



HaMMR Digest

Stay current with economic and mortgage market trends.

March 25, 2024

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No Surprises

- **Key Takeaway:** Fed assuages fears by not placing much emphasis on early-year firming of inflation and sets stage for easing monetary policy.
- **Macro Implications:** The Fed's conviction that the disinflation process is still underway will dampen rate volatility — with the first rate cut likely in June.
- **Housing Implications:** Mortgage rates will likely oscillate in a narrow band in the near-term but will still end the year a bit lower.

Macro: Housing Activity Makes a Comeback

- Home construction remains a bright spot in the economy.
- Existing home sales rebound strongly but unlikely a new trend.
- March PMIs show gap narrowing between goods and services output.

Rates: Certainty Building

- Market expectations for first rate cut rose above 80% for June.
- 10-year UST fell 9bps w/w to 4.21% as rate path becomes clearer.
- Easing financial conditions limit unexpected financial stress.

Housing: Spring Buying Season Looks Different Than Last Year

- Mortgage rates still at ~7% but will slowly head lower over 2024.
- Purchase applications continue to muddle along at low levels.
- Market still tight as sales growth outpaced inventory growth.

Existing Home Sales: Don't Get Too Excited

- Sales rose 9.5% m/m in Feb. but were still down -3.3% y/y.
- Inventory up seventh straight month but still down -41% from '19.
- Market tightened modestly with months' supply down to 3.4 (sa).

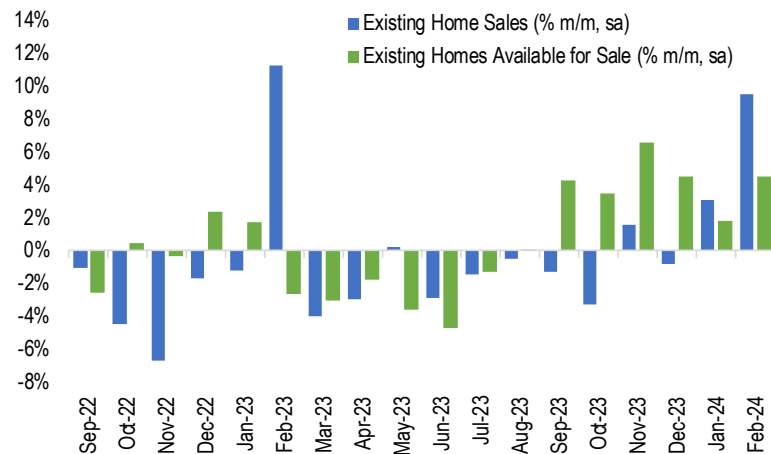
Construction: Homebuilder Optimism Recovery Continues

- Single-family starts rose 11.6% m/m and were up 35% y/y in Feb.
- Single-family permits up 13 months in a row and 30% y/y.
- Multifamily activity rebounded but overall trend remains weak.

Fed Meeting: Willingness to Cut But at Slower Pace

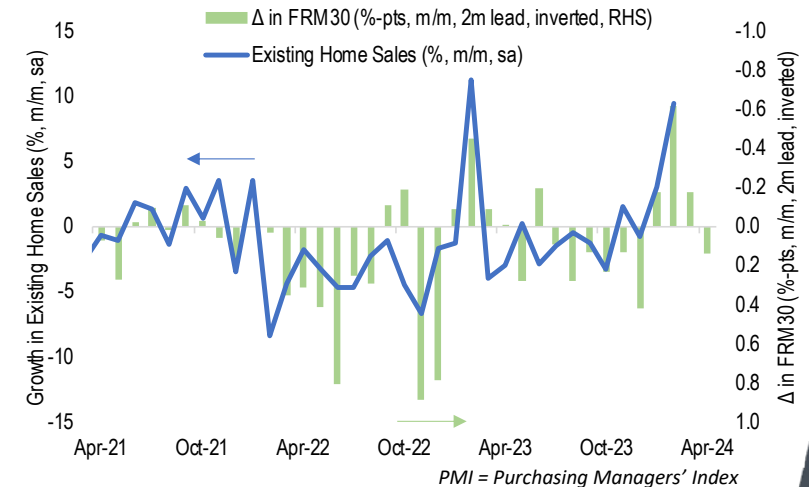
- Fed officials generally see inflation and economy on track for three rate cuts in '24 with shallower path next year vs. prior forecasts.
- Labor market stress key signal to monitor for earlier/more cuts.

