

# HaMMR Digest

Stay current with economic and mortgage market trends.

April 21, 2025

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**At the Leading Edge**

- **Key Takeaway:** Near-term economic data will be muddled by behavioral changes on the part of business and consumers that support decent activity.
- **Macro Implications:** Momentum will fade quickly as pull-forward demand eases, and the inflationary shock emerges compounded by a patient Fed.
- **Housing Implications:** Largest x-factor aside from rates remains the labor market, as a sustained rise in unemployment could lead to forced selling.

**Macro: We Are All Patiently Waiting**

- Minimal tariff announcements provided relief for markets (and forecasters).
- Uncertainty remains high however, and we expect growth to materially slow.
- April survey data point to rolling slowdown across services and industry.

**Rates: Looking for Stability**

- 10-yr UST fell 18bps w/w to 4.33% after prior week’s largest rise since 2001.
- Fed’s near-term focus on inflation credibility implies no preemptive cuts.
- Market pricing shifted to four 25bps rate cuts in 2025 amid growth risks.

**Housing: It Will Get Worse before It Gets Better**

- Mortgage rates pulled back and settled at ~7.0% last week.
- Median days on market rising and share of buyers paying above list falling.
- Further housing slowdown likely over the near-to-medium term.

**Home Construction: Pain Coming**

- Single-family starts plunged -14% in March and -10% y/y.
- Permitting trailing the pace of starts, implying a further slowdown.
- Builder sentiment remains low with builders noting rising input costs.

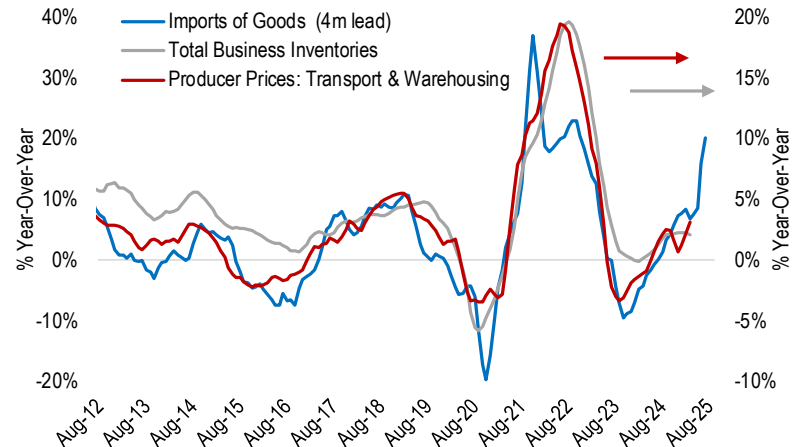
**Retail Sales: Sigh of Momentary Relief**

- Retail sales rose by 1.4% m/m in March amid strong auto sales.
- Control group of sales showed broad-based strength to end 1Q25.
- Rebound in restaurant spending encouraging but unlikely to sustain.

**Industrial Production: Strong 1Q25 Not a Trend**

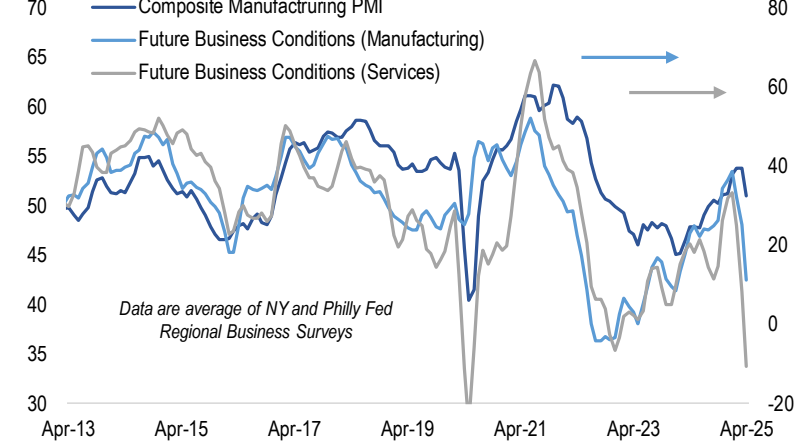
- Industrial production posted its strongest quarter since 2022.
- Excluding autos, manufacturing output rose 5.4% annualized in 1Q25.
- Evident that producers churned out more to get ahead of tariff costs.

**Surge in Imports Will Bump Up Near-Term Activity with Payback Later Regardless of Tariff Outcomes**



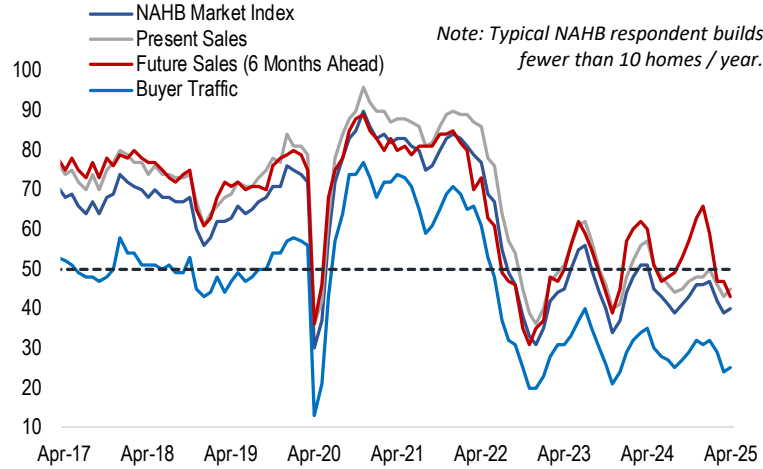
Sources: Federal Reserve Board, U.S. Census Bureau, Bureau of Labor Statistics, Arch Global Economics

**Early Release Regional Activity Measures Indicate Most Firms Bracing for Negative Tariff Impact**

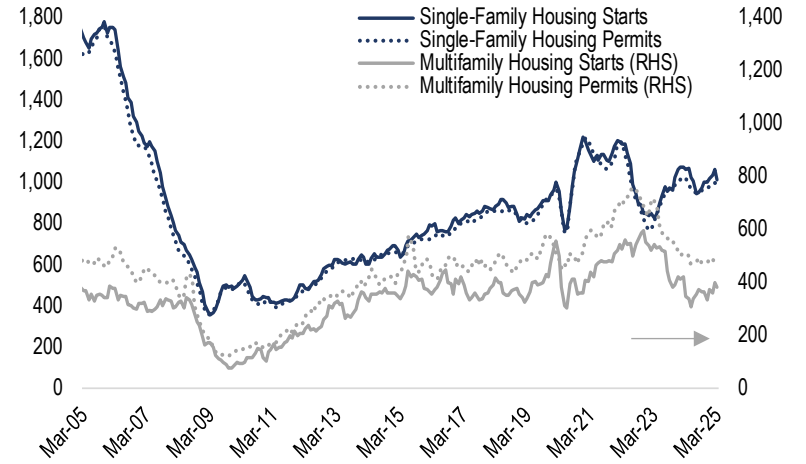


Note: "Control Group" = Retail sales excludes autos, gas, building materials and restaurants. SA = Seasonally Adjusted

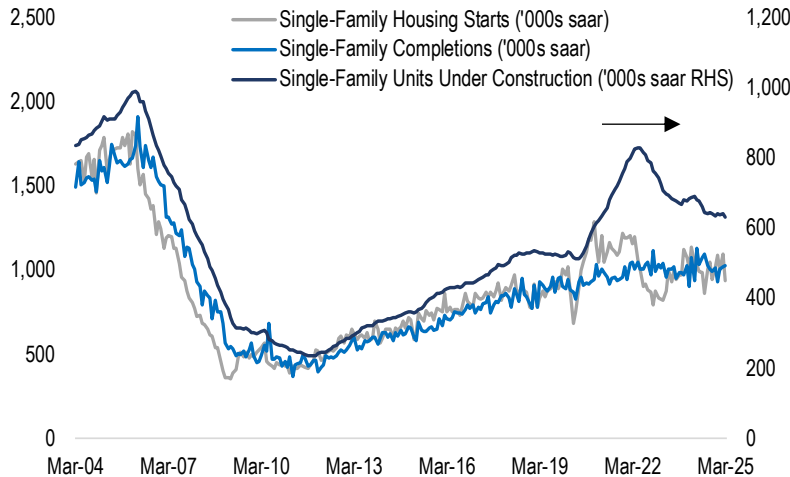
**Despite the Slight Uptick in Builder Optimism in April, Current Low Sentiment Suggests Weaker Activity Ahead**



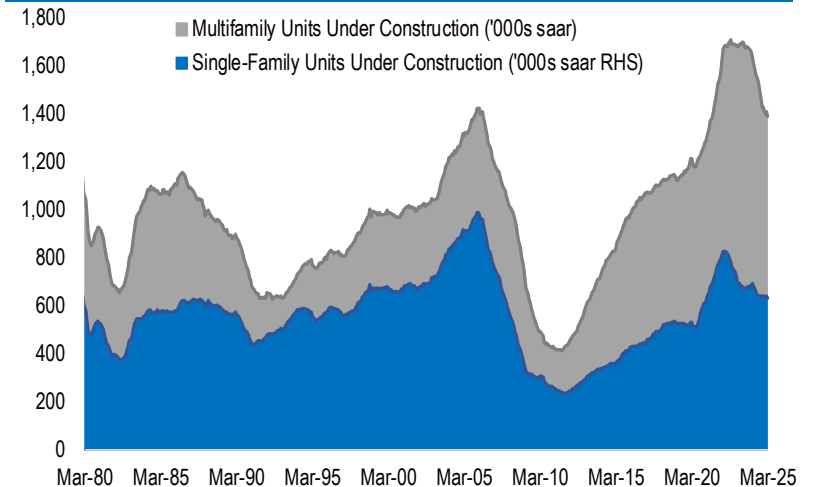
**Multiple Headwinds Face Single-Family Construction with Builders Having Already Pulled Back**



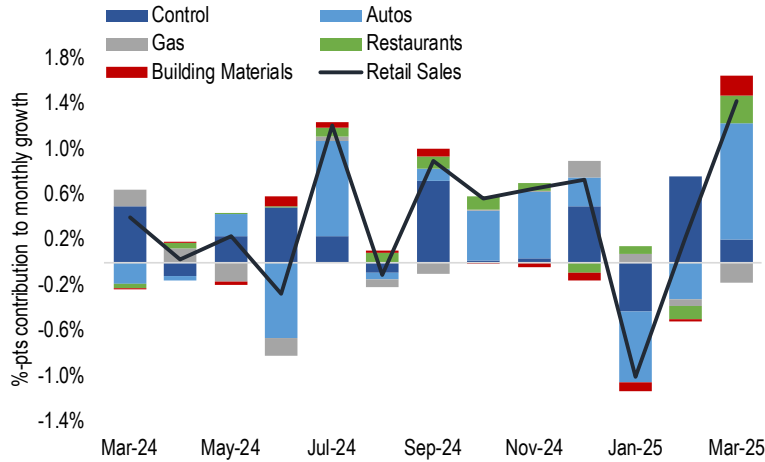
**Single-Family Completions Should Remain in Modest Uptrend, As Builders Work Through Backlog**



**Single-Family Units in the Pipeline Have Trended Sideways, While Multifamily Is Still Receding Quickly**



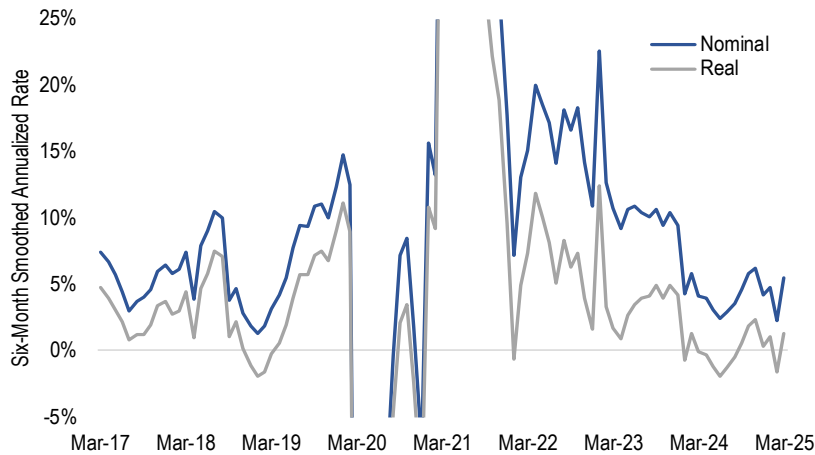
**Auto Sales Contributed 1.0%-pts, or over 70%, of Headline Retail Sales for March**



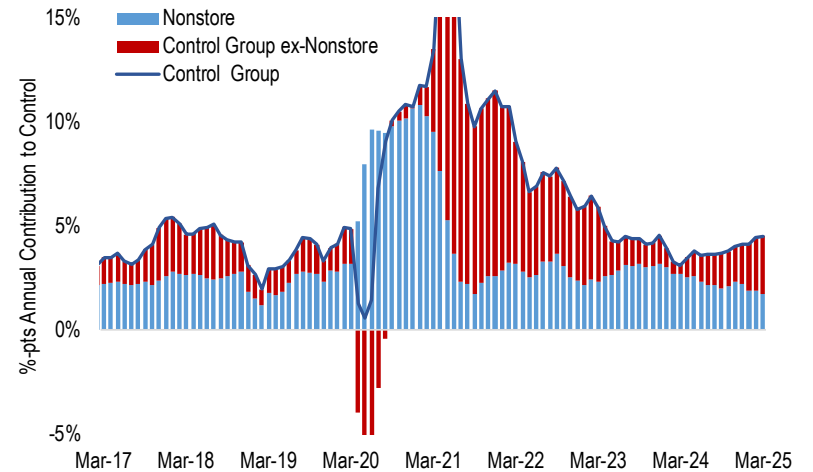
**Real Retail Sales Declined during the 2018 Trade War 1.0, a Harbinger of What Lies Ahead**



**Restaurant Sales Posted a Rebound That Suggests Consumers Have Not Turned Overly Cautious, Yet**

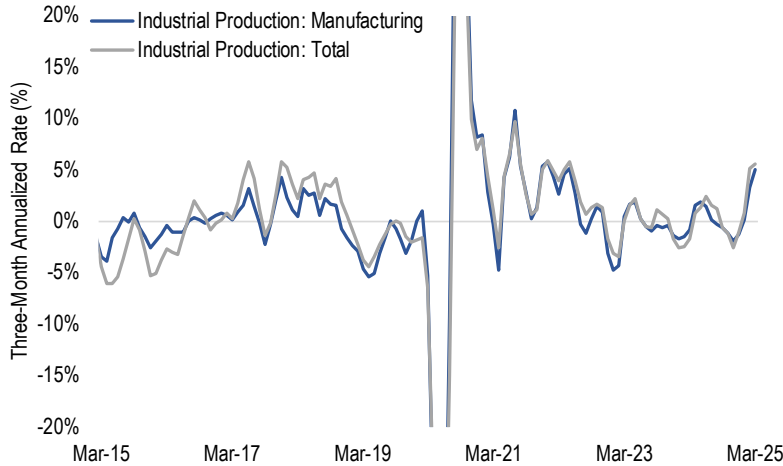


**March Online (Non-Store) Sales Were Surprisingly Weak and Counters the Notion of Front-Loaded Spending**

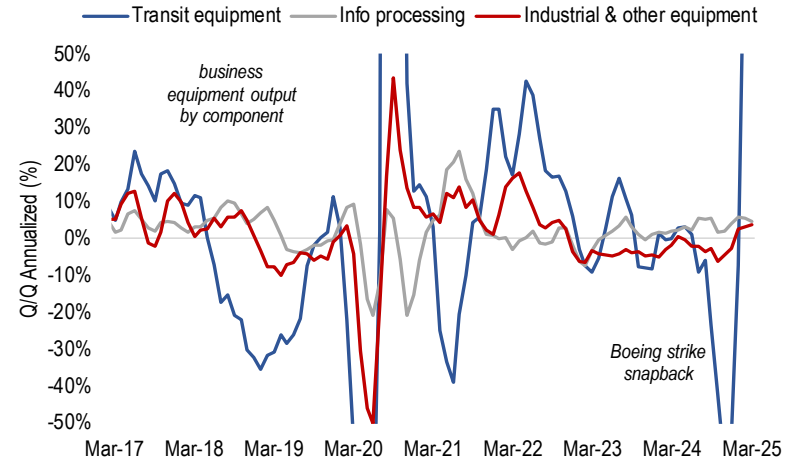


Note: "Control Group" = Retail sales excludes autos, gas, building materials and restaurants. SA = Seasonally Adjusted  
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

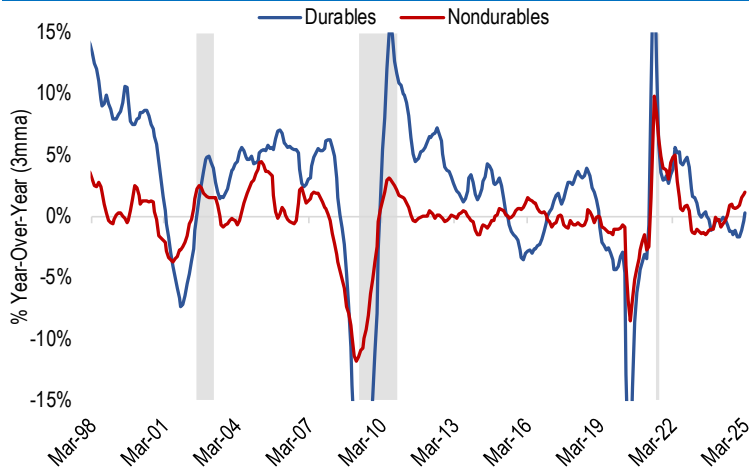
**Industrial Production Had a Robust Quarter Boosted by Broad-Based Strength**



**Robust Business Equipment Production Will Significantly Slow in the Months Ahead**

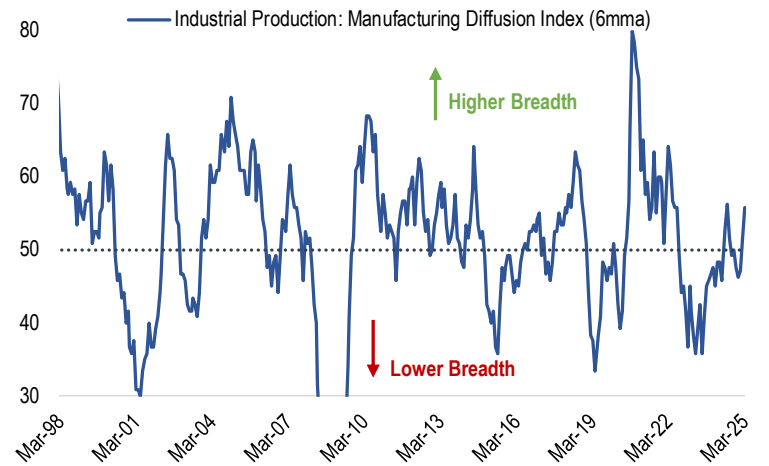


**Nondurables Continued Its Growth Leadership Despite Strong Rebound in Durables Activity**

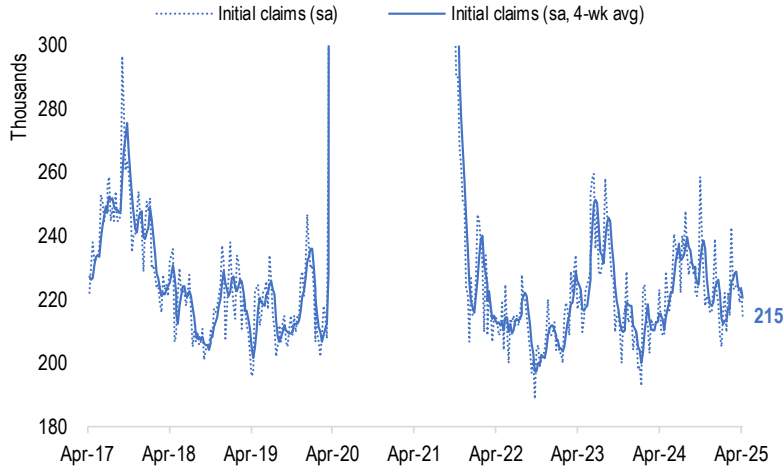


Durable goods are products that can be inventoried and have an average life of at least 3 years

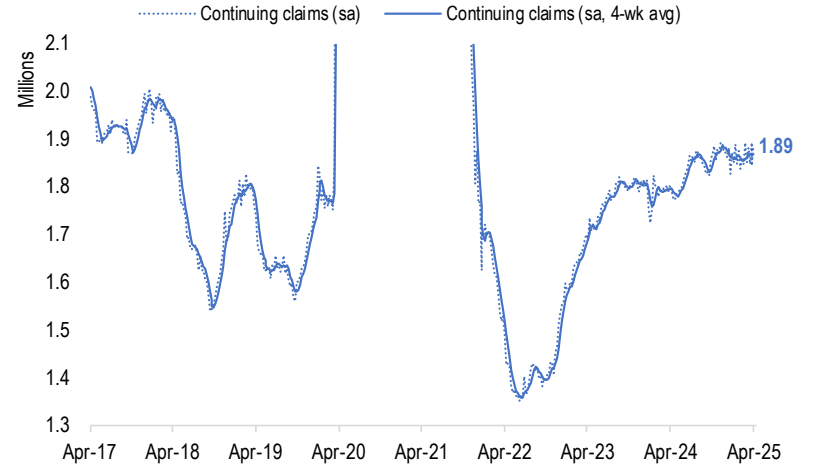
**Breadth of Industries Expanding Hit Multi-Month High, Led by Transport Equipment and Vehicles**



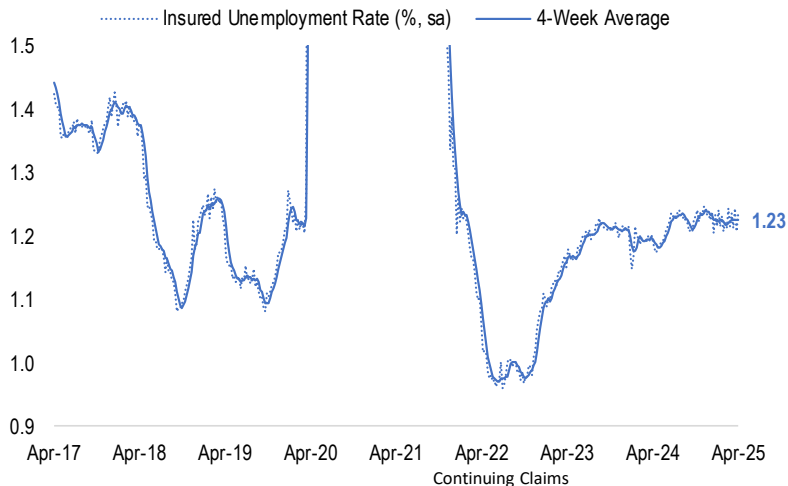
**Initial Claims (SA) Ticked Down during the Week Ending April 12, Helping to Push Down 4-Week Average**



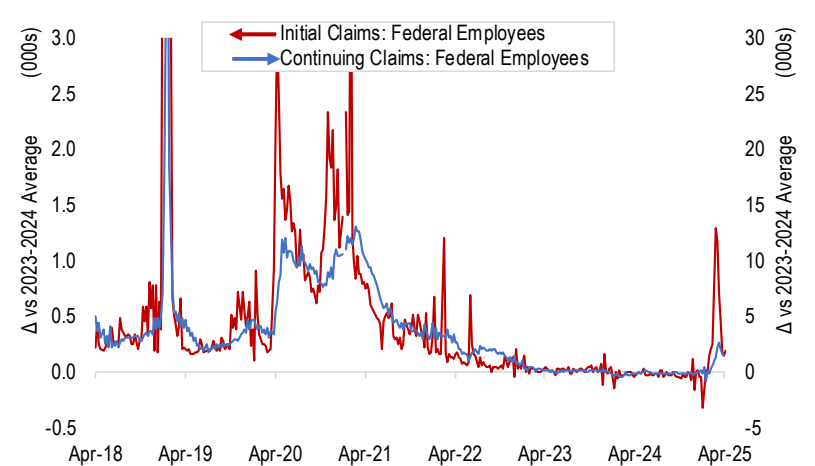
**Continuing Claims Moved Higher the Week Ending April 5, Back Toward Upper Bound of Recent Range**



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



**Federal Employee Initial Claims Rose for First Time in Six Weeks, but Continuing Claims Eased Further**

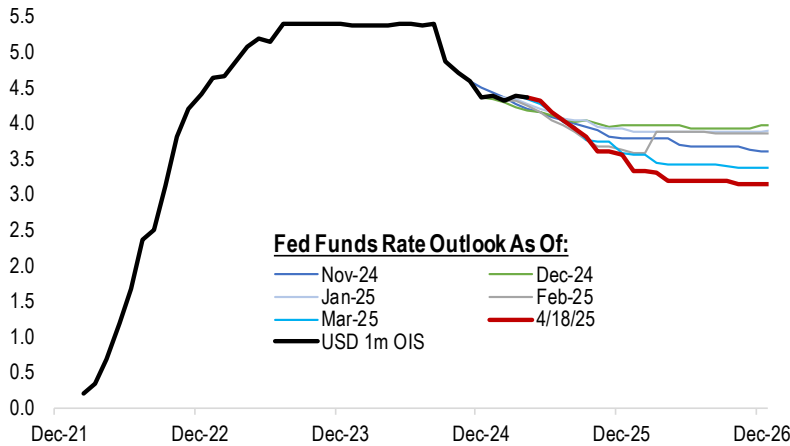


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

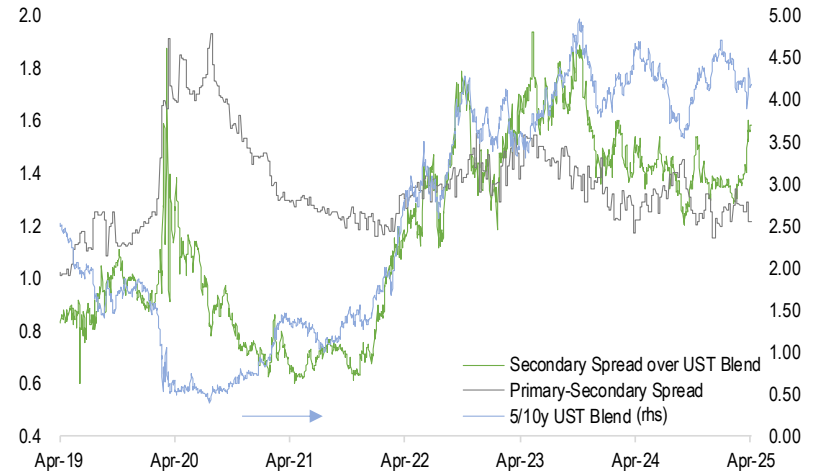
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted  
NSA = Not Seasonally Adjusted

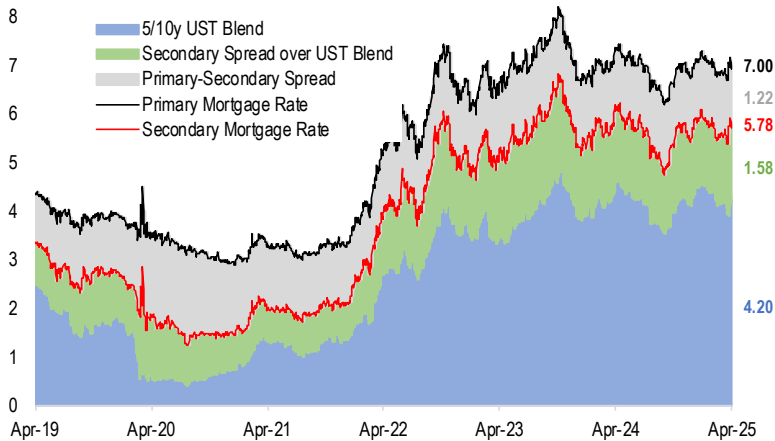
**Growth Concerns Tipped Market Pricing Back to Four 25bps Rate Cuts in 2025**



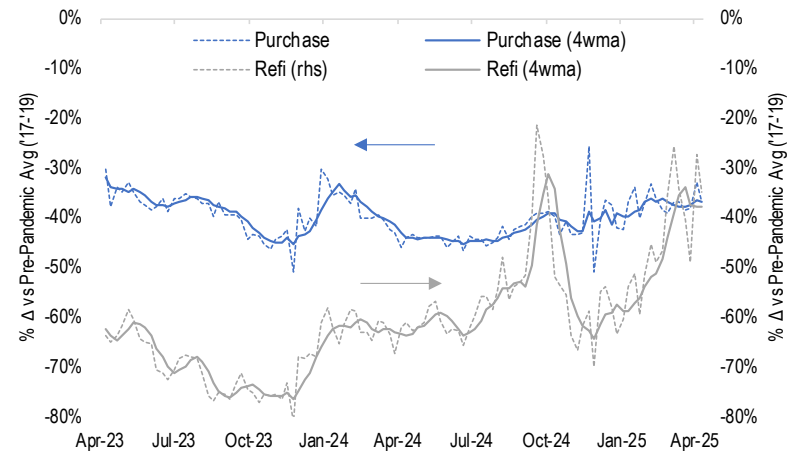
**UST Yields Dropped -18bps Last Week, While Mortgage Spreads Widened Slightly ...**



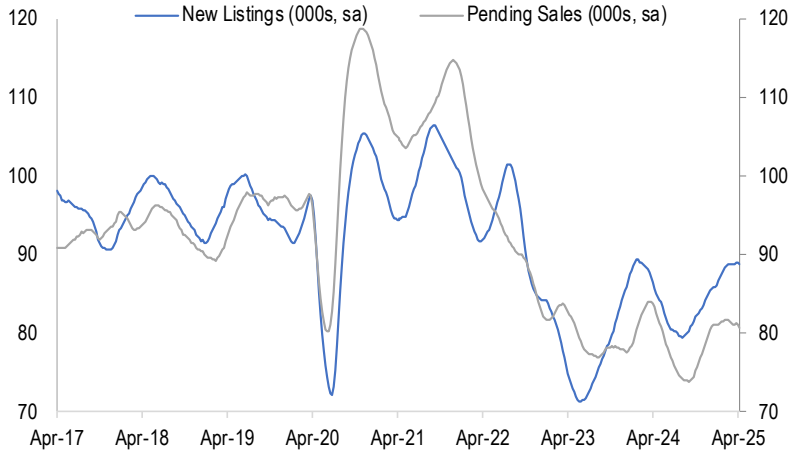
**... Which Brought Mortgage Rates Back Down Toward 7% Again**



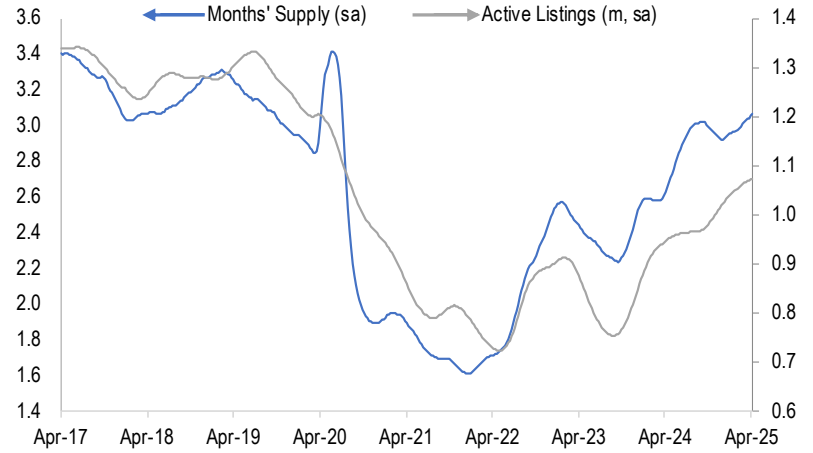
**Mortgage Purchase and Refi Applications Have Trended Higher Despite Recent Rate Volatility**



