

HaMMR Digest

Stay current with economic and mortgage market trends.

March 17, 2025

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Not Out of the Woods

- **Key Takeaway:** Although inflation decelerated by more than expected, readthroughs for Fed’s preferred PCE measure suggest upside risk.
- **Macro Implications:** Tariffs have not yet filtered through to inflation reports but businesses and consumers are already expecting price impacts.
- **Housing Implications:** Mortgage rates remain restrictive and falling consumer sentiment implies weak buyer turnout for prime selling season.

Macro: Storm Clouds Brewing?

- Recession chatter back in vogue, which is premature at this stage.
- Weak survey data has yet to hit hard data; retail sales a focus next week.
- Prelim March UMich Consumer Sentiment fell to a more than two-year low.

Rates: Waiting for Next Catalyst

- 10-year UST unchanged at 4.30% despite mid-week volatility.
- Pivotal meeting for Fed this week, but do not expect much clarity.
- Market pricing remains for three 25bps rate cuts in 2025.

Housing: Entering Prime Time

- Mortgage rates steady in high-6% range, slightly lower than a year ago.
- Purchase and refi app growth remained positive on annual basis.
- Prime selling season off to weak start amid weakening pending sales.

Consumer Inflation: Don’t Jump for Joy

- Headline CPI inflation rose 0.22% in Feb. after a 0.47% jump in Jan.
- Core inflation printed at half of last month’s pace (0.22%).
- Details of consumer and producer prices hint at firming goods prices.

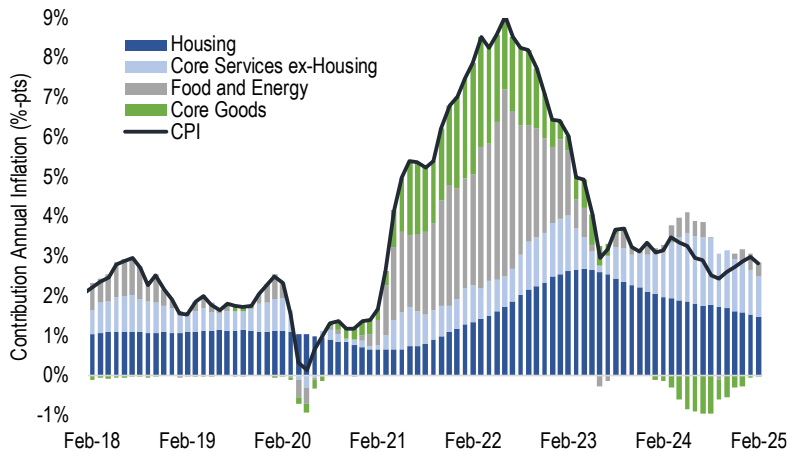
Small Business Optimism: Whipsawed by Headlines

- NFIB Optimism index fell for second straight month in Feb. and by -2%.
- Outlook for economy fell 10%-pts, steepest drop since March 2022.
- More firms indicate they are raising prices, likely due to tariff news.

Labor Market Turnover: A Bit Stale

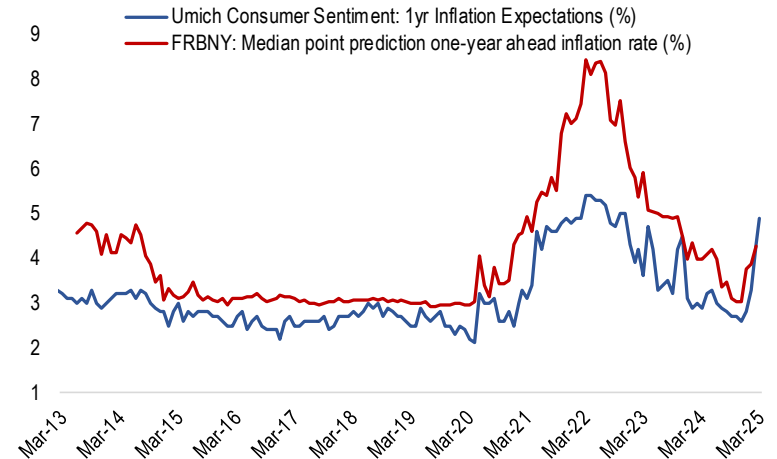
- Net hiring rebounded strongly to start the year.
- Quits rate (unsmoothed) jumped in January for most sectors.
- Layoffs breadth as a share of private employment eased significantly.

Pullback in Services Inflation led by Airfares Could Be a Signal of Softening Consumer Demand

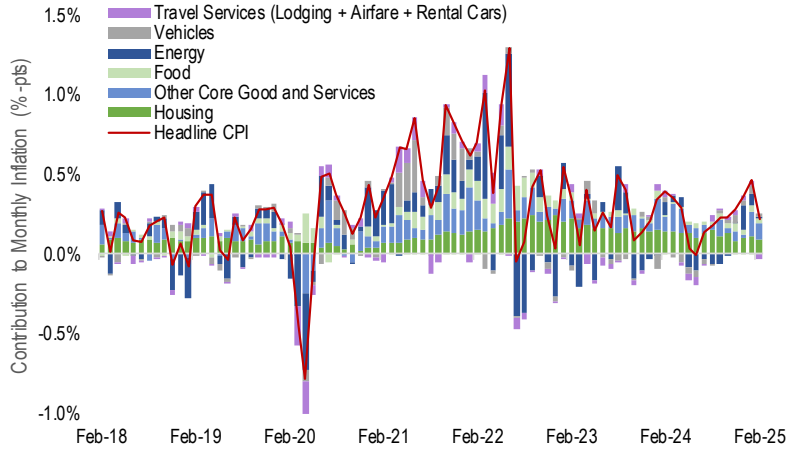


Sources: U.S. Bureau of Labor Statistics, FRBNY, University of Michigan (UMICH), Arch Global Economics