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

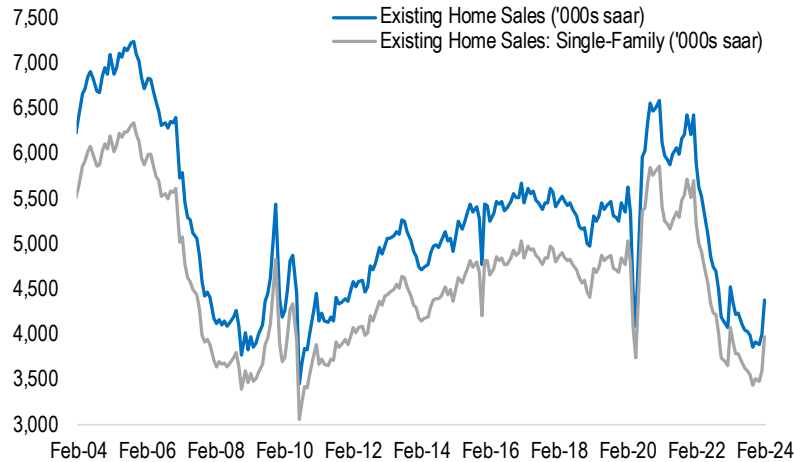


Sources: National Association of Realtors (NAR), Freddie Mac, Arch Global Economics

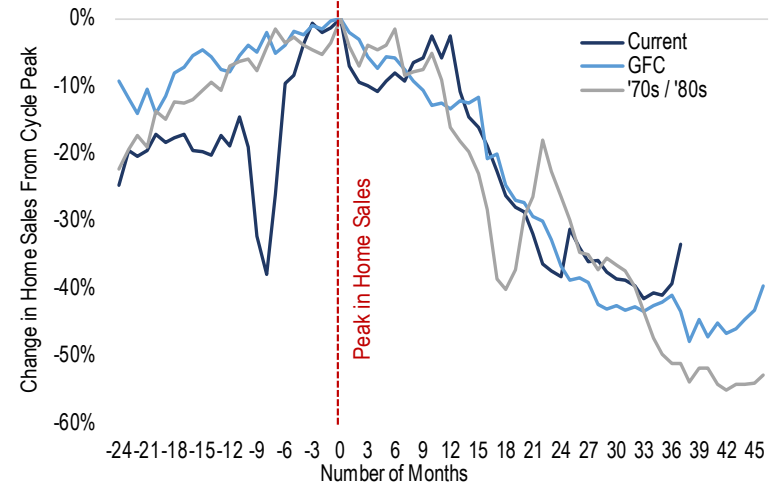
Strong Rebound in Feb. Existing Home Sales Will Fade Quickly as Buyers Pull Back in Response to Higher Rates



Existing Home Sales Surged to Fastest Pace in a Year Driven by a 10% Pop in Single-Family Segment



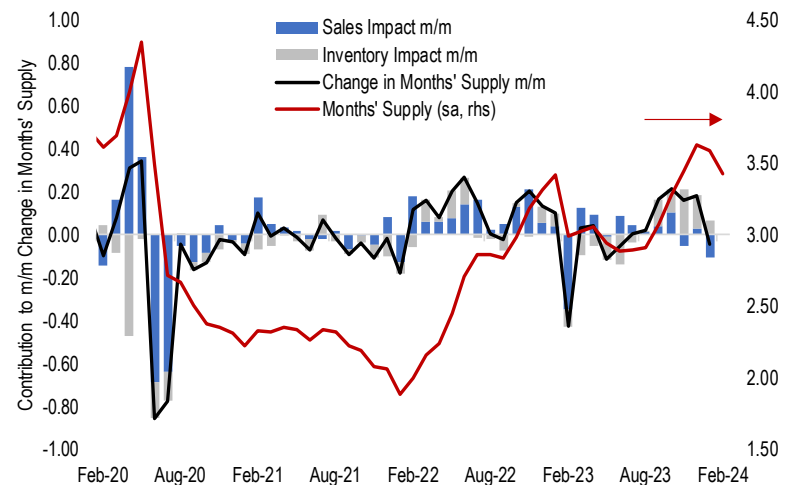
Existing Home Sales Seemingly Found a Bottom, But Be Aware Last February Saw a Similar Spike Only to Fade



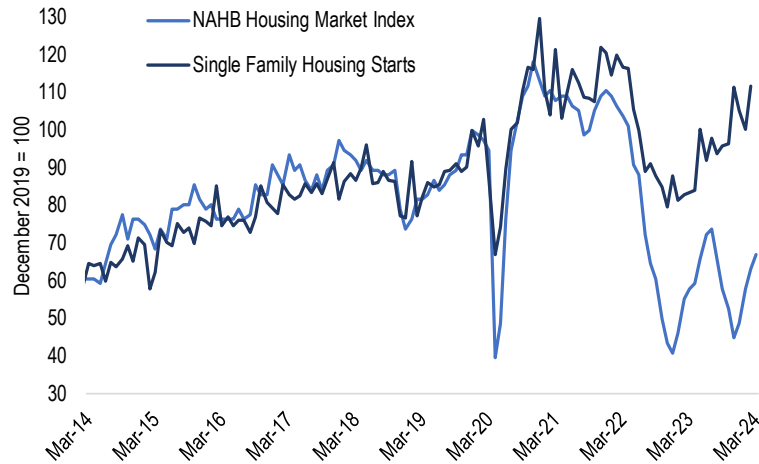
Inventory Increased 10% y/y Supporting Sales; However, Overall Market Remains Tight



