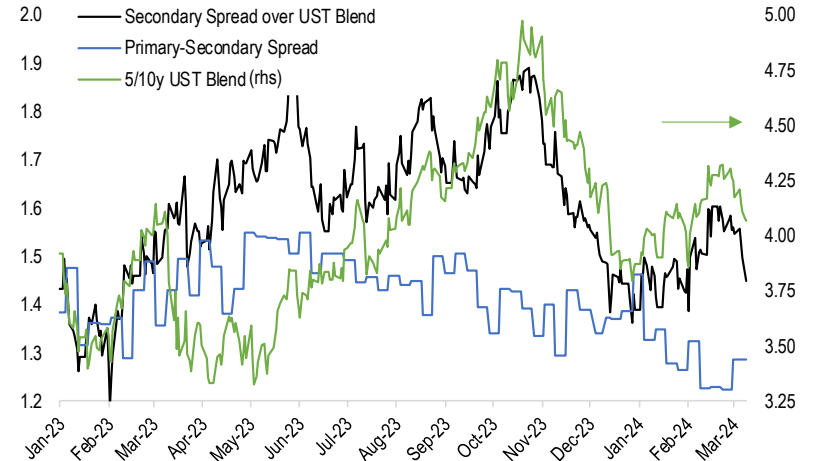
Metro	Median Sale Price Per Square Foot (y/y)		Active Listings with Price Drops		Share of Homes Sold Above List		Average Sale-to-List Ratio		Total Active Listings (y/y)	Median Days on Market vs Pre-COVID		Months' Supply vs Pre-COVID	
	Current	Year Ago	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)		Current	Year Ago	Current	Year Ago
All Redfin Metros	5.1%	0.4%	5.5%	1.3%	24%	1.4%	98.5%	0.4%	2%	-16.2	-14.2	-24%	-31%
Atlanta	6.4%	2.9%	5.5%	1.2%	22%	0.3%	98.4%	0.4%	-22%	-3.4	-1.2	-31%	-23%
Austin	-0.1%	-13.9%	6.5%	-0.2%	13%	0.4%	97.4%	0.5%	0%	35.6	38.1	51%	40%
Baltimore	7.5%	2.2%	5.3%	0.8%	38%	2.6%	100.8%	0.3%	-3%	-24.3	-20.3	-38%	-45%
Boston	10.7%	0.3%	3.2%	0.1%	47%	6.9%	100.7%	0.8%	-8%	-9.8	-3.1	-17%	-23%
Chicago	9.2%	0.6%	2.6%	0.4%	35%	6.2%	99.2%	1.2%	-22%	-0.1	9.2	-29%	-14%
Dallas	1.9%	-1.3%	6.7%	1.3%	18%	0.0%	97.8%	0.1%	10%	8.3	12.0	-2%	-21%
Denver	5.5%	-8.1%	7.7%	1.5%	28%	1.0%	99.3%	0.2%	6%	12.9	12.6	3%	-6%
Houston	2.6%	1.1%	7.2%	1.4%	13%	-1.1%	96.9%	-0.3%	6%	-3.8	-2.6	-11%	-23%
Los Angeles	6.5%	-3.4%	3.4%	0.6%	45%	9.6%	100.6%	1.7%	-10%	-8.5	2.8	-17%	-8%
Miami	10.1%	5.1%	4.3%	1.6%	13%	1.7%	96.1%	0.0%	9%	0.0	-0.5	-14%	-35%
Minneapolis	3.7%	-0.4%	4.7%	1.5%	31%	1.1%	99.4%	0.2%	4%	-2.3	-3.4	-21%	-23%
Nashville	3.4%	3.2%	4.7%	0.8%	15%	0.1%	98.3%	0.2%	-5%	10.6	13.3	-2%	-11%
New York	8.4%	-1.6%	3.3%	0.1%	26%	6.2%	98.9%	0.7%	-11%	-50.0	-38.5	-23%	-21%
Phoenix	5.6%	-5.6%	7.4%	0.3%	15%	1.2%	98.2%	0.7%	-4%	2.8	19.3	1%	-3%
Portland	2.1%	-2.3%	5.6%	1.9%	28%	-2.0%	99.2%	-0.2%	2%	10.7	8.7	12%	-10%
Riverside	6.2%	-2.0%	4.7%	0.9%	36%	7.6%	99.1%	1.0%	-11%	-17.8	0.4	-27%	-22%
San Diego	14.3%	-6.0%	4.6%	0.5%	46%	10.2%	100.3%	0.9%	0%	-15.1	-0.4	-36%	-36%
Seattle	9.6%	-12.4%	3.7%	-0.9%	37%	10.4%	101.3%	1.9%	-13%	-8.5	9.0	-10%	-3%
Tampa	0.9%	3.5%	9.9%	1.8%	12%	-1.4%	97.3%	0.0%	22%	1.8	-3.0	2%	-24%
Washington DC	4.8%	-1.9%	3.8%	0.6%	40%	6.8%	100.2%	0.5%	-10%	-8.8	4.4	-20%	-22%

Data as of March 3, 2024, and reflects 4-week averages.

