

HaMMR Digest

Stay current with economic and mortgage market trends.

April 7, 2025

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The Last Hurrah?

- **Key Takeaway:** March jobs report reflected solid underlying fundamentals as draconian trade policy begins to take shape.
- **Macro Implications:** Fed stuck in “wait and see” mode, given lack of labor market stress and elevated uncertainty posed by tariffs.
- **Housing Implications:** Large drop in mortgage rates should lead to a brief near-term lift to activity until labor market headwinds weigh on demand.

Macro: The Trades of Wrath

- New trade measures will negatively impact growth and raise inflation.
- Financial market drawdown will add another headwind for growth.
- 1Q25 industrial bump mostly due to tariff front-running as PMIs weaken.

Jobs Report: Backward-Looking

- Unemployment inched up to 4.15% in March, par with trailing 6-month avg.
- Private sector payrolls up 209k m/m; 6-month average at 156k.
- Prime-age employment rate eased further; discouraged workers keep rising.

Labor Market Turnover: Cooling on the Margin

- Net hiring overall positive despite turning negative for larger firms.
- Low turnover may lead to higher layoffs as firms look to control costs.
- Rebound in construction hiring unlikely to sustain in coming months.

Rates: Looking Ahead

- 10-yr UST yield fell 26bps last week to 4.03%, hitting a 6-month low.
- Jobs report did not assuage growth concerns as yields bear steepened.
- Market pricing now reflects four 25bps rate cuts in '25 on growth worries.

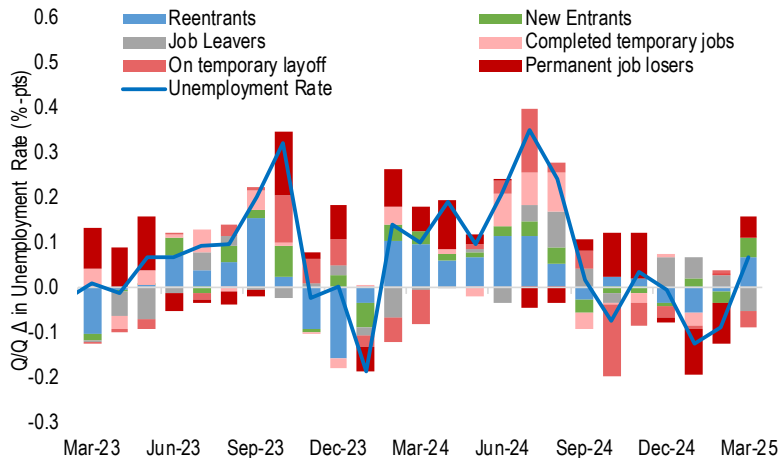
Housing: Discouraging Encouragement

- Mortgage rates down 50bps+ since surging above 7% earlier this year.
- Purchase apps have yet to respond but a brief near-term lift likely.
- Inventory levels continue to rise which should weigh on price growth.

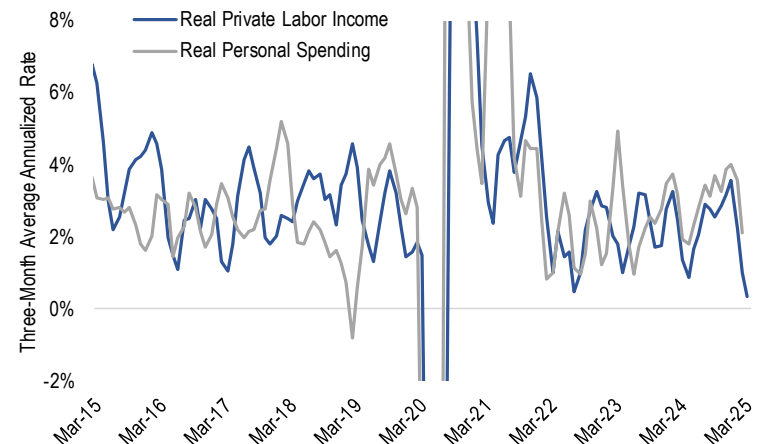
ISM PMI: Possible Inflection Point in Services Hiring

- Manufacturing production eased with large pullback in new orders.
- Services employment fell into contraction, suggesting hiring will slow.
- Cost pressures continue to build with evidence of margin compression.

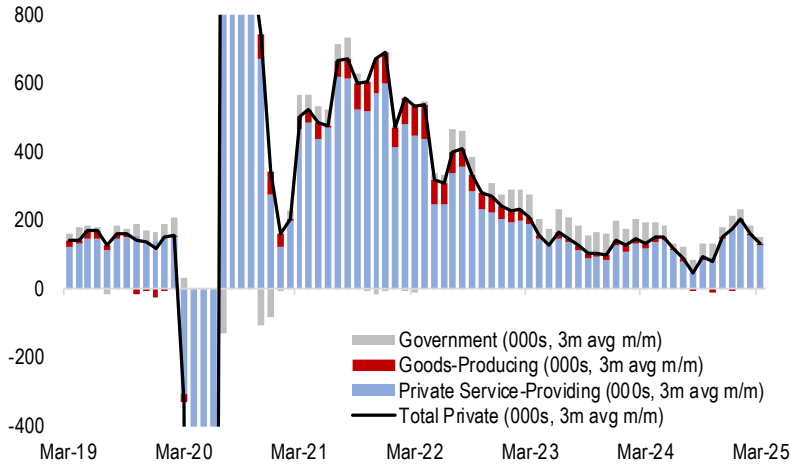
Modest Lift in Unemployment Rate over the First Quarter Largely Driven by Job Seekers