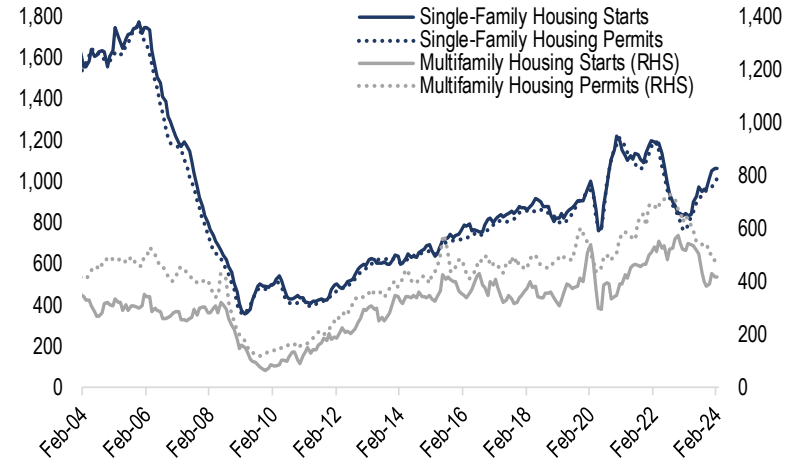
Despite Uplift in Inventory, Two Straight Months of Sales Pace Gains Have Driven Months' Supply Lower



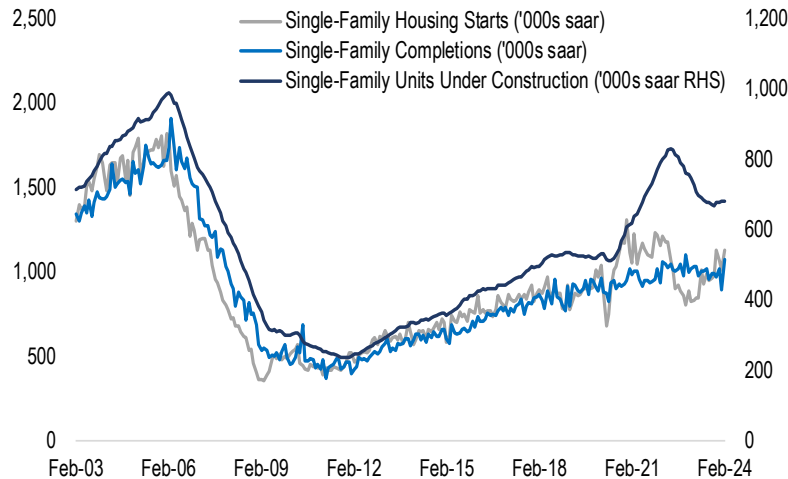
Builder Optimism Rebound Driven Primarily by Rebound in Future Sales Expectations



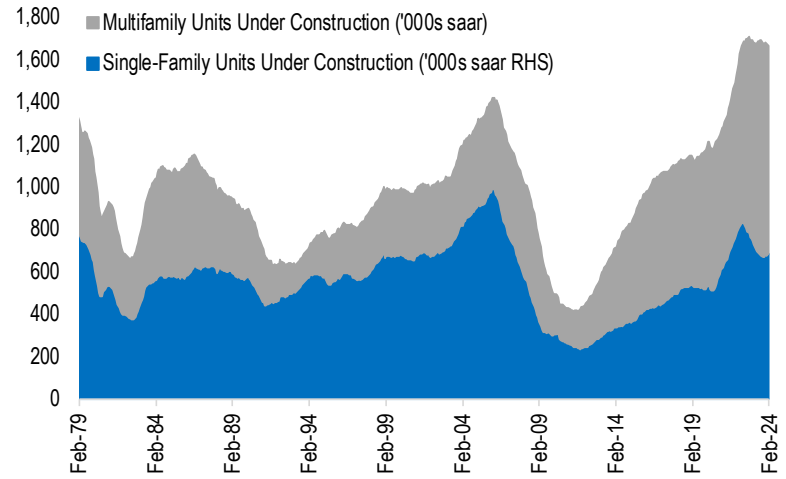
Single-Family Permitting Activity Remained Robust, While Multifamily Approaching COVID-Era Lows



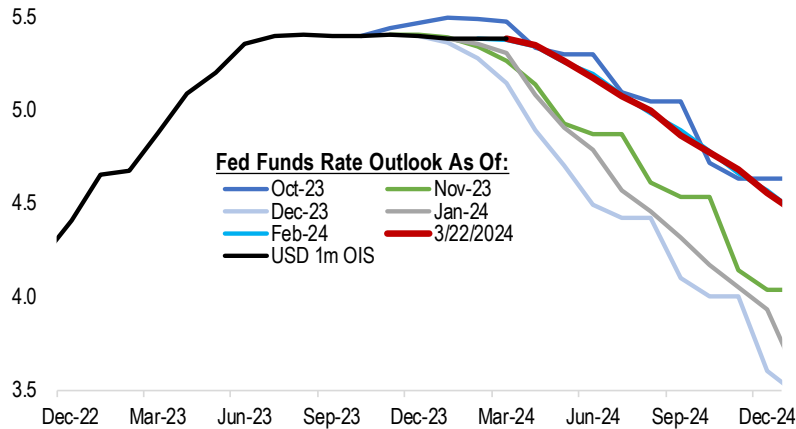
Single-Family Completions and Starts Both Surged after Weather-Driven Plunge in January