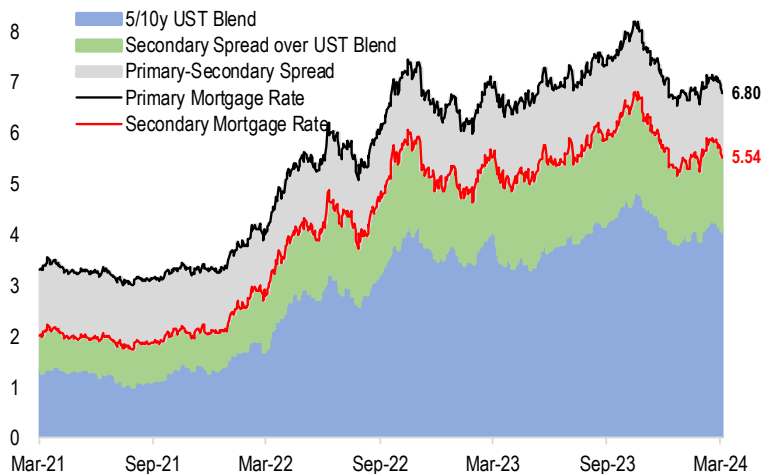
Market Odds of a May Rate Cut Lurking Around ~25% as June Odds Remain Close to 100%



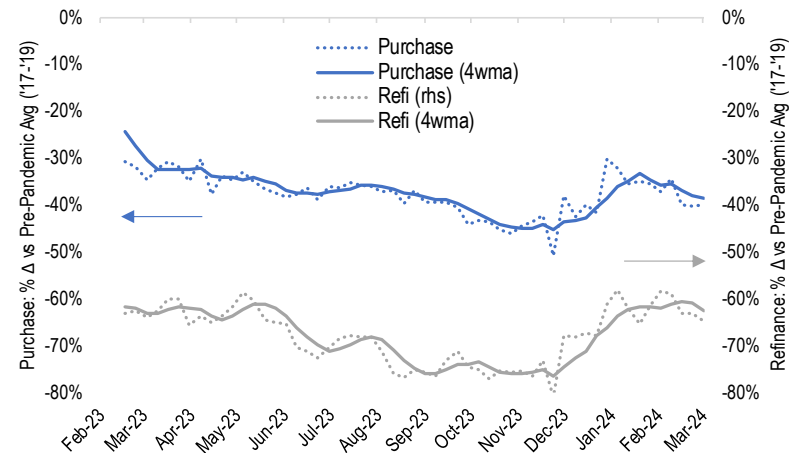
U.S. Treasury Yields Down ~10bps Last Week and Mortgage Spreads Followed



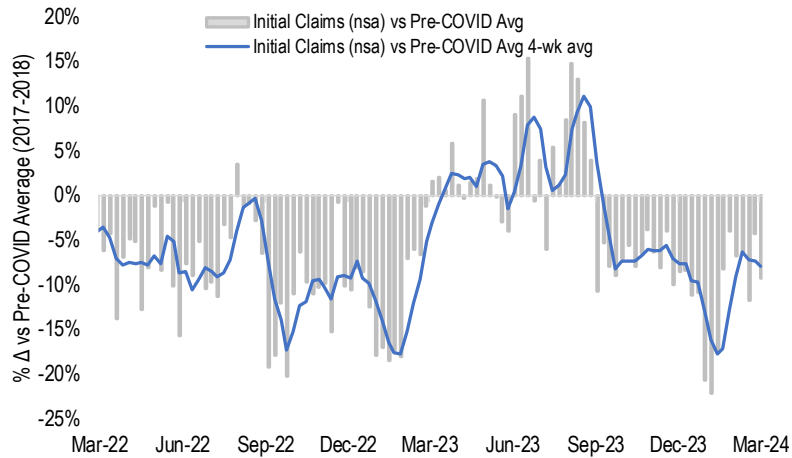
Implied Mortgage Rates Moved Lower, But Still Hovering Just Below 7%