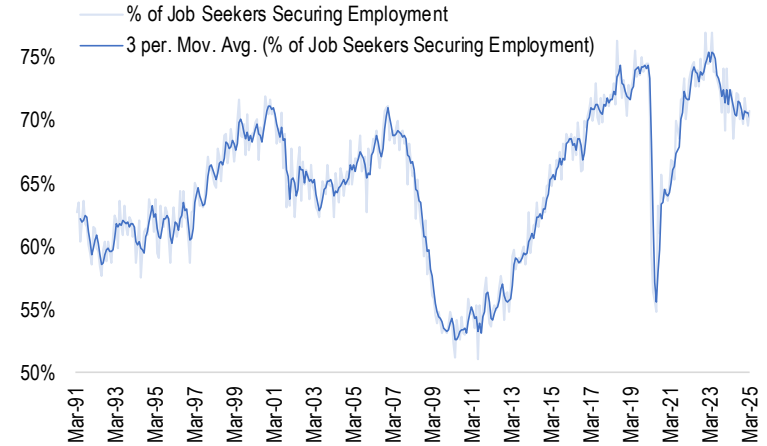
Real Consumer Purchasing Power and Willingness to Spend Will Be Key to Watch in the Months Ahead



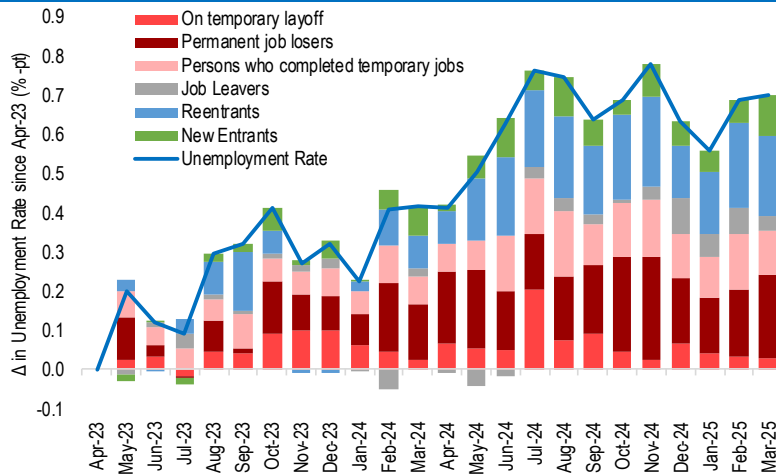
Smoothing through the Noise, Job Gains Still Rising at a Healthy Clip Despite Cooling from Prior Hot Pace



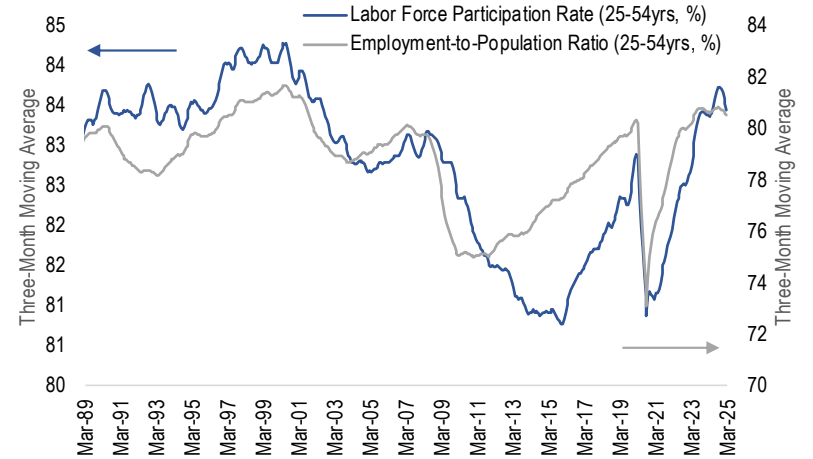
The Portion of Job Seekers Transitioning to Gainful Employment Continued to Cool



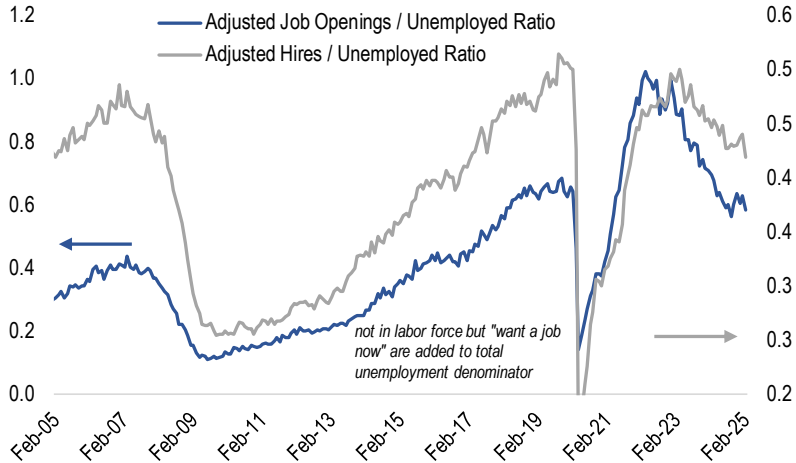
Prior Uptrend in Unemployment Rate Has Seemingly Eased: Permanent Job Losers Key Segment to Watch