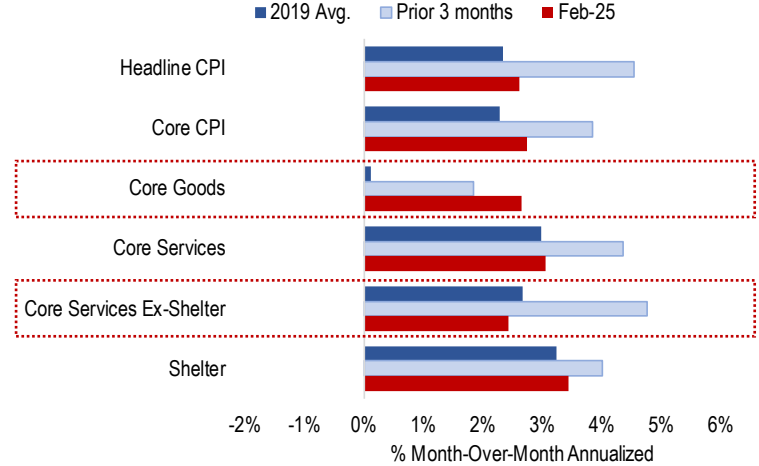
Consumer Inflation Expectations for the Year-Ahead Have Pivoted Sharply Higher Since Election



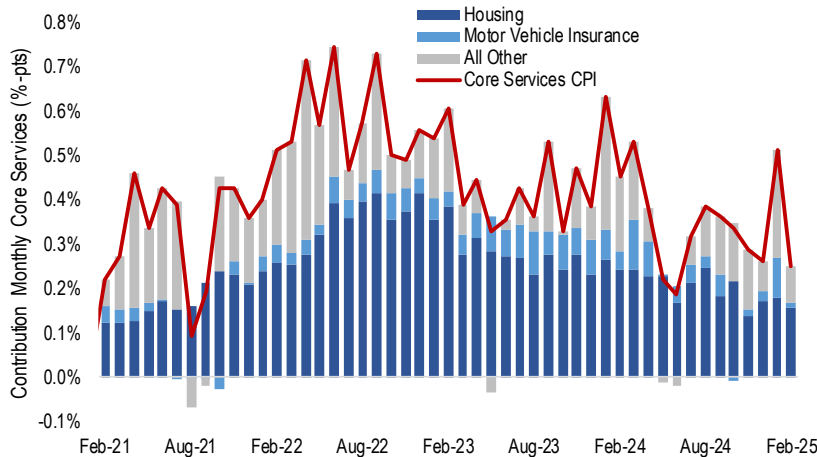
Feb. Consumer Price Inflation Decelerated by More Than Expected, Halting the Steady Grind Higher



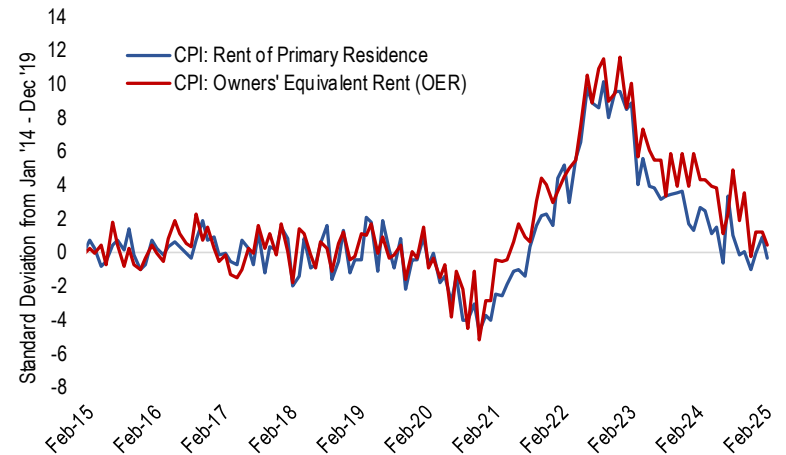
Services Deceleration Aided by Large Drop in Airfares While Core Goods Inflation Strengthened



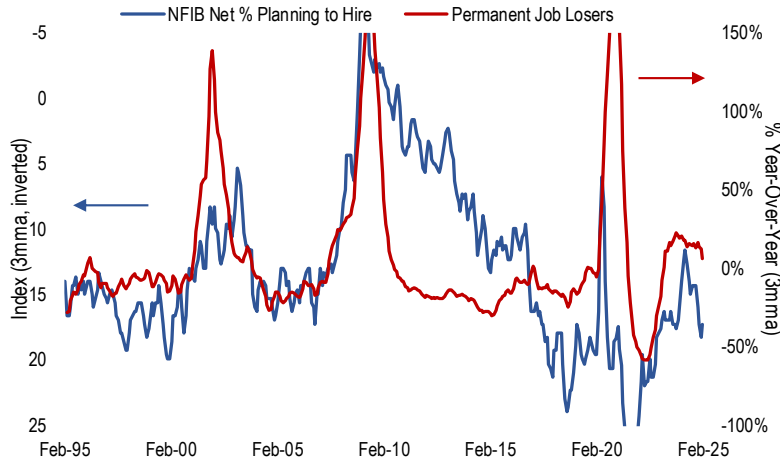
Core Services Inflation Recorded Slowest Monthly Pace Since June 2024