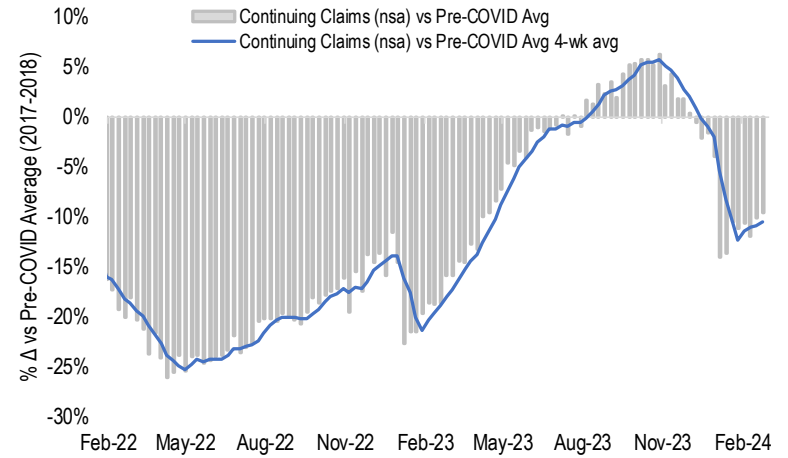
The Uptrend in Rates through Early March Tempered the Early '24 Rebound for Mortgage Applications



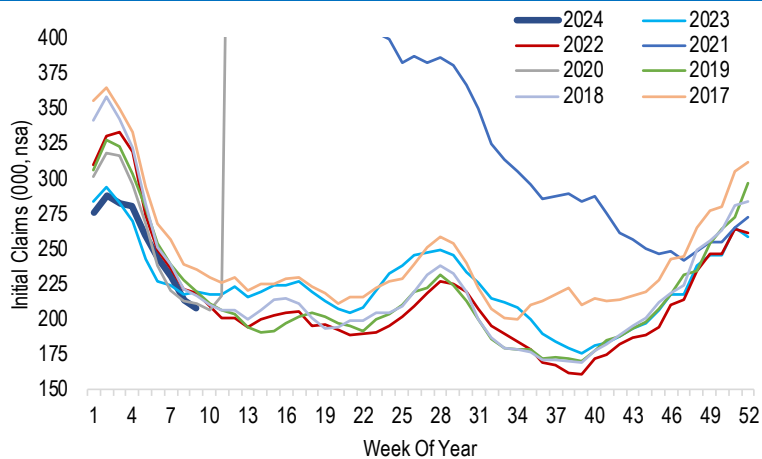
Initial Claims Still Well Below Pre-Pandemic Norm Despite Recent Surge in Announced Layoffs ...



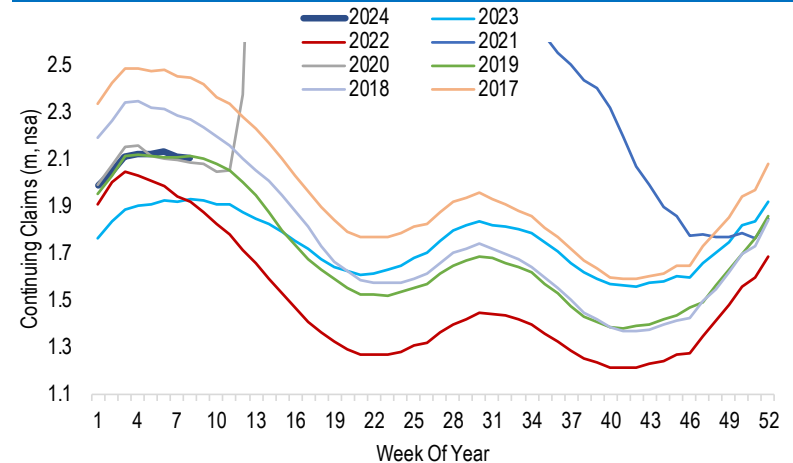
... and Steady Continuing Claims Suggest Workers Not Languishing on Sidelines



Non-Seasonally Adjusted Initial Claims Remained at Lowest Level Since 1960s ...