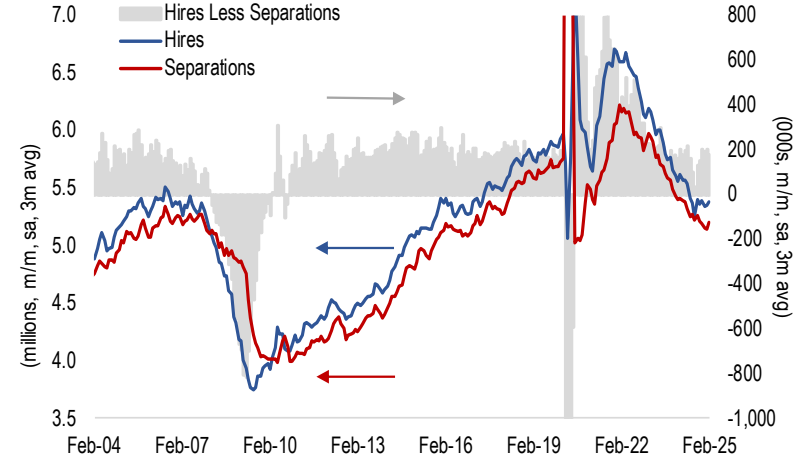
Employment Rate Grows in Importance as Weaker Immigration Will Be a Drag on Unemployment Rate



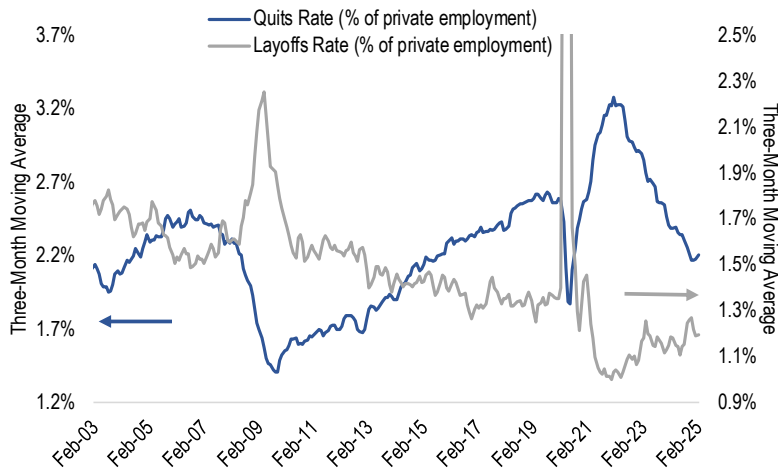
Job Market Signals Slight Demand Moderation with an Uncertain Outlook



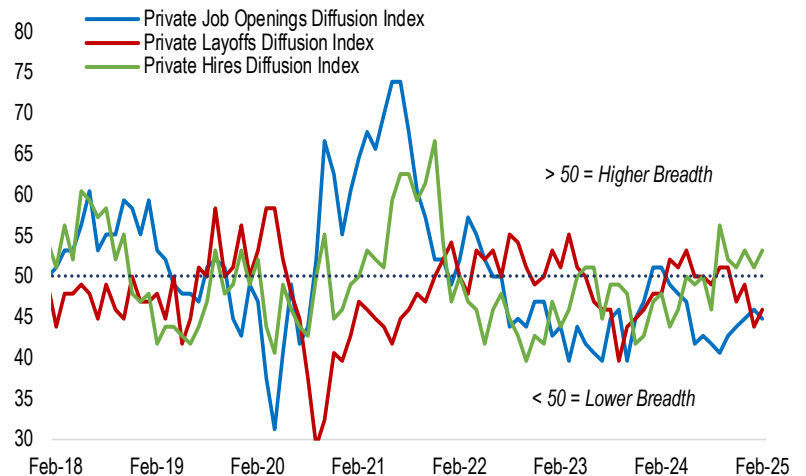
Net Job Growth Still Solid as Pace of Separations Remained Well below Pace of Hiring



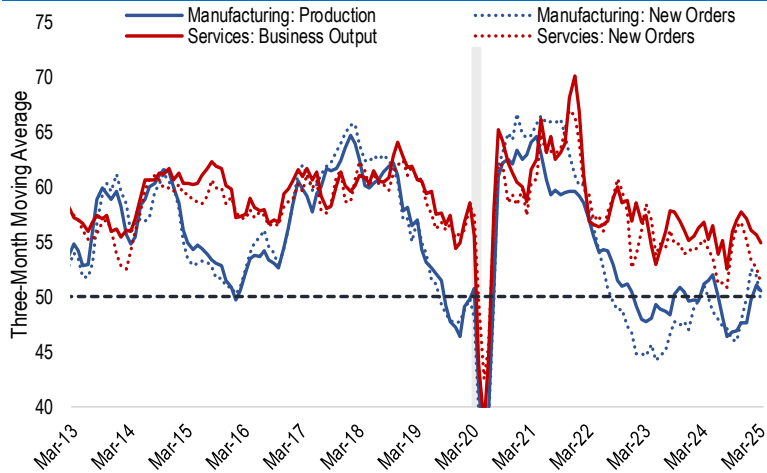
Smoothing through Monthly Noise, Quits and Layoffs Rates Have Essentially Moved Sideways Recently