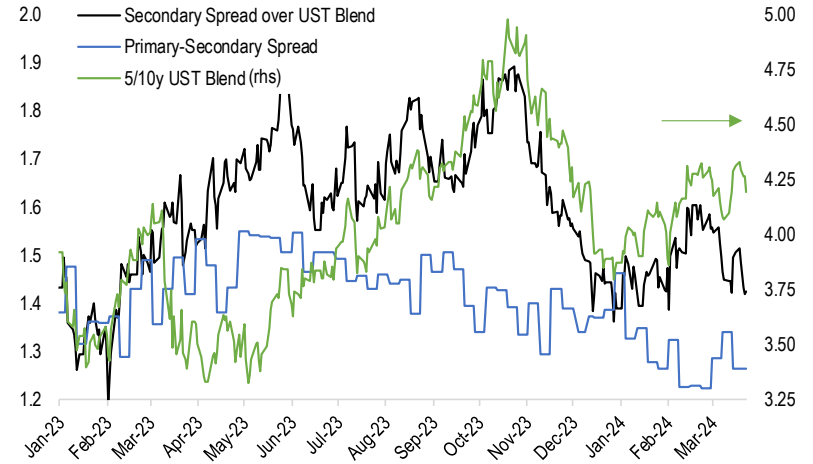
Multifamily Units Under Construction Headed Lower as Single-Family Starts Have Turned the Corner



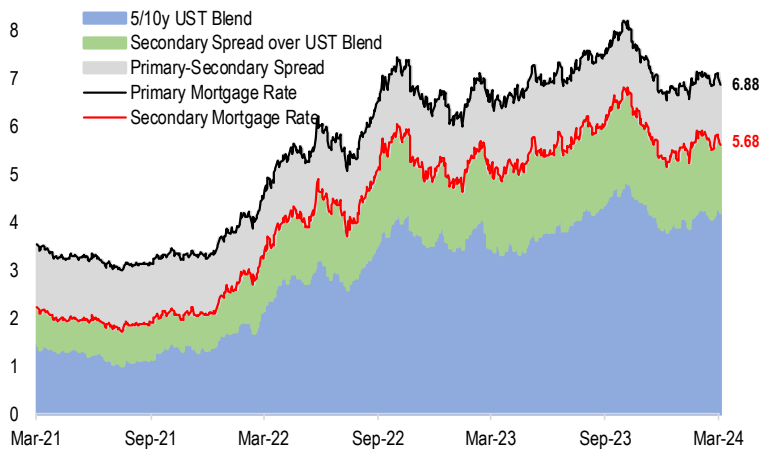
Market Odds of a May Rate Cut Inched Higher to ~20% as June Odds Also Climbed Back to Nearly 90%



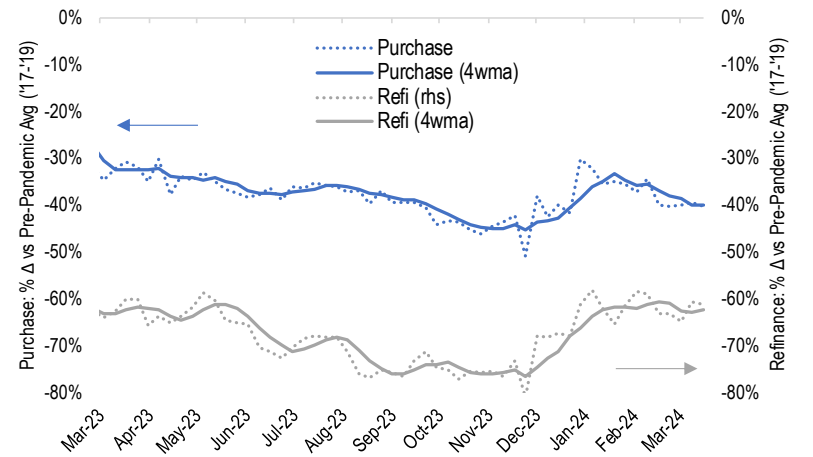
U.S. Treasury Yields Down ~10bps Last Week and Mortgage Spreads Followed ...