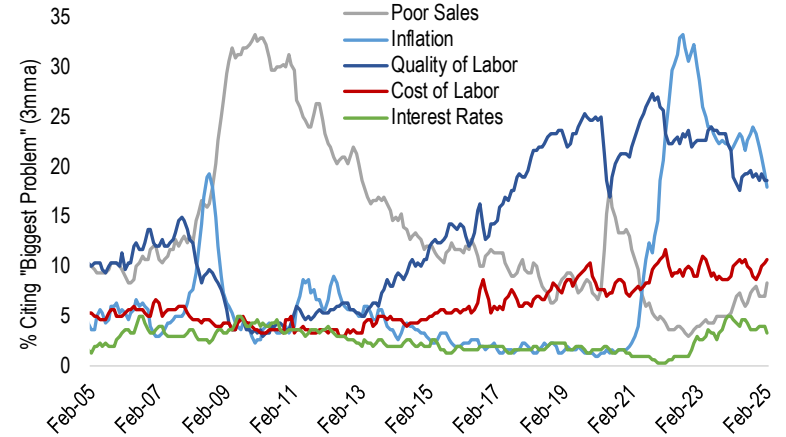
Monthly CPI Rents and OER Inflation Roughly Back In-Line with Pre-Pandemic Norm



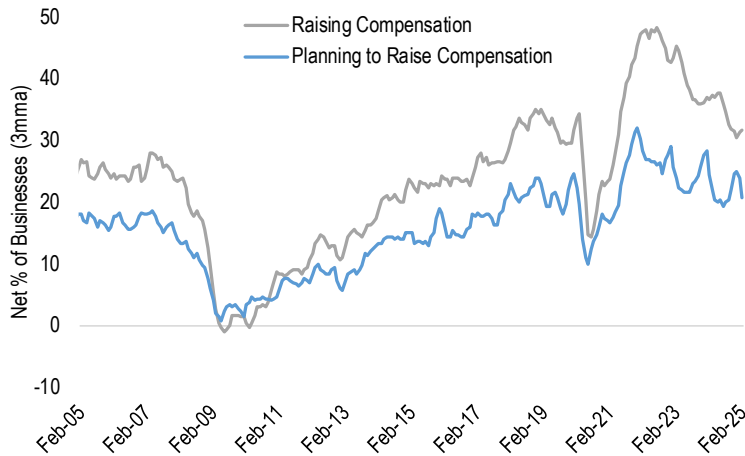
Small Businesses Have Turned Slightly More Cautious on Hiring, but Still Better Than One Year Ago



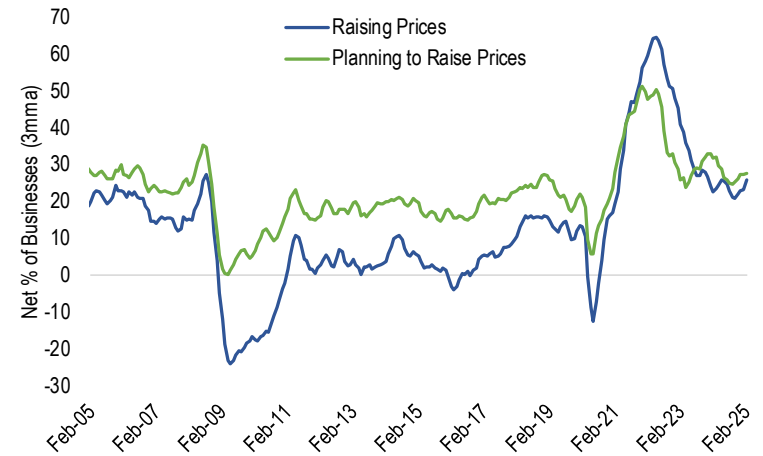
"Quality of Labor" Is Top Concern for Small Businesses with "Poor Sales" Ticking Higher



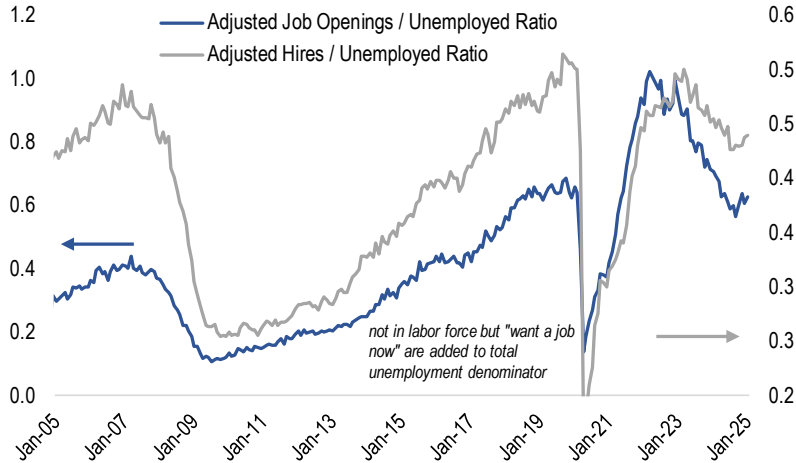
Wage Pressures Have Cooled to Near Pre-Pandemic Levels Based on Firms Raising/Planning to Raise Wages