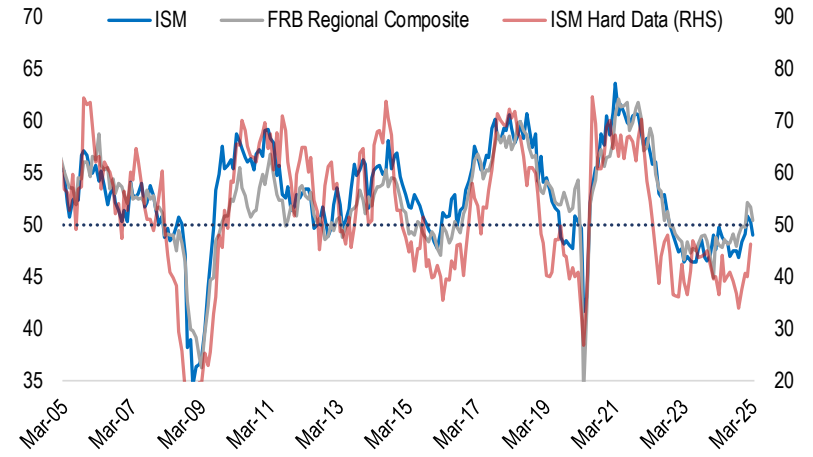
Layoffs Breadth Remained Low but Will Rise as Economic Growth Cools



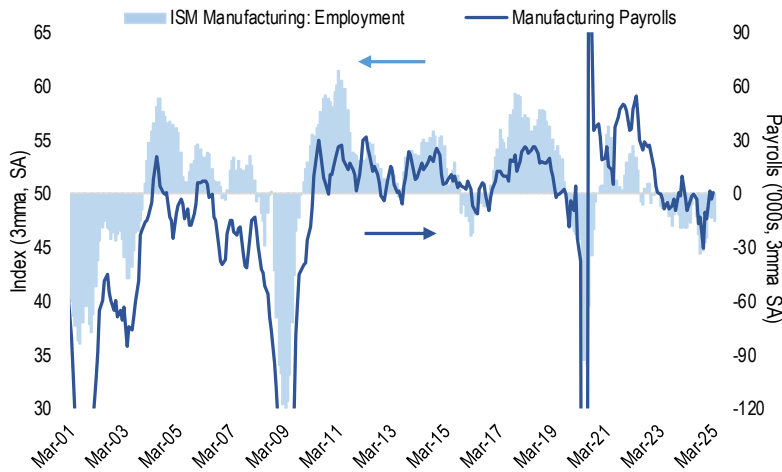
Rebound in Manufacturing PMI Turning Lower While Services New Orders Continued to Weaken



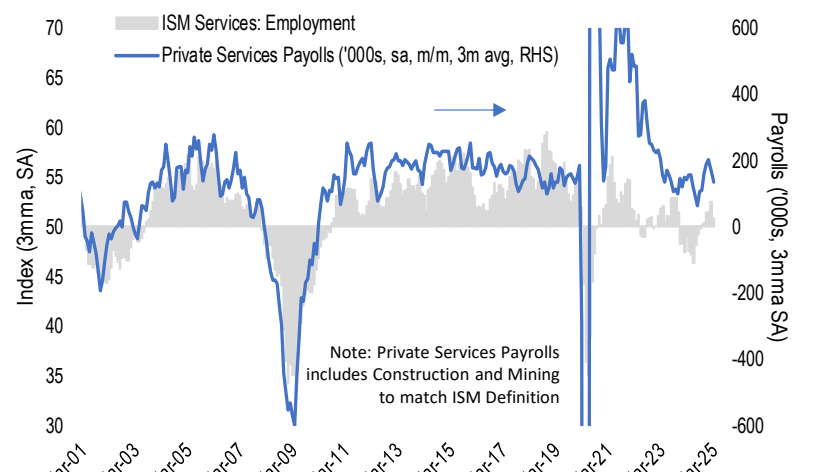
ISM "Hard Data" Shifted Higher in February but Survey Data Has Turned Lower as of March



ISM Manufacturing Employment Turned Lower after a Brief Rebound, Suggesting Headwinds Ahead



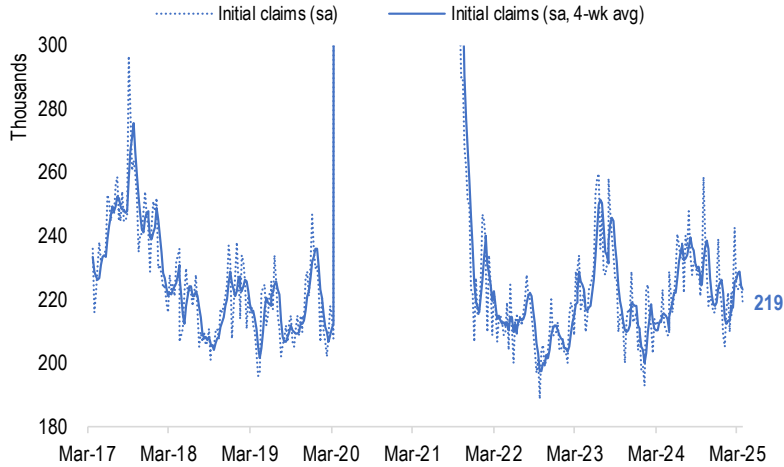
ISM Services Employment Alarming Weak, Similar Decline Foreshadowed Last Summer's Hiring Lull



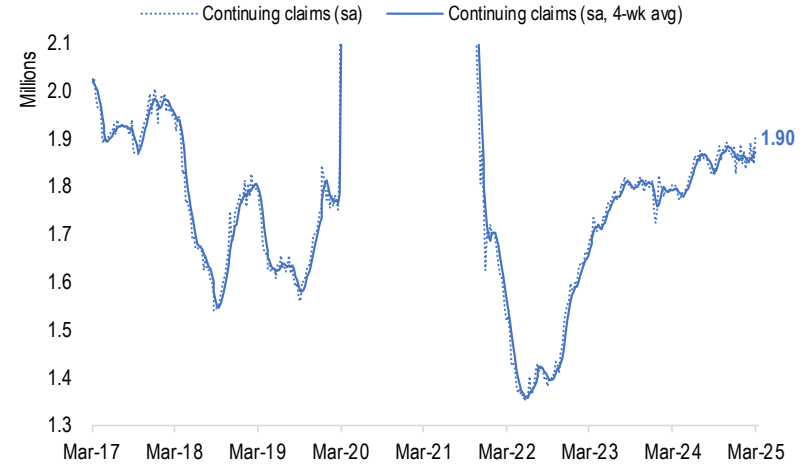
Sources: Institute for Supply Management, Federal Reserve Bank (FRB), U.S. Census Bureau, BLS, Arch Global Economics