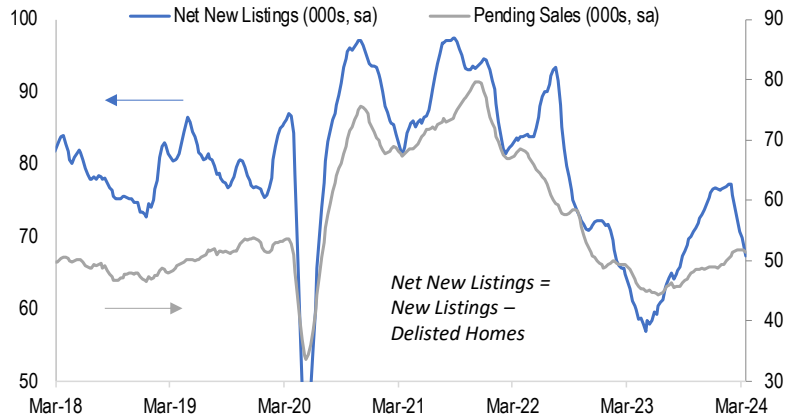
... pulling Implied Mortgage Rates Back Below 7%, Continuing Choppy Path of Last Several Months



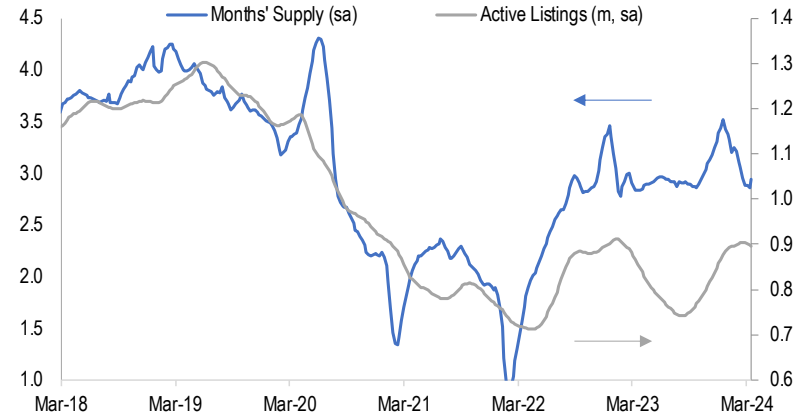
The Uptrend in Rates Continued to Weigh on Mortgage Purchase Applications



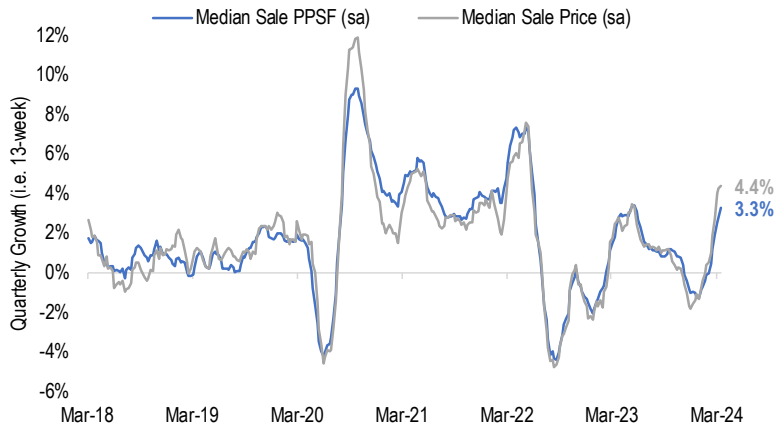
Real-Time Data on Pending Sales Show Continued Cooldown as New Supply Slowing Rapidly ...



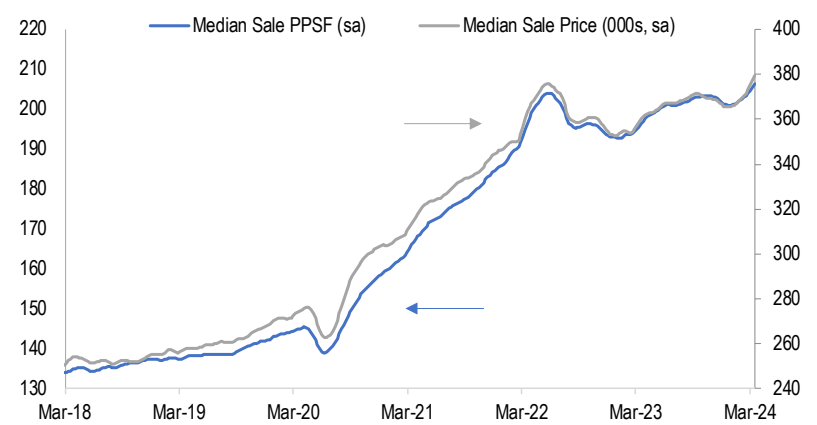
... causing a Months' Supply to Inch Higher after Several Months of Tightening