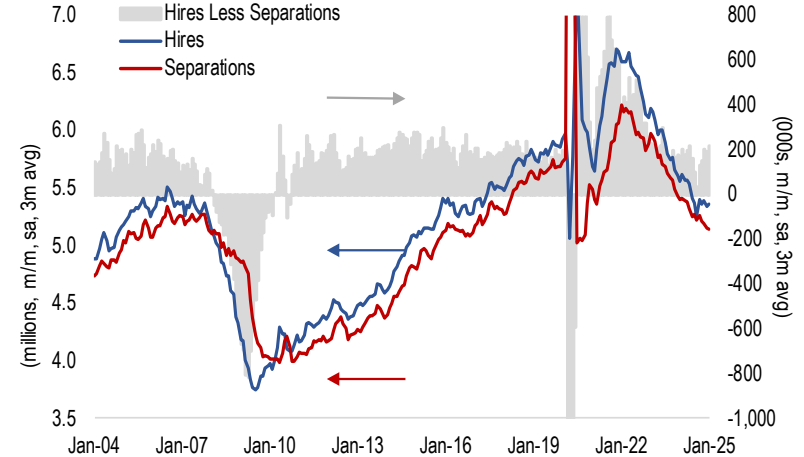
Share of Firms Raising Prices Has Picked Up Likely in Anticipation of Tariff Impact



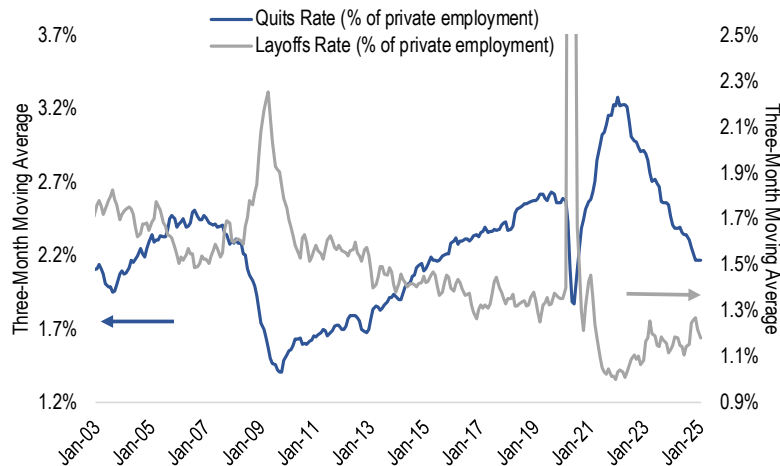
Job Market Signals Mostly Stable, but the Outlook Remains Uncertain



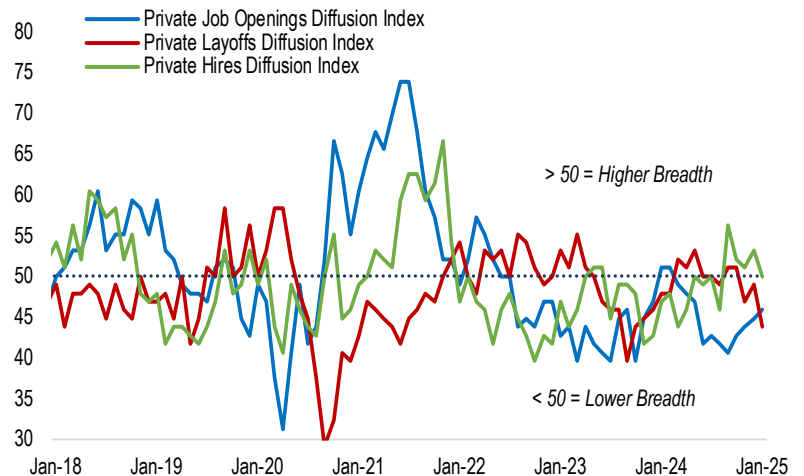
Net Job Growth Still Solid as Pace of Separations Remained Well Below Pace of Hiring



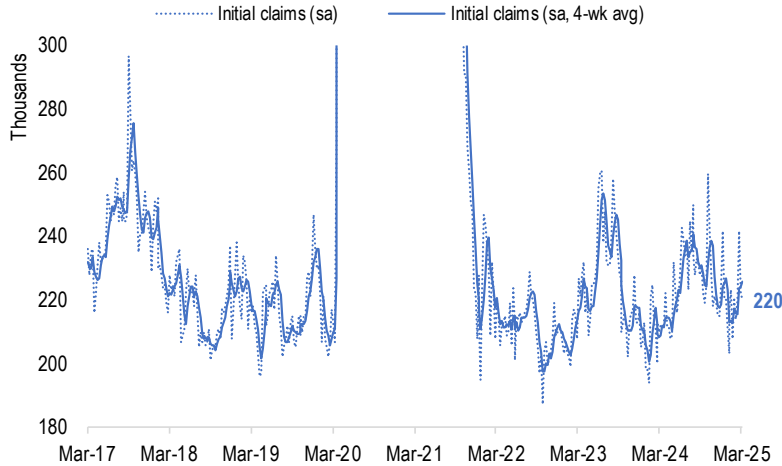
Smoothing through Monthly Noise, Quits and Layoffs Rates Have Essentially Moved Sideways Recently



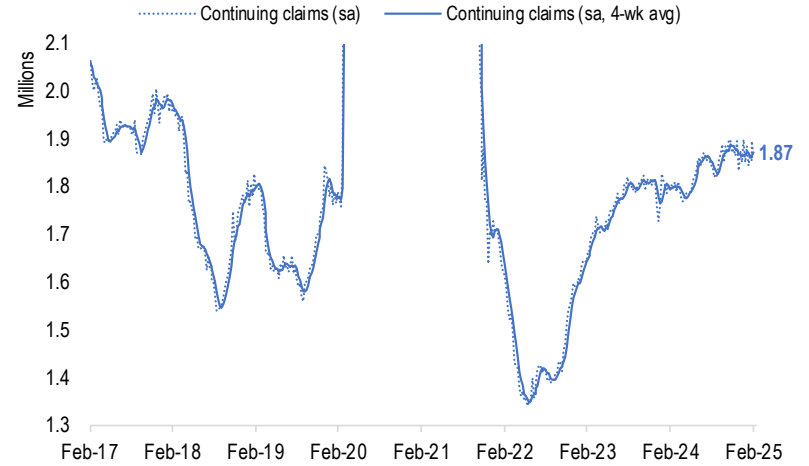
Layoffs Breadth Narrowed, but Keep in Mind JOLTS Data Only Goes though January



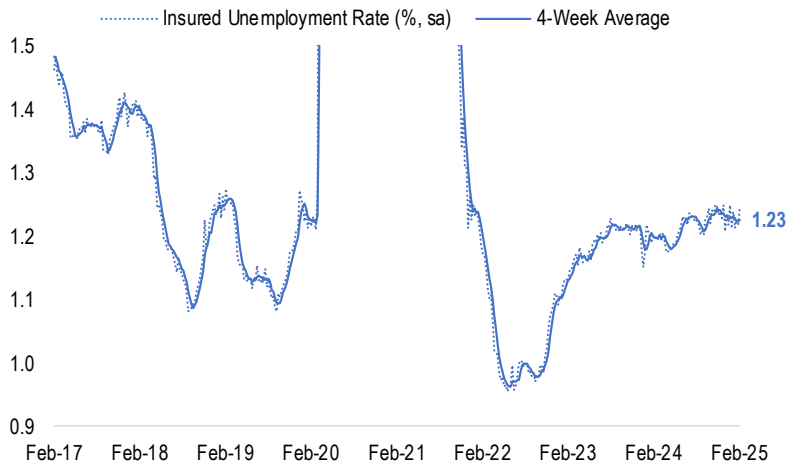
Initial Claims (SA) Declined Slightly Last Week, but 4-Week Average Still Trending Higher



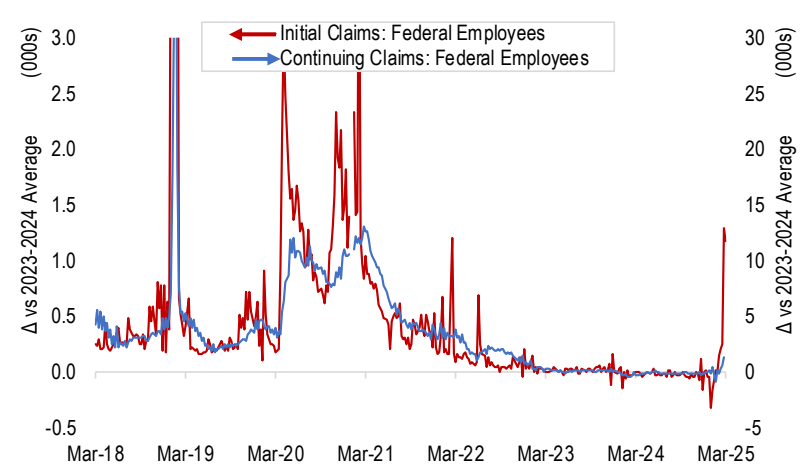
Continuing Claims Also Took a Step Back Down after Prior Weeks' Jump



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



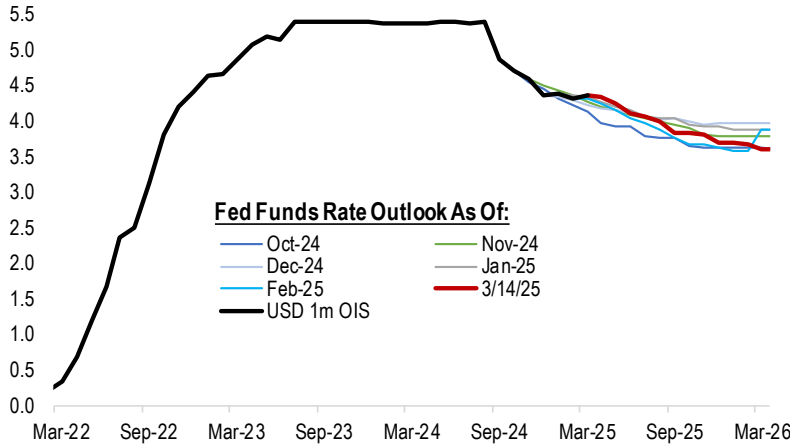
Jobless Claims by Federal Employees Have Spiked, but Many More Likely Coming in Weeks Ahead



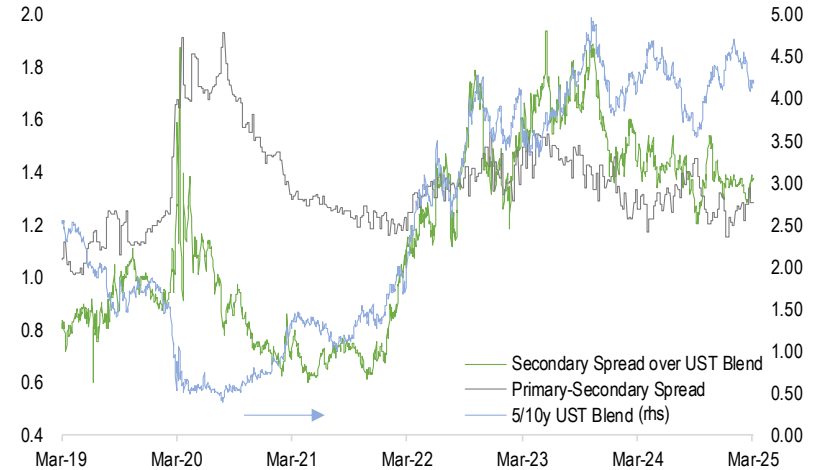
Insured Unemployment = $\frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

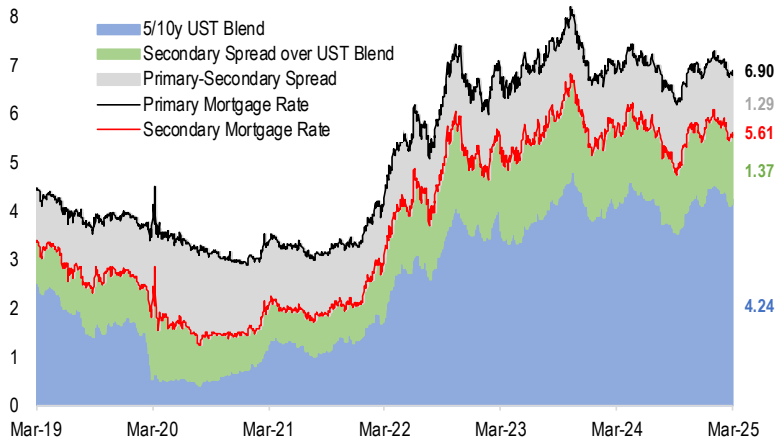
Market More Concerned about Growth Than Inflation, Still Pricing in Three 25bps Rate Cuts for 2025



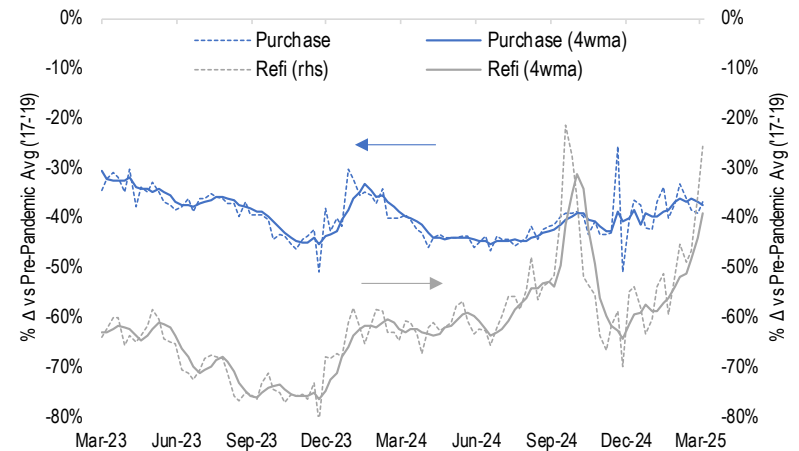
UST Yields Inched Higher and Mortgage Spreads Widened Modestly Last Week...



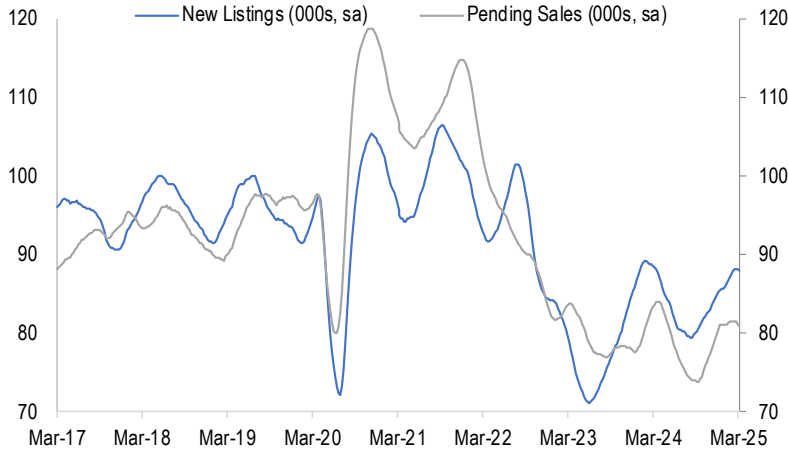
... Which Kept Mortgage Rates Relatively Unchanged on the Week



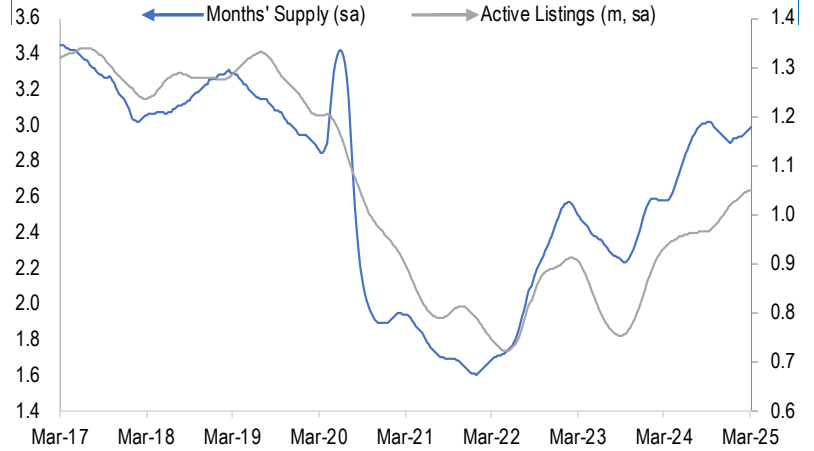
Mortgage Applications Still Trending Higher in Response to Prior Improvement in Mortgage Rates



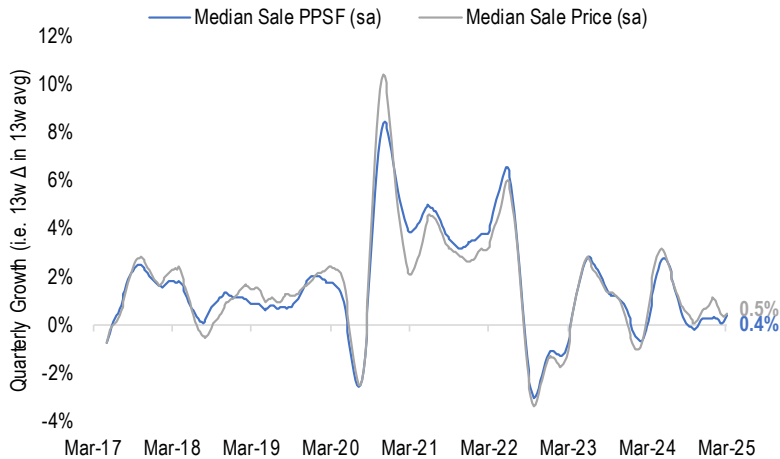
Pending Home Sales Have Turned Lower as New Listings Leveled Off ...



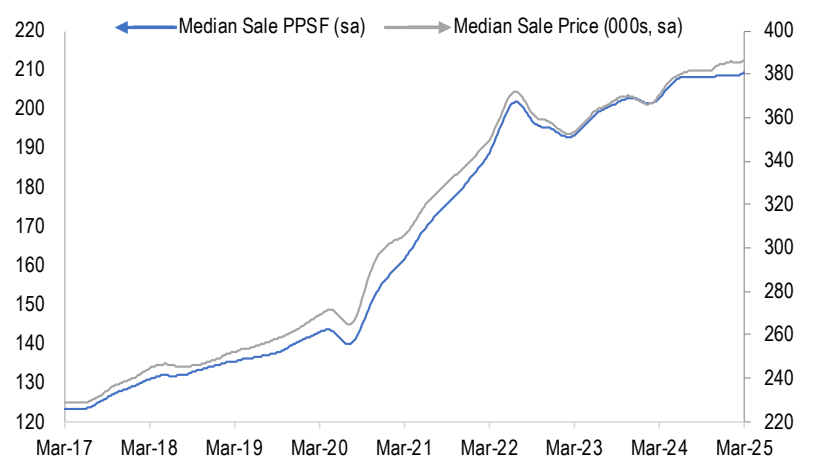
... Which Nudged Months' Supply a Bit Higher



Pace of Seasonally Adjusted Home-Price Growth Has Started to Turn Higher after Slow Start



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	2.7%	-0.7%	6.6%	3.1%	6.2%	1.6%	98.3%	-0.2%	-9.8	-17.1	9%	-9%	-21%
Atlanta	-1.0%	-2.8%	3.9%	4.0%	6.8%	2.6%	98.0%	-0.5%	15.6	-3.1	14%	8%	-24%
Austin	-2.1%	-1.1%	8.2%	10.0%	7.2%	1.3%	97.3%	-0.2%	47.6	34.1	3%	93%	54%
Baltimore	0.9%	-3.8%	5.8%	1.2%	5.6%	0.8%	100.4%	-0.7%	-20.4	-25.8	4%	-30%	-36%
Boston	2.9%	-1.7%	8.9%	-0.3%	3.6%	0.5%	101.2%	0.2%	-8.0	-8.7	1%	-17%	-19%
Chicago	6.5%	0.5%	6.3%	-1.7%	3.0%	1.1%	99.4%	0.2%	-2.6	-2.0	-5%	-23%	-20%
Dallas	-1.4%	-0.2%	1.9%	0.9%	7.9%	2.0%	97.6%	-0.4%	23.4	6.2	22%	34%	5%
Denver	-2.0%	-4.1%	1.4%	1.0%	8.4%	1.5%	99.0%	-0.5%	21.5	7.8	35%	63%	14%
Houston	0.1%	-1.9%	3.9%	1.8%	7.5%	1.9%	96.5%	-0.5%	6.1	-4.0	13%	14%	-7%
Los Angeles	5.6%	5.0%	5.6%	4.8%	7.3%	4.4%	100.4%	-0.3%	-5.3	-8.3	-25%	-33%	-5%
Miami	5.0%	-0.6%	3.3%	-3.4%	5.0%	1.5%	95.6%	-0.5%	26.3	1.8	21%	29%	-17%
Minneapolis	1.8%	-0.4%	2.9%	0.2%	4.7%	0.7%	99.4%	-0.2%	0.6	-0.9	-5%	-13%	-14%
Nashville	1.8%	-0.3%	4.6%	3.8%	5.0%	1.5%	98.0%	-0.3%	18.1	11.0	15%	16%	2%
New York	5.9%	-1.8%	7.5%	-3.9%	3.4%	0.4%	99.0%	0.1%	-49.4	-49.7	-4%	-29%	-28%
Phoenix	1.8%	0.6%	2.3%	1.0%	8.5%	1.7%	98.1%	-0.2%	14.0	3.8	25%	31%	9%
Portland	3.0%	2.0%	2.6%	0.4%	6.1%	1.1%	99.8%	0.4%	5.3	11.2	8%	29%	28%
Riverside	2.9%	-1.2%	4.4%	0.9%	9.7%	5.8%	98.9%	-0.4%	-9.0	-18.0	-23%	-39%	-21%
San Diego	2.0%	-2.5%	3.3%	0.2%	7.9%	4.2%	99.6%	-0.6%	-3.0	-11.1	0%	-22%	-27%
Seattle	0.6%	-4.7%	4.0%	1.8%	5.6%	2.2%	101.3%	-0.3%	-5.4	-6.6	29%	24%	-4%
Tampa	-2.0%	0.2%	4.5%	3.9%	9.7%	0.9%	96.5%	-0.8%	7.8	-0.7	16%	30%	8%
Washington DC	6.3%	2.6%	3.6%	-1.1%	4.8%	1.6%	100.2%	-0.2%	-2.1	-4.3	10%	-3%	-21%

Data as of Mar. 9, 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
3/17/25	8:30 AM	Empire Manufacturing	Mar	-20.0	-1.9	--	5.7	index, sa
3/17/25	8:30 AM	Advance Retail Sales m/m	Feb	0.2	0.6	-1.2	-0.9	%, sa
3/17/25	8:30 AM	Retail Sales Control Group m/m	Feb	1.0	0.4	-1.0	-0.8	%, sa
3/17/25	10:00 AM	Business Inventories m/m	Jan	0.3	0.3	--	-0.2	%, sa
3/17/25	10:00 AM	NAHB Housing Market Index	Mar	39	42	--	42	index, sa
3/18/25	8:30 AM	Housing Starts	Feb	--	1,385	--	1,366	k, saar
3/18/25	8:30 AM	Housing Starts m/m	Feb	--	1.4	--	-9.8	%, sa
3/18/25	8:30 AM	Building Permits	Feb P	--	1,453	--	1,473	k, saar
3/18/25	8:30 AM	Building Permits m/m	Feb P	--	-1.4	--	-0.6	%, sa
3/18/25	8:30 AM	Import Price Index m/m	Feb	--	0.0	--	0.3	%, nsa
3/18/25	8:30 AM	Import Price Index y/y	Feb	--	1.6	--	1.9	%, nsa
3/18/25	9:15 AM	Industrial Production m/m	Feb	--	0.2	--	0.5	%, sa
3/18/25	9:15 AM	Capacity Utilization	Feb	--	77.8	--	77.8	sa
3/19/25	7:00 AM	MBA Mortgage Applications w/w	3/14/25	--	--	--	11.2	%, sa
3/19/25	2:00 PM	FOMC Rate Decision (Upper Bound)	3/19/25	--	4.5	--	4.5	%
3/20/25	8:30 AM	Initial Jobless Claims	3/15/25	--	224	--	220	k, sa
3/20/25	8:30 AM	Continuing Claims	3/8/25	--	1,888	--	1,870	k, sa
3/20/25	10:00 AM	Conference Board Leading Index m/m	Feb	--	-0.2	--	-0.3	%, sa
3/20/25	10:00 AM	Existing Home Sales	Feb	--	3.95	--	4.08	m, saar
3/20/25	10:00 AM	Existing Home Sales m/m	Feb	--	-3.2	--	-4.9	%, 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
3/10/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Feb	3.1	3.1	--	3.0	%
3/11/25	6:00 AM	NFIB Small Business Optimism	Feb	100.7	101.0	--	102.8	index, sa
3/11/25	10:00 AM	JOLTS Job Openings	Jan	7,740	7,600	7,508	7,600	k, sa
3/12/25	7:00 AM	MBA Mortgage Applications w/w	3/7/25	11.2	--	--	20.4	%, sa
3/12/25	8:30 AM	CPI m/m	Feb	0.2	0.3	--	0.5	%, sa
3/12/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Feb	0.2	0.3	--	0.4	%, sa
3/12/25	8:30 AM	CPI y/y	Feb	2.8	2.9	--	3.0	%, nsa
3/12/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Feb	3.1	3.2	--	3.3	%, nsa
3/13/25	8:30 AM	PPI Final Demand m/m	Feb	0.0	0.3	0.6	0.4	%, sa
3/13/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Feb	-0.1	0.3	0.5	0.3	%, sa
3/13/25	8:30 AM	PPI Final Demand y/y	Feb	3.2	3.3	3.7	3.5	%, nsa
3/13/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Feb	3.4	3.5	3.8	3.6	%, nsa
3/13/25	8:30 AM	Initial Jobless Claims	3/8/25	220	225	222	221	k, sa
3/13/25	8:30 AM	Continuing Claims	3/1/25	1,870	1,888	--	1,897	k, sa
3/14/25	10:00 AM	U. of Mich. Sentiment	Mar P	57.9	63.0	--	64.7	index, nsa
3/14/25	10:00 AM	U. of Mich. 1 Yr Inflation	Mar P	4.9	4.3	--	4.3	nsa
3/14/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Mar P	3.9	3.4	--	3.5	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Green = beat expectations; Red = worse than expectations; (compared vs. prior if no consensus estimates available)