Note: Hard Data ISM only through October; Private Services Payrolls Includes Construction and Mining to Match ISM Definition

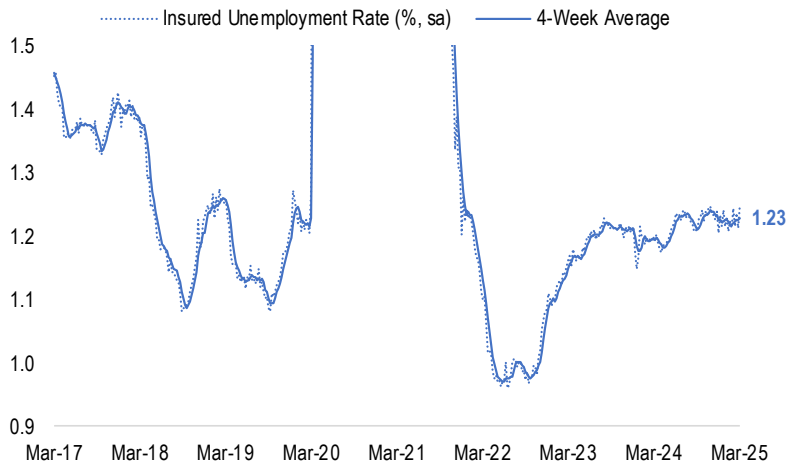
Initial Claims (SA) Declined Again during the Week Ending Mar. 29, Helping to Push Down 4-Week Average



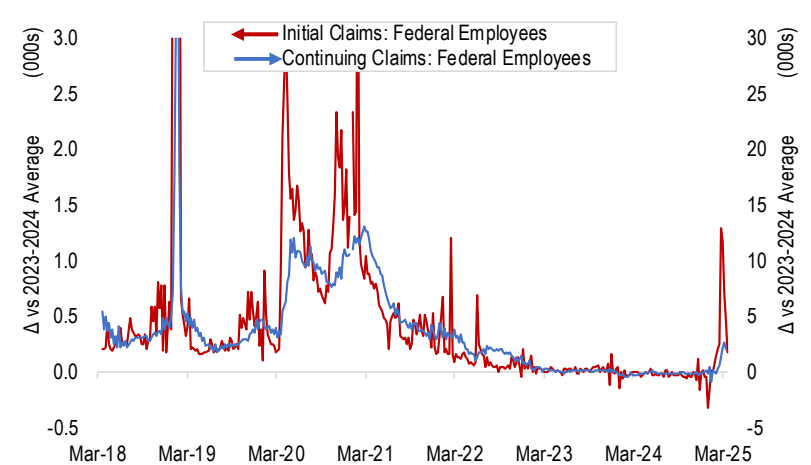
Continuing Claims Turned Higher during the Week Ending Mar. 22, Near Upper Bound of Recent Range



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



Federal Employee Initial Claims Cooled Further and Continuing Claims Eased as Well

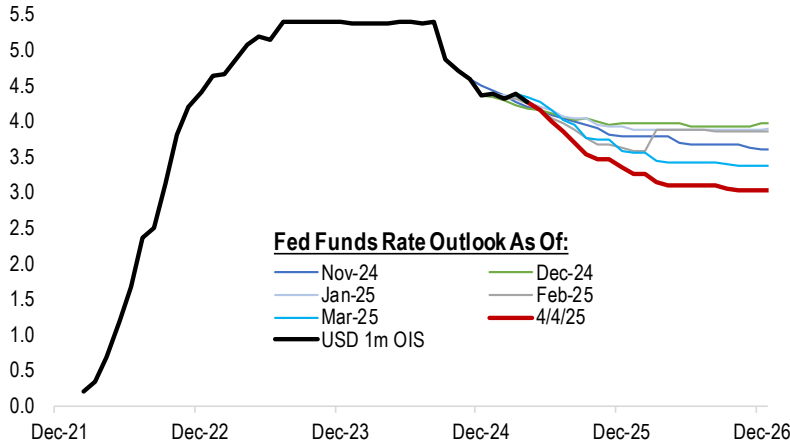


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

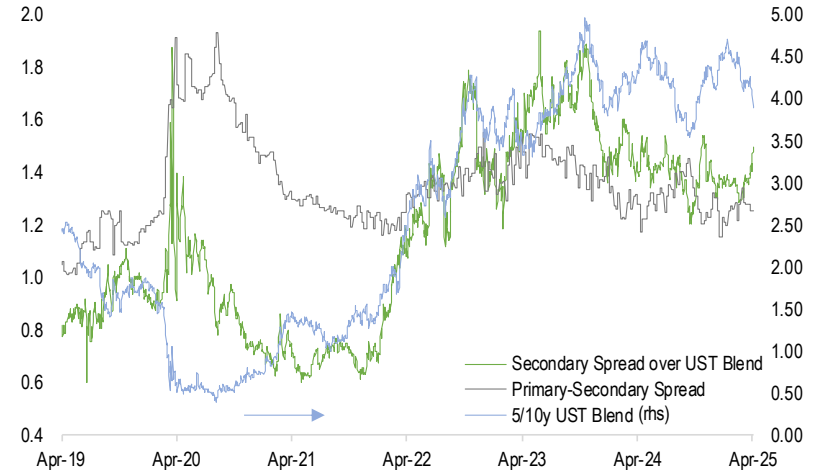
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