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



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

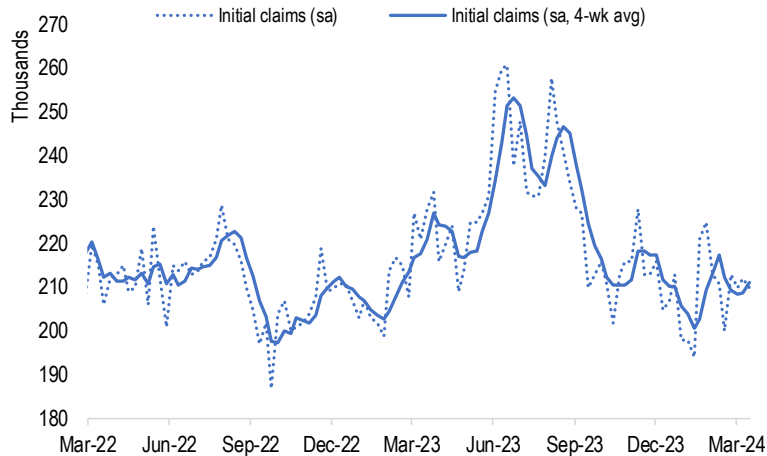


Although National Home Prices Are Up a Solid 5.2% Over a Year Ago, Price Gains Vary Greatly Across the Country

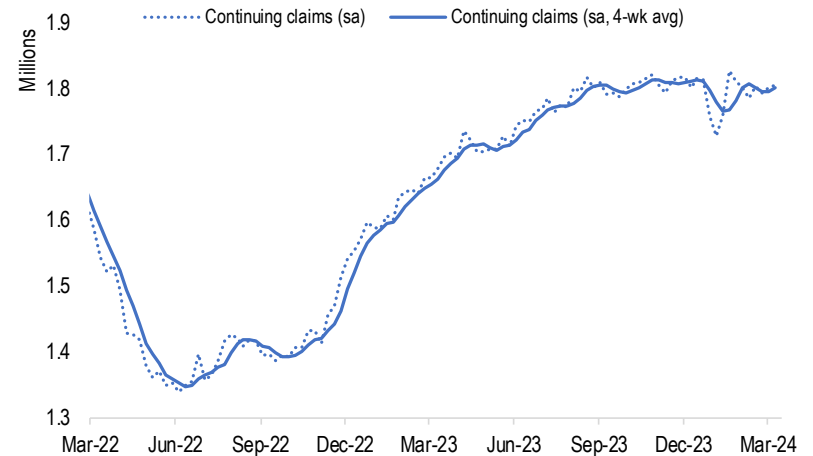
| Metro | Median Sale Price Per Square Foot (y/y) | | Active Listings with Price Drops | | Share of Homes Sold Above List | | Average Sale-to-List Ratio | | Total Active Listings (y/y) | Median Days on Market vs Pre-COVID | | Months' Supply vs Pre-COVID | |
|-------------------|---|----------|----------------------------------|--------------|--------------------------------|--------------|----------------------------|--------------|-----------------------------|------------------------------------|----------|-----------------------------|----------|
| | 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 | 5.2% | -0.7% | 5.7% | 1.5% | 26% | 0.9% | 98.7% | 0.3% | 5% | -15.2 | -13.4 | -21% | -31% |
| Atlanta | 5.7% | 2.2% | 5.6% | 1.3% | 25% | 1.3% | 98.7% | 0.3% | -18% | -4.6 | -1.1 | -27% | -21% |
| Austin | -1.4% | -14.2% | 6.6% | -0.4% | 15% | 0.8% | 97.7% | 0.7% | 3% | 34.5 | 41.6 | 55% | 43% |
| Baltimore | 6.7% | 2.3% | 5.6% | 1.3% | 42% | 3.8% | 101.5% | 0.6% | -1% | -26.4 | -22.3 | -34% | -45% |
| Boston | 10.7% | -1.5% | 3.5% | 0.4% | 49% | 5.2% | 101.4% | 1.2% | -4% | -6.8 | -3.8 | -19% | -22% |
| Chicago | 9.9% | -0.3% | 2.5% | 0.4% | 37% | 6.2% | 99.4% | 1.0% | -21% | -3.0 | 5.5 | -25% | -17% |
| Dallas | 2.5% | -2.6% | 6.8% | 1.4% | 19% | -2.1% | 98.1% | 0.0% | 16% | 7.9 | 10.7 | 5% | -20% |
| Denver | 4.7% | -8.7% | 7.7% | 1.5% | 31% | 0.1% | 99.6% | 0.1% | 13% | 7.9 | 7.5 | 14% | -8% |
| Houston | 2.6% | 1.4% | 7.0% | 1.5% | 14% | -0.7% | 97.1% | -0.3% | 10% | -5.5 | -0.2 | -6% | -23% |
| Los Angeles | 5.5% | -3.7% | 3.8% | 1.0% | 47% | 8.1% | 100.9% | 1.5% | -6% | -7.4 | 1.8 | -14% | -12% |
| Miami | 12.2% | 0.6% | 4.4% | 1.8% | 12% | -1.6% | 96.1% | -0.2% | 12% | -0.4 | -5.8 | -10% | -34% |
| Minneapolis | 4.8% | -1.0% | 5.1% | 1.8% | 34% | -1.6% | 99.7% | -0.1% | 9% | 1.4 | -3.6 | -16% | -25% |
| Nashville | 3.1% | 2.7% | 4.6% | 0.8% | 15% | -0.6% | 98.4% | 0.1% | -2% | 10.1 | 7.7 | 4% | -9% |
| New York | 8.4% | -1.8% | 3.5% | 0.2% | 27% | 6.4% | 99.2% | 0.8% | -10% | -50.6 | -38.4 | -23% | -22% |
| Phoenix | 4.9% | -6.5% | 7.3% | 0.3% | 16% | 0.9% | 98.3% | 0.6% | 1% | 3.3 | 16.1 | 8% | -2% |
| Portland | 2.1% | -3.6% | 6.0% | 2.1% | 31% | -1.8% | 99.3% | -0.5% | 4% | 10.2 | 2.0 | 12% | -6% |
| Riverside | 7.4% | -4.0% | 4.7% | 0.9% | 37% | 6.4% | 99.3% | 0.8% | -7% | -18.0 | -1.0 | -25% | -20% |
| San Diego | 10.7% | -5.6% | 4.9% | 0.9% | 47% | 5.6% | 100.4% | 0.6% | 9% | -9.9 | -2.0 | -29% | -36% |
| Seattle | 11.9% | -13.6% | 4.1% | -0.7% | 42% | 10.8% | 101.9% | 2.0% | -7% | -6.3 | 1.7 | -10% | -1% |
| Tampa | 2.4% | 2.7% | 10.3% | 2.8% | 12% | -2.1% | 97.4% | -0.2% | 30% | 1.3 | -5.3 | 8% | -23% |
| Washington DC | 6.0% | -2.4% | 3.8% | 0.8% | 43% | 6.5% | 100.6% | 0.5% | -6% | -2.0 | 4.8 | -18% | -21% |

Data as of March 17, 2024, and reflects 4-week averages.

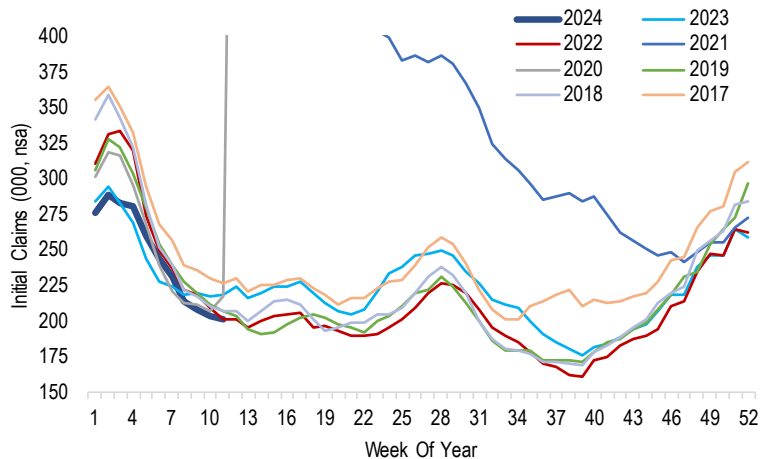
Initial Claims Still Well Below Pre-Pandemic Norm Despite Recent Surge in Announced Layoffs ...



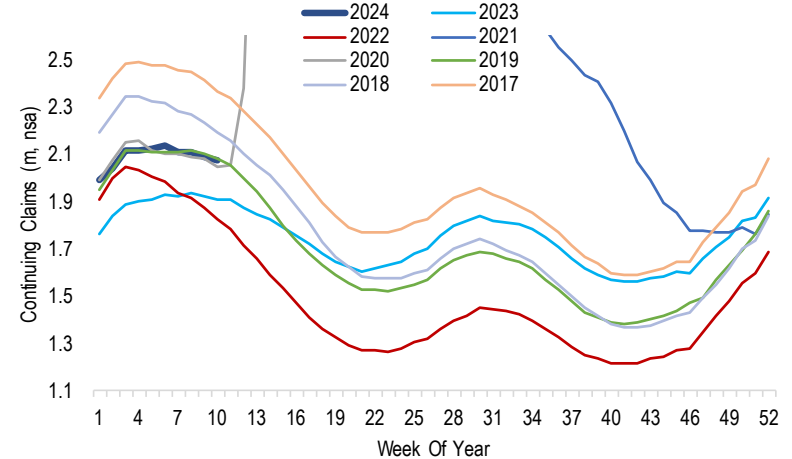
... and Steady Continuing Claims Suggest Workers Not Languishing on Sidelines



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 |
|---------|---|---------|--------|-----------|---------|-------|------------|
| 3/25/24 | New Home Sales | Feb | -- | 675 | -- | 661 | k, saar |
| 3/25/24 | New Home Sales m/m | Feb | -- | 2.1% | -- | 1.5% | sa |
| 3/26/24 | Durable Goods Orders | Feb P | -- | 1.2% | -- | -6.2% | m/m, sa |
| 3/26/24 | Cap Goods Orders Nondef Ex Air | Feb P | -- | 0.1% | -- | 0.0% | m/m, sa |
| 3/26/24 | FHFA House Price Index | Jan | -- | 0.3% | -- | 0.1% | m/m, sa |
| 3/26/24 | S&P CoreLogic CS 20-City m/m SA | Jan | -- | 0.2% | -- | 0.2% | sa |
| 3/26/24 | S&P CoreLogic CS 20-City y/y NSA | Jan | -- | 6.6% | -- | 6.1% | nsa |
| 3/26/24 | Conf. Board Consumer Confidence | Mar | -- | 106.8 | -- | 106.7 | index, sa |
| 3/27/24 | MBA Mortgage Applications | 3/22/24 | -- | -- | -- | -1.6% | w/w, sa |
| 3/28/24 | GDP Annualized q/q | 4Q T | -- | 3.2% | -- | 3.2% | saar |
| 3/28/24 | Personal Consumption q/q | 4Q T | -- | 3.0% | -- | 3.0% | saar |
| 3/28/24 | Core PCE Deflator q/q | 4Q T | -- | 2.1% | -- | 2.1% | saar |
| 3/28/24 | Initial Jobless Claims | 3/23/24 | -- | 213 | -- | 210 | k, sa |
| 3/28/24 | Continuing Claims | 3/16/24 | -- | 1,816 | -- | 1,807 | k, sa |
| 3/28/24 | Pending Home Sales m/m | Feb | -- | 1.3% | -- | -4.9% | sa |
| 3/28/24 | Pending Home Sales y/y | Feb | -- | -- | -- | -6.8% | nsa |
| 3/28/24 | U. of Mich. Sentiment | Mar F | -- | 76.5 | -- | 76.5 | index, nsa |
| 3/28/24 | U. of Mich. 1 Yr Inflation | Mar F | -- | -- | -- | 3.0% | nsa |
| 3/28/24 | U. of Mich. 5-10 Yr Inflation | Mar F | -- | -- | -- | 2.9% | nsa |
| 3/29/24 | Personal Income | Feb | -- | 0.4% | -- | 1.0% | m/m, sa |
| 3/29/24 | Personal Spending | Feb | -- | 0.5% | -- | 0.2% | m/m, sa |
| 3/29/24 | Real Personal Spending | Feb | -- | 0.1% | -- | -0.1% | m/m, sa |
| 3/29/24 | PCE Inflation m/m | Feb | -- | 0.4% | -- | 0.3% | sa |
| 3/29/24 | PCE Inflation y/y | Feb | -- | 2.5% | -- | 2.4% | nsa |
| 3/29/24 | PCE Core Inflation (ex Food and Energy) m/m | Feb | -- | 0.3% | -- | 0.4% | sa |
| 3/29/24 | PCE Core Inflation (ex Food and Energy) y/y | Feb | -- | 2.8% | -- | 2.8% | nsa |
| 3/29/24 | Retail Inventories m/m | Feb | -- | 0.5% | -- | 0.5% | sa |
| 3/29/24 | Wholesale Inventories | Feb P | -- | 0.2% | -- | -0.3% | m/m, sa |

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 |
|---------|-----------------------------------|---------|--------|-----------|---------|--------|-----------|
| 3/18/24 | NAHB Housing Market Index | Mar | 51.0 | 48 | -- | 48 | index, sa |
| 3/19/24 | Building Permits | Feb | 1,518 | 1,496 | 1,489 | 1,470 | k, saar |
| 3/19/24 | Building Permits m/m | Feb | 1.9% | 0.5% | -0.3% | -1.5% | sa |
| 3/19/24 | Housing Starts | Feb | 1,521 | 1,440 | 1,374 | 1,331 | k, saar |
| 3/19/24 | Housing Starts m/m | Feb | 10.7% | 8.2% | -12.3% | -14.8% | sa |
| 3/20/24 | MBA Mortgage Applications | 3/15/24 | -1.6% | -- | -- | 7.1% | w/w, sa |
| 3/20/24 | FOMC Rate Decision (Upper Bound) | 3/20/24 | 5.5% | 5.5% | -- | 5.5% | |
| 3/21/24 | Philadelphia Fed Business Outlook | Mar | 3.2 | -2.5 | -- | 5.2 | index, sa |
| 3/21/24 | Initial Jobless Claims | 3/16/24 | 210 | 213 | 212 | 209 | k, sa |
| 3/21/24 | Continuing Claims | 3/9/24 | 1,807 | 1,820 | 1,803 | 1,811 | k, sa |
| 3/21/24 | S&P Global US Manufacturing PMI | Mar P | 52.5 | 51.8 | -- | 52.2 | index, sa |
| 3/21/24 | S&P Global US Services PMI | Mar P | 51.7 | 52.0 | -- | 52.3 | index, sa |
| 3/21/24 | S&P Global US Composite PMI | Mar P | 52.2 | 52.2 | -- | 52.5 | index, sa |
| 3/21/24 | Conference Board Leading Index | Feb | 0.1% | -0.1% | -- | -0.4% | m/m, sa |
| 3/21/24 | Existing Home Sales | Feb | 4,380 | 3,950 | -- | 4,000 | k, saar |
| 3/21/24 | Existing Home Sales m/m | Feb | 9.5% | -1.3% | -- | 3.1% | 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)