... 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
3/12/24	NFIB Small Business Optimism	Feb	--	90.2	--	89.9	index, sa
3/12/24	CPI m/m	Feb	--	0.4%	--	0.3%	sa
3/12/24	CPI Core (ex Food and Energy) m/m	Feb	--	0.3%	--	0.4%	sa
3/12/24	CPI y/y	Feb	--	3.1%	--	3.1%	nsa
3/12/24	CPI Core (ex Food and Energy) y/y	Feb	--	3.7%	--	3.9%	nsa
3/13/24	MBA Mortgage Applications	3/8/24	--	--	--	9.7%	w/w, sa
3/14/24	Advance Retail Sales m/m	Feb	--	0.8%	--	-0.8%	sa
3/14/24	Retail Sales Control Group m/m	Feb	--	0.4%	--	-0.4%	sa
3/14/24	PPI Final Demand m/m	Feb	--	0.3%	--	0.3%	sa
3/14/24	PPI Core (ex Food and Energy) m/m	Feb	--	0.2%	--	0.5%	sa
3/14/24	PPI Final Demand y/y	Feb	--	1.2%	--	0.9%	nsa
3/14/24	PPI Core (ex Food and Energy) y/y	Feb	--	1.9%	--	2.0%	nsa
3/14/24	Initial Jobless Claims	3/9/24	--	219	--	217	k, sa
3/14/24	Continuing Claims	3/2/24	--	1,903	--	1,906	k, sa
3/14/24	Business Inventories m/m	Jan	--	0.2%	--	0.4%	sa
3/15/24	Empire Manufacturing	Mar	--	-7.0	--	-2.4	index, sa
3/15/24	Import Price Index m/m	Feb	--	0.3%	--	0.8%	nsa
3/15/24	Import Price Index y/y	Feb	--	-0.7%	--	-1.3%	nsa
3/15/24	Industrial Production	Feb	--	0.0%	--	-0.1%	m/m, sa
3/15/24	Capacity Utilization	Feb	--	78.5%	--	78.5%	sa
3/15/24	U. of Mich. Sentiment	Mar P	--	77.1	--	76.9	index, nsa
3/15/24	U. of Mich. 1 Yr Inflation	Mar P	--	3.1%	--	3.0%	nsa
3/15/24	U. of Mich. 5-10 Yr Inflation	Mar P	--	3.0%	--	2.9%	nsa

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
3/5/24	S&P Global US Services PMI	Feb F	52.3	51.4	--	51.3	index, sa
3/5/24	S&P Global US Composite PMI	Feb F	52.5	51.4	--	51.4	index, sa
3/5/24	Durable Goods Orders	Jan F	-6.2%	-6.1%	--	-6.1%	m/m, sa
3/5/24	Cap Goods Orders Nondef Ex Air	Jan F	0.0%	0.1%	--	0.1%	m/m, sa
3/5/24	ISM Services Index	Feb	52.6	53.0	--	53.4	index, nsa
3/6/24	MBA Mortgage Applications	3/1/24	9.7%	--	--	-5.6%	w/w, sa
3/6/24	ADP Employment	Feb	140	150	111	107	k, m/m, sa
3/6/24	JOLTS Job Openings	Jan	8.9	8.9	8.9	9.0	m, sa
3/6/24	Wholesale Inventories	Jan F	-0.3%	-0.1%	--	-0.1%	m/m, sa
3/6/24	Wholesale Trade Sales	Jan	-1.7%	0.3%	0.3%	0.7%	m/m, sa
3/7/24	Nonfarm Productivity	4Q F	3.2%	3.1%	--	3.2%	q/q, saar
3/7/24	Unit Labor Costs	4Q F	0.4%	0.7%	--	0.5%	q/q, saar
3/7/24	Initial Jobless Claims	3/2/24	217	216	217	215	k, sa
3/7/24	Continuing Claims	2/24/24	1,906	1,880	1,898	1,905	k, sa
3/7/24	Consumer Credit	Jan	19.5	10.0	0.9	1.6	\$B, m/m, sa
3/8/24	Nonfarm Payrolls	Feb	275	200	229	353	k, m/m, sa
3/8/24	Private Payrolls	Feb	223	165	177	317	k, m/m, sa
3/8/24	Unemployment Rate	Feb	3.9%	3.7%	--	3.7%	sa
3/8/24	Average Hourly Earnings m/m	Feb	0.1%	0.2%	0.5%	0.6%	sa
3/8/24	Average Hourly Earnings y/y	Feb	4.3%	4.3%	4.4%	4.5%	nsa
3/8/24	Average Weekly Hours All Employees	Feb	34.3	34.3	34.2	34.1	sa
3/8/24	Labor Force Participation Rate	Feb	62.5%	62.6%	--	62.5%	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)