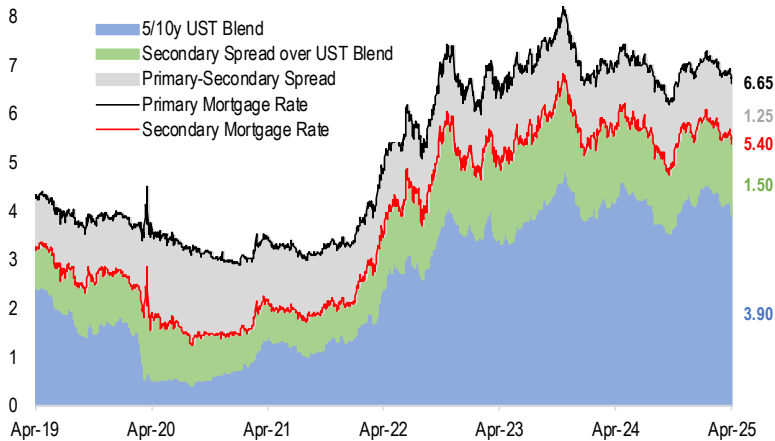
Market Now Pricing in Four Rate Cuts in 2025 After Larger-Than-Expected Tariffs



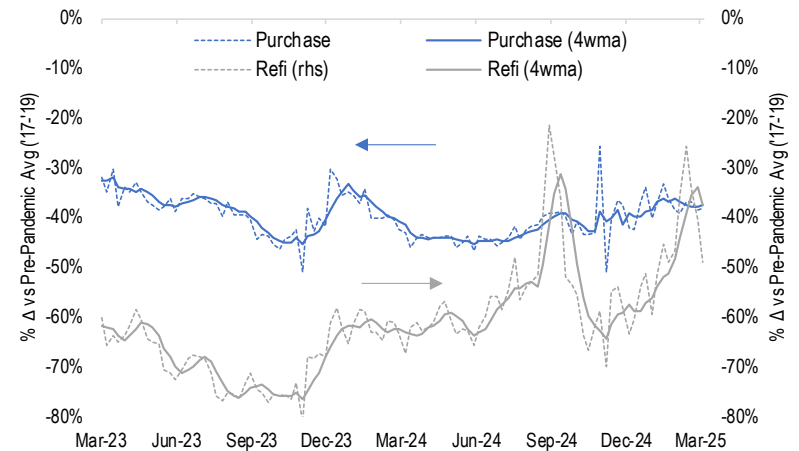
UST Yields Plunged -26bps Last Week, While Mortgage Spreads Widened 7bps ...



... Which Pulled Mortgage Rates Down Nearly -20bps on the Week



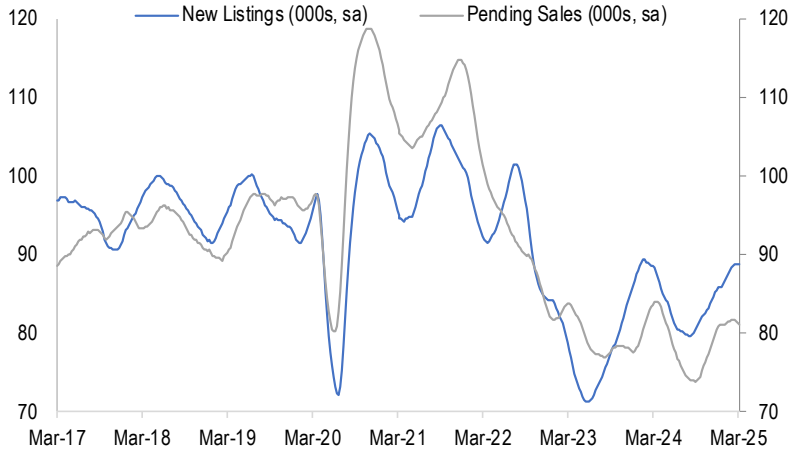
Mortgage Purchase Applications Have Trended Sideways despite Recent Decline in Rates



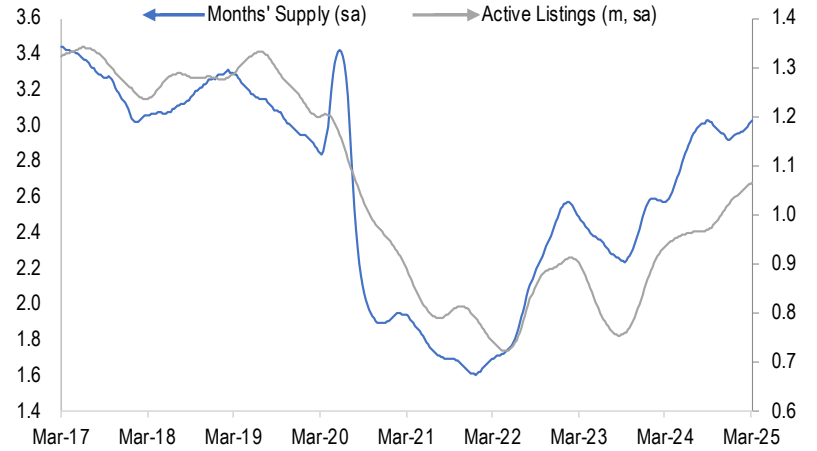
Sources: FRB, Mortgage Bankers Association Bloomberg, Chicago Mercantile Exchange, Arch Global Economics