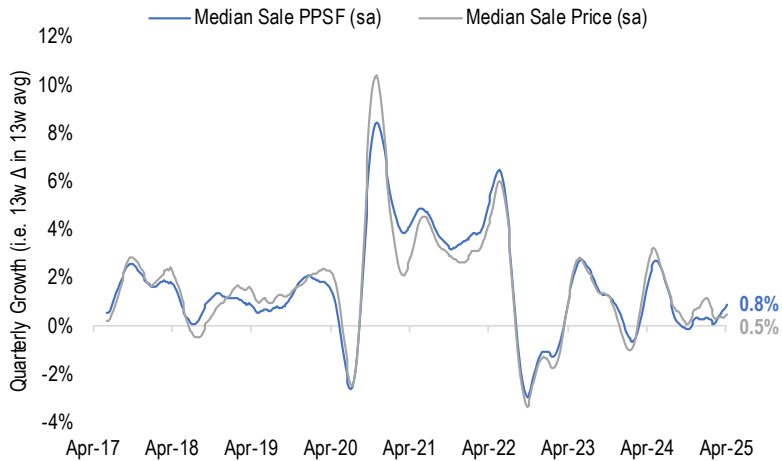
**New Listings Still Far Outpacing Pending Sales, Which Have Continued to Cool**



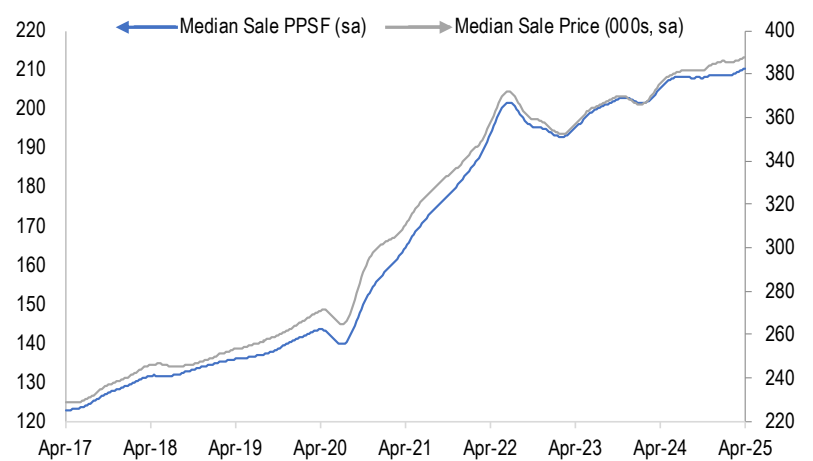
**... Which Nudged Months' Supply a Bit Higher As Inventory Continued to Swell**



**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	1.7%	-1.9%	5.5%	2.4%	6.6%	1.7%	98.7%	-0.4%	-9.0	-14.5	12%	-1%	-17%
Atlanta	-0.4%	-1.3%	3.8%	4.2%	7.1%	2.6%	98.3%	-0.5%	12.5	-1.7	20%	11%	-15%
Austin	-2.7%	-0.4%	1.6%	2.2%	8.5%	2.0%	97.4%	-0.4%	36.8	28.6	12%	124%	57%
Baltimore	4.0%	0.5%	4.4%	0.7%	6.1%	1.2%	100.9%	-0.5%	-10.5	-15.8	14%	-25%	-39%
Boston	2.7%	-4.2%	7.2%	7.2%	4.8%	1.5%	101.9%	-0.3%	3.9	3.9	14%	5%	-20%
Chicago	4.3%	-3.7%	6.8%	2.1%	3.1%	1.3%	100.0%	-0.1%	10.7	9.9	-1%	-11%	-16%
Dallas	-2.9%	-2.9%	0.4%	1.2%	9.2%	3.0%	97.9%	-0.4%	15.0	2.5	29%	51%	8%
Denver	-3.8%	-2.9%	1.2%	-0.3%	9.5%	1.8%	99.3%	-0.5%	11.0	4.0	43%	76%	27%
Houston	-0.9%	-1.8%	3.0%	1.3%	7.8%	2.1%	97.1%	-0.3%	11.1	-0.9	-6%	-10%	-8%
Los Angeles	1.9%	-0.3%	4.8%	2.3%	5.9%	3.1%	100.6%	-0.6%	-3.8	-6.1	4%	2%	-4%
Miami	0.8%	-4.5%	4.7%	4.5%	5.0%	1.7%	95.4%	-0.7%	10.5	-2.8	22%	34%	-16%
Minneapolis	0.4%	-1.7%	3.4%	1.1%	5.5%	1.4%	100.3%	-0.2%	-0.8	-3.0	3%	-5%	-12%
Nashville	0.5%	0.4%	5.2%	4.8%	5.6%	1.8%	98.1%	-0.4%	11.6	0.3	18%	23%	-6%
New York	8.5%	1.9%	5.3%	-2.2%	3.9%	0.8%	99.7%	0.2%	-51.6	-49.4	3%	-23%	-26%
Phoenix	0.4%	-1.3%	2.0%	1.7%	8.8%	2.0%	98.2%	-0.2%	11.8	3.1	28%	43%	16%
Portland	0.7%	-0.9%	3.2%	1.6%	7.4%	1.9%	100.0%	-0.2%	8.6	2.3	10%	34%	15%
Riverside	2.0%	-4.1%	3.7%	0.2%	7.5%	3.5%	99.1%	-0.4%	-9.5	-13.9	5%	-7%	-13%
San Diego	0.3%	-2.5%	-0.2%	-1.9%	7.0%	3.3%	99.7%	-1.4%	-1.3	-5.5	23%	8%	-19%
Seattle	1.7%	-1.8%	6.3%	3.4%	6.7%	2.7%	101.6%	-1.0%	-1.6	-2.3	37%	32%	-1%
Tampa	-3.4%	-0.7%	2.3%	6.3%	10.1%	1.4%	96.9%	-0.5%	4.5	-2.4	19%	46%	19%
Washington DC	2.3%	-3.8%	5.0%	-2.5%	5.7%	2.3%	100.7%	-0.6%	9.3	5.3	24%	12%	-17%

Data as of April 13, 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
4/21/25	10:00 AM	Conference Board Leading Index m/m	Mar	--	-0.5	--	-0.3	%, sa
4/23/25	11:00 AM	Building Permits	Mar F	--	--	--	1,482	k, saar
4/23/25	11:00 AM	Building Permits m/m	Mar F	--	--	--	1.6	%, sa
4/23/25	7:00 AM	MBA Mortgage Applications w/w	4/18/25	--	--	--	-8.5	%, sa
4/23/25	9:45 AM	S&P Global US Manufacturing PMI	Apr P	--	49.3	--	50.2	index, sa
4/23/25	9:45 AM	S&P Global US Services PMI	Apr P	--	53.0	--	54.4	index, sa
4/23/25	9:45 AM	S&P Global US Composite PMI	Apr P	--	--	--	53.5	index, sa
4/23/25	10:00 AM	New Home Sales	Mar	--	681	--	676	k, saar
4/23/25	10:00 AM	New Home Sales m/m	Mar	--	0.7	--	1.8	%, sa
4/24/25	8:30 AM	Durable Goods Orders m/m	Mar P	--	1.5	--	1.0	%, sa
4/24/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Mar P	--	0.1	--	-0.2	%, sa
4/24/25	8:30 AM	Initial Jobless Claims	4/19/25	--	--	--	215	k, sa
4/24/25	8:30 AM	Continuing Claims	4/12/25	--	--	--	1,885	k, sa
4/24/25	10:00 AM	Existing Home Sales	Mar	--	4.1	--	4.3	m, saar
4/24/25	10:00 AM	Existing Home Sales m/m	Mar	--	-2.8	--	4.2	%, sa
4/24/25	11:00 AM	Kansas City Fed Manf. Activity	Apr	--	--	--	-2.0	sa, index
4/25/25	10:00 AM	U. of Mich. Sentiment	Apr F	--	50.8	--	50.8	index, nsa
4/25/25	10:00 AM	U. of Mich. 1 Yr Inflation	Apr F	--	--	--	6.7	nsa
4/25/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Apr F	--	--	--	4.4	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
4/14/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Mar	<b>3.6</b>	3.3	--	3.1	%
4/15/25	8:30 AM	Empire Manufacturing	Apr	<b>-8.1</b>	-13.5	--	-20.0	index, sa
4/15/25	8:30 AM	Import Price Index m/m	Mar	<b>-0.1</b>	0.0	0.2	0.4	%, nsa
4/15/25	8:30 AM	Import Price Index y/y	Mar	<b>0.9</b>	1.4	1.6	2.0	%, nsa
4/16/25	7:00 AM	MBA Mortgage Applications w/w	4/11/25	<b>-8.5</b>	--	--	20.0	%, sa
4/16/25	8:30 AM	Advance Retail Sales m/m	Mar	<b>1.4</b>	1.4	--	0.2	%, sa
4/16/25	8:30 AM	Retail Sales Control Group m/m	Mar	<b>0.4</b>	0.6	1.3	1.0	%, sa
4/16/25	9:15 AM	Industrial Production m/m	Mar	<b>-0.3</b>	-0.2	0.8	0.7	%, sa
4/16/25	9:15 AM	Capacity Utilization	Mar	<b>77.8</b>	77.9	--	78.2	sa
4/16/25	10:00 AM	Business Inventories m/m	Feb	<b>0.2</b>	0.2	--	0.3	%, sa
4/16/25	10:00 AM	NAHB Housing Market Index	Apr	<b>40</b>	38	--	39	index, sa
4/17/25	8:30 AM	Housing Starts	Mar	<b>1,324</b>	1,420	1,494	1,501	k, saar
4/17/25	8:30 AM	Housing Starts m/m	Mar	<b>-11.4</b>	-5.4	9.8	11.2	%, sa
4/17/25	8:30 AM	Building Permits	Mar P	<b>1,482</b>	1,450	--	1,459	k, saar
4/17/25	8:30 AM	Building Permits m/m	Mar P	<b>1.6</b>	-0.6	--	-1.0	%, sa
4/17/25	8:30 AM	Philadelphia Fed Business Outlook	Apr	<b>-26.4</b>	2.2	--	12.5	index, sa
4/17/25	8:30 AM	Initial Jobless Claims	4/12/25	<b>215</b>	225	224	223	k, sa
4/17/25	8:30 AM	Continuing Claims	4/5/25	<b>1,885</b>	1,870	1,844	1,850	k, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

**Green** = upside surprise; **Red** = downside surprise; (compared vs. prior if no consensus estimates available)