

A photograph of a row of colorful, multi-story houses with green shutters and a white picket fence in the foreground. The houses are in shades of red, blue, and white. The image is partially obscured by a blue overlay on the left side.

HaMMR Digest

Stay current with economic and mortgage market trends.

May 5, 2025

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On the Precipice?

- **Key Takeaway:** April jobs report contours reflect resiliency with solid job gains and rebound in hours before tariff and DOGE headwinds start to bite.
- **Macro Implications:** Signs of labor softening evident at the margin but not nearly enough to dissuade the Fed from current holding pattern.
- **Housing Implications:** Housing weakness apparent in jobs report as residential specialty trade contractor payrolls have declined in recent months.

Macro: Not As Bad As It Looks

- 1Q25 real GDP dragged lower by surge in imports, exaggerating weakness.
- Household and business behavior have yet to succumb to their worst fears.
- Real residential construction spending fell in 1Q25 as builders pulled back.

Jobs Report: A Solid “B+”

- Unemployment up to 4.19% in April, above trailing 3- & 6-month averages.
- Private sector payrolls rose 167k m/m, faster than 1Q25 average of 148k.
- Permanent job losers, discouraged workers, and unemployment duration rose.

Rates: Juke and Jivin’

- 10-yr UST rose 7bps w/w to 4.32% amid solid jobs report and PMIs.
- Yield curve bear steepened as negative tariff impacts postponed further.
- Market pricing back down to three 25bps rate cuts in 2025.

Housing: Sluggishness Remains

- Mortgage rate volatility persists, as yields rose and spreads widened.
- Inventory accumulating as demand fades, weighing on prices.
- Pending sales and purchase apps remain roughly flat-to-down.

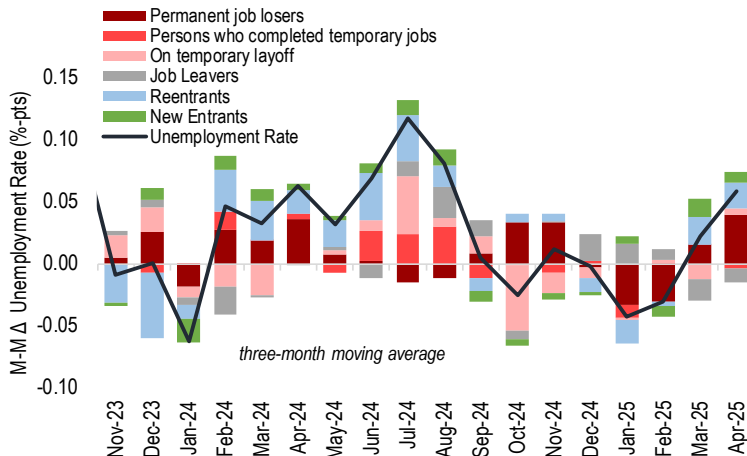
Real GDP: Mixed Messages with More Distortions Ahead

- Real GDP declined -0.3% saar in Q1 amid a 41% surge in imports.
- Final domestic sales were stronger, aided by robust equipment spending.
- Q1 headwinds, particularly imports, likely to become Q2 tailwinds.

Consumer Sentiment: Woe Is Me

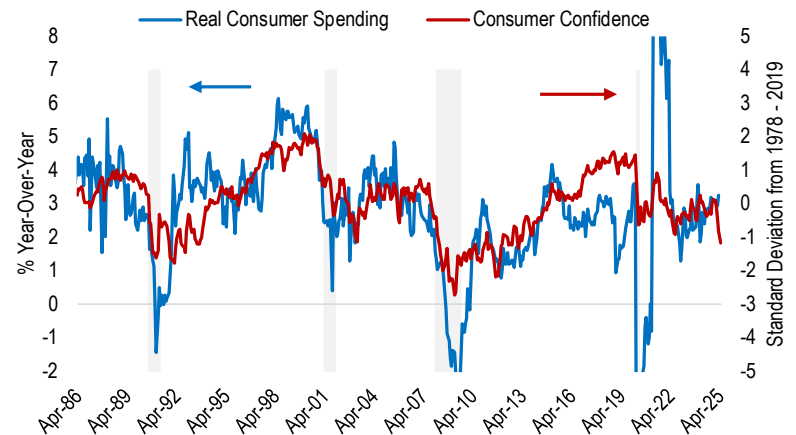
- Conference Board Index down to lowest level since 2014.
- UMich Sentiment Index has fallen to lowest level since 2011.
- Household expectations for the economy deteriorated further.

Unemployment Momentum Has Shifted Higher Partly Due to Permanent Job Losers, Key Factor to Watch



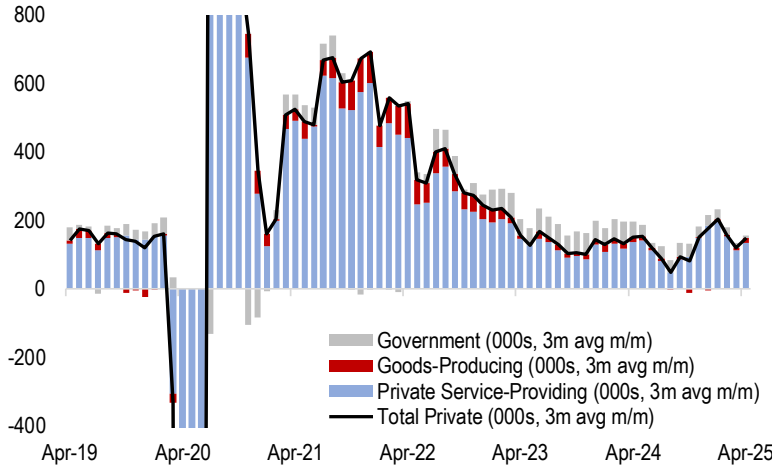
Sources: U.S. Treasury Department, Federal Reserve Board, Arch Global Economics

Household Spending Was Firm in 1Q25, but How Closely Will It Track the Collapse in Sentiment?

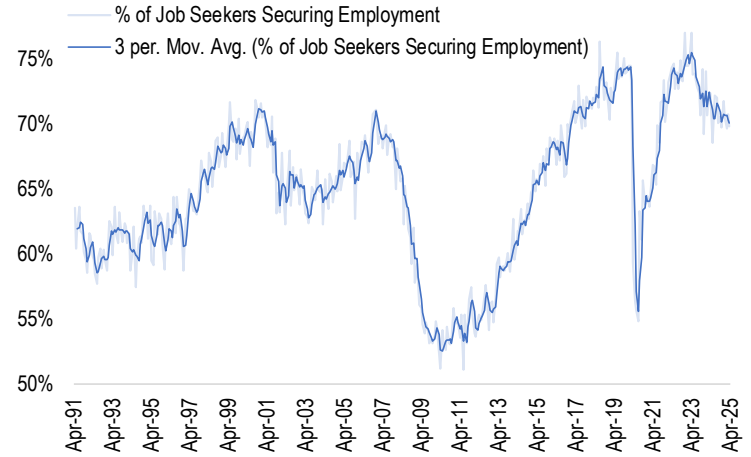


Note: Consumer Confidence is average of Conference Board and University of Michigan metrics.

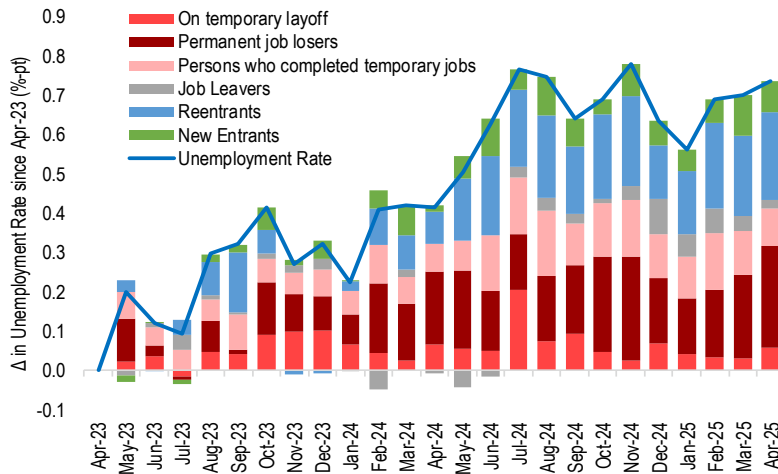
Private Job Growth Has Remained Solid as Government Payroll Growth Cooled



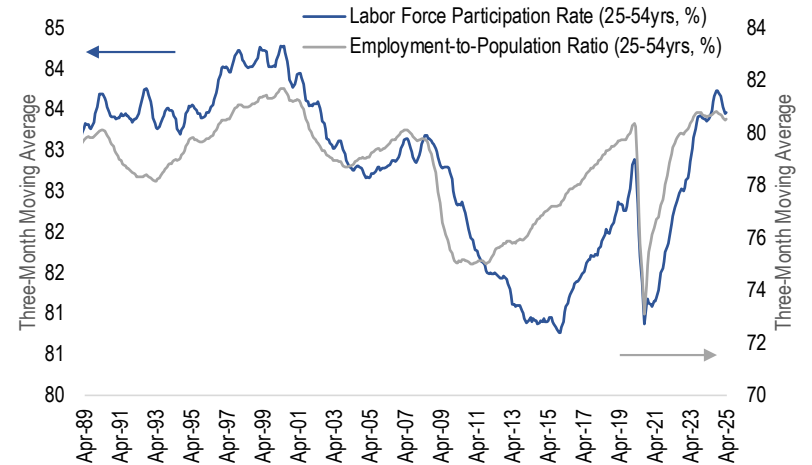
The Portion of Job Seekers Transitioning to Gainful Employment Continued to Ease



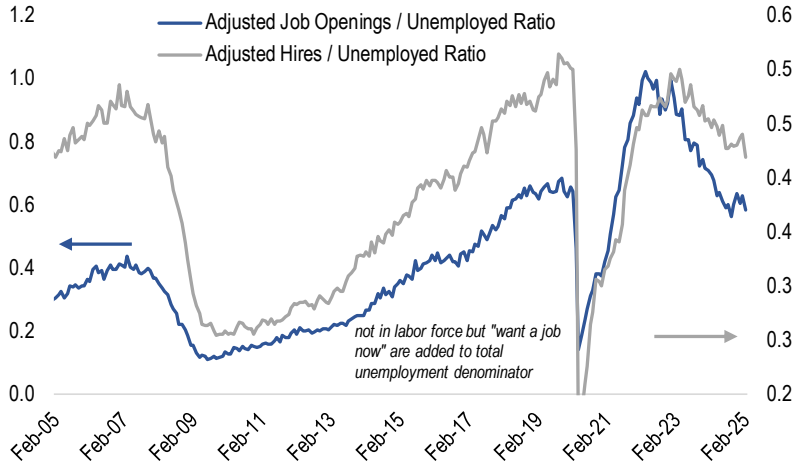
Unemployment Rate Has Drifted Slightly Higher after Mostly Trending Lower over 2H25



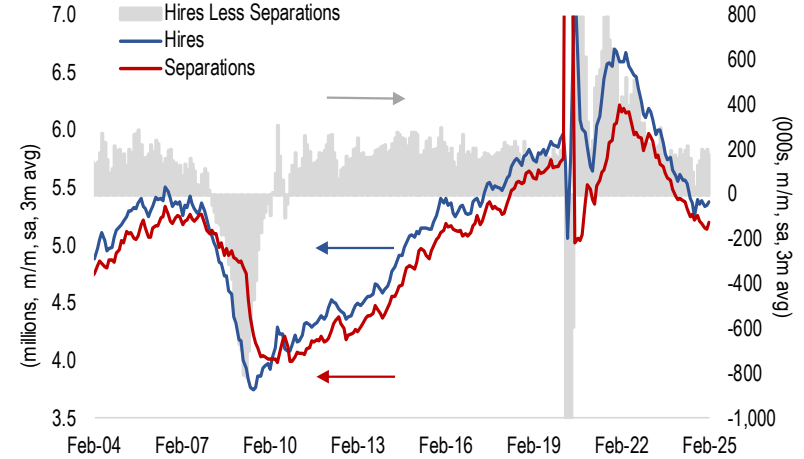
Employment Rate Grows in Importance as Weaker Immigration Will Limit Unemployment Rate Upside



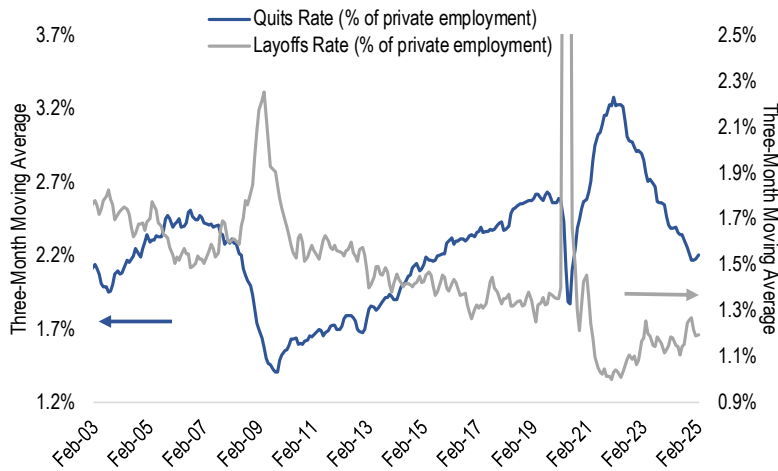
Job Market Signals Slight Demand Moderation with an Uncertain Outlook



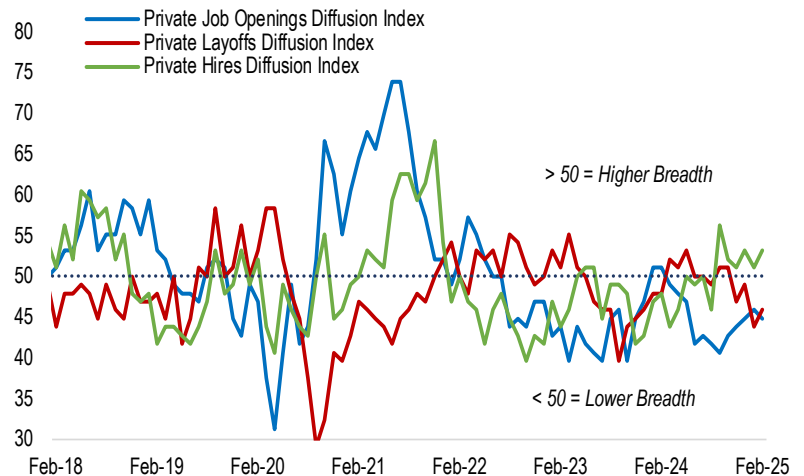
Net Job Growth Still Solid as Pace of Separations Remained Well Below Pace of Hiring



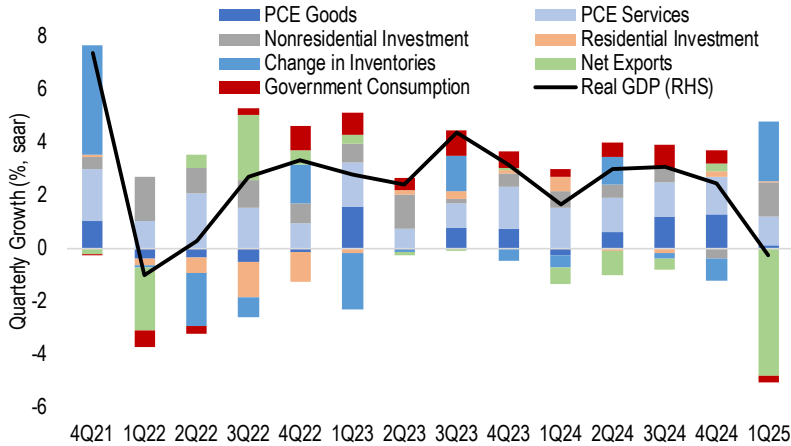
Smoothing through Monthly Noise, Quits and Layoffs Rates Have Essentially Moved Sideways Recently



Layoffs Breadth Remained Low but Will Rise as Economic Growth Cools



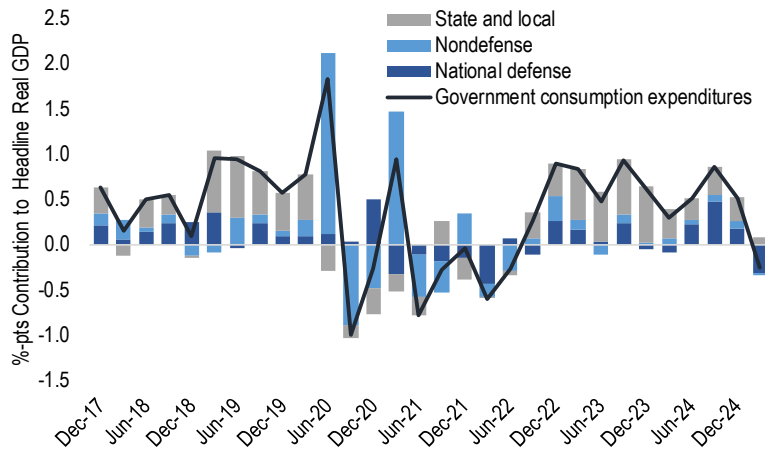
GDP Growth Stalled as Consumption Cooled and Inventory Builds Did Not Fully Absorb Surging Imports



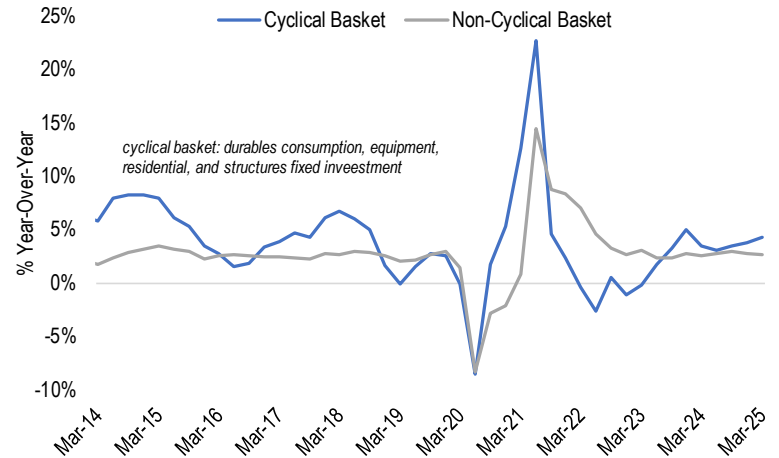
Imports that Remained in Inventories Primarily Accumulated with Wholesalers



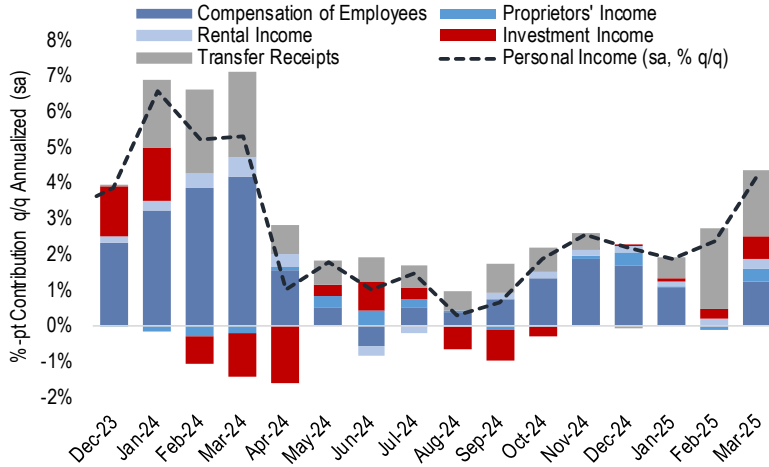
Federal Government Contribution to GDP Also Declined, Primarily Due to Lower Defense Spending