Secondary Spread: Current Coupon Option Adjusted Spread Over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate – Secondary Mortgage Rate

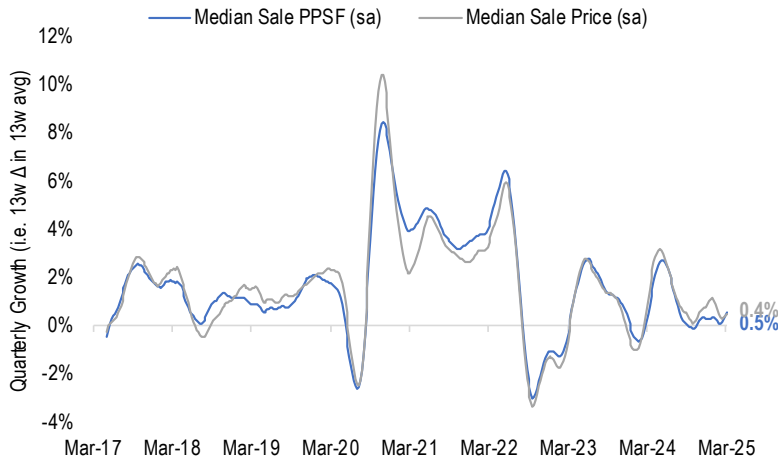
New Listings Still Outpacing Pending Sales, as Both Measures of Housing Activity Have Turned Lower



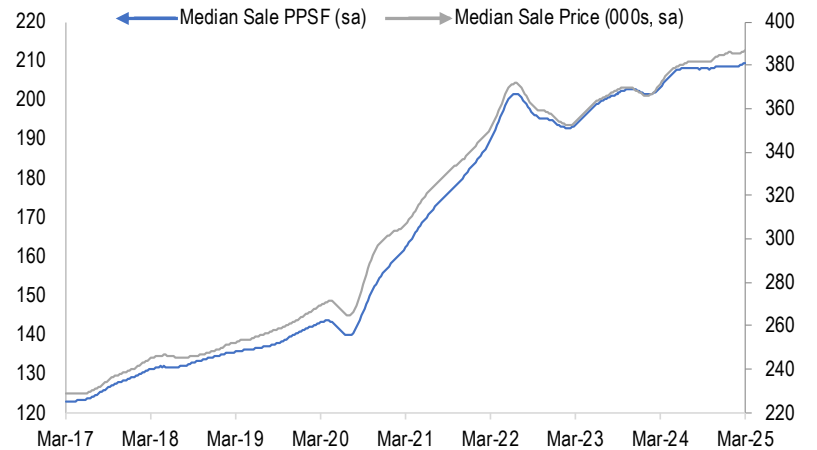
... Which Nudged Months' Supply a Bit Higher, as Inventory Continued to Swell



Pace of Seasonally Adjusted Home-Price Growth Has Started to Turn Higher after Weak Start to '25



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



Annual Home Price Growth Has Broadly Cooled as the Markets Have Generally Softened

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	2.2%	-2.1%	5.4%	2.1%	6.5%	1.8%	98.6%	-0.3%	-8.8	-15.6	12%	-1%	-18%
Atlanta	-0.2%	0.0%	4.5%	5.3%	6.9%	2.6%	98.2%	-0.6%	13.9	-2.1	18%	12%	-18%
Austin	-3.1%	-3.8%	3.8%	3.7%	8.2%	2.1%	97.4%	-0.3%	43.5	31.3	9%	97%	49%
Baltimore	2.1%	-3.0%	3.9%	1.1%	5.9%	1.0%	100.4%	-1.1%	-12.2	-21.1	8%	-22%	-36%
Boston	2.3%	-0.6%	7.8%	4.0%	4.3%	1.2%	101.5%	-0.3%	1.1	0.3	7%	1%	-15%
Chicago	5.9%	-2.0%	6.6%	2.2%	3.2%	1.3%	99.7%	0.0%	2.4	2.5	-3%	-14%	-16%
Dallas	-2.6%	-3.2%	1.6%	0.7%	8.6%	2.9%	97.7%	-0.3%	17.5	4.0	23%	44%	10%
Denver	-3.4%	-1.5%	1.4%	-1.6%	9.1%	2.2%	99.2%	-0.5%	13.7	4.5	41%	72%	21%
Houston	-0.3%	-1.2%	3.3%	0.6%	7.4%	2.0%	97.1%	-0.2%	14.9	-3.6	15%	20%	-2%
Los Angeles	5.2%	1.2%	6.5%	5.0%	6.5%	3.6%	100.6%	-0.4%	-5.8	-6.6	-8%	-14%	-2%
Miami	0.7%	-6.3%	5.5%	3.6%	5.1%	1.7%	95.6%	-0.6%	16.0	-3.4	21%	26%	-13%
Minneapolis	0.1%	-1.6%	3.0%	1.5%	5.4%	1.3%	100.0%	-0.1%	1.0	-1.3	0%	-10%	-12%
Nashville	0.8%	0.3%	4.2%	1.4%	5.3%	1.8%	98.1%	-0.3%	16.5	3.4	17%	22%	-2%
New York	6.5%	-0.7%	7.3%	-7.5%	3.8%	0.8%	99.3%	0.1%	-51.8	-51.3	0%	-25%	-24%
Phoenix	1.2%	-2.0%	2.3%	1.2%	8.6%	2.0%	98.1%	-0.3%	11.6	3.8	31%	49%	15%
Portland	2.1%	1.0%	3.8%	2.6%	6.9%	1.7%	99.8%	0.1%	9.0	5.0	10%	39%	22%
Riverside	1.6%	-3.7%	4.2%	0.7%	8.2%	4.5%	99.0%	-0.5%	-10.0	-15.6	-7%	-20%	-16%
San Diego	0.9%	-4.0%	1.3%	-1.9%	7.2%	3.5%	99.6%	-1.2%	-0.2	-7.2	12%	-9%	-22%
Seattle	0.1%	-6.0%	3.8%	-2.1%	6.1%	2.3%	101.3%	-0.8%	-2.5	-4.0	32%	32%	-5%
Tampa	-3.5%	-1.5%	2.1%	6.1%	10.0%	1.3%	96.7%	-0.8%	7.2	-2.8	17%	40%	16%
Washington DC	4.8%	-1.0%	5.6%	-1.6%	5.5%	2.4%	100.4%	-0.6%	6.8	3.8	15%	11%	-14%

Data as of Mar. 30, 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
4/7/25	3:00 PM	Consumer Credit m/m	Feb	--	15.0	--	18.1	\$B, sa
4/8/25	6:00 AM	NFIB Small Business Optimism	Mar	--	99.0	--	100.7	index, sa
4/9/25	7:00 AM	MBA Mortgage Applications w/w	4/4/25	--	--	--	-1.6	%, sa
4/9/25	10:00 AM	Wholesale Trade Sales m/m	Feb	--	--	--	-1.3	%, sa
4/9/25	10:00 AM	Wholesale Inventories m/m	Feb F	--	0.4	--	0.3	%, sa
4/9/25	2:00 PM	FOMC Meeting Minutes	3/19/25	--	--	--	--	
4/10/25	8:30 AM	CPI m/m	Mar	--	0.1	--	0.2	%, sa
4/10/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Mar	--	0.3	--	0.2	%, sa
4/10/25	8:30 AM	CPI y/y	Mar	--	2.6	--	2.8	%, nsa
4/10/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Mar	--	3.0	--	3.1	%, nsa
4/10/25	8:30 AM	Initial Jobless Claims	4/5/25	--	224	--	219	k, sa
4/10/25	8:30 AM	Continuing Claims	3/29/25	--	1,884	--	1,903	k, sa
4/11/25	8:30 AM	PPI Final Demand m/m	Mar	--	0.2	--	0.0	%, sa
4/11/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Mar	--	0.3	--	-0.1	%, sa
4/11/25	8:30 AM	PPI Final Demand y/y	Mar	--	3.3	--	3.2	%, nsa
4/11/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Mar	--	3.6	--	3.4	%, nsa
4/11/25	10:00 AM	U. of Mich. Sentiment	Apr P	--	54.0	--	57.0	index, nsa
4/11/25	10:00 AM	U. of Mich. 1 Yr Inflation	Apr P	--	5.1	--	5.0	nsa
4/11/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Apr P	--	4.2	--	4.1	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
4/1/25	11:00 AM	Wards Total Vehicle Sales	Mar	17.8	16.2	--	16.0	m, saar
4/1/25	9:45 AM	S&P Global US Manufacturing PMI	Mar F	50.2	49.9	--	49.8	index, sa
4/1/25	10:00 AM	JOLTS Job Openings	Feb	7,568	7,658	7,762	7,740	k, sa
4/1/25	10:00 AM	ISM Manufacturing	Mar	49.0	49.5	--	50.3	index, sa
4/1/25	10:00 AM	ISM Prices Paid	Mar	69.4	64.6	--	62.4	index, nsa
4/2/25	7:00 AM	MBA Mortgage Applications w/w	3/28/25	-1.6	--	--	-2.0	%, sa
4/2/25	8:15 AM	ADP Employment m/m	Mar	155	120	84	77	k, sa
4/2/25	10:00 AM	Durable Goods Orders m/m	Feb F	1.0	0.9	--	0.9	%, sa
4/2/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Feb F	-0.2	-0.2	--	-0.3	%, sa
4/2/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Feb F	0.8	0.8	--	0.9	%, sa
4/3/25	8:30 AM	Initial Jobless Claims	3/29/25	219	225	225	224	k, sa
4/3/25	8:30 AM	Continuing Claims	3/22/25	1,903	1,870	1,847	1,856	k, sa
4/3/25	9:45 AM	S&P Global US Services PMI	Mar F	54.4	54.2	--	54.3	index, sa
4/3/25	9:45 AM	S&P Global US Composite PMI	Mar F	53.5	53.5	--	53.5	index, sa
4/3/25	10:00 AM	ISM Services Index	Mar	50.8	52.9	--	53.5	index, nsa
4/4/25	8:30 AM	Nonfarm Payrolls m/m	Mar	228	140	117	151	k, sa
4/4/25	8:30 AM	Private Payrolls m/m	Mar	209	135	116	140	k, sa
4/4/25	8:30 AM	Unemployment Rate	Mar	4.2	4.1	--	4.1	%, sa
4/4/25	8:30 AM	Labor Force Participation Rate	Mar	62.5	62.4	--	62.4	%, sa
4/4/25	8:30 AM	Average Hourly Earnings m/m	Mar	0.3	0.3	0.2	0.3	%, sa
4/4/25	8:30 AM	Average Hourly Earnings y/y	Mar	3.8	4.0	--	4.0	%, nsa
4/4/25	8:30 AM	Average Weekly Hours All Employees	Mar	34.2	34.2	34.2	34.1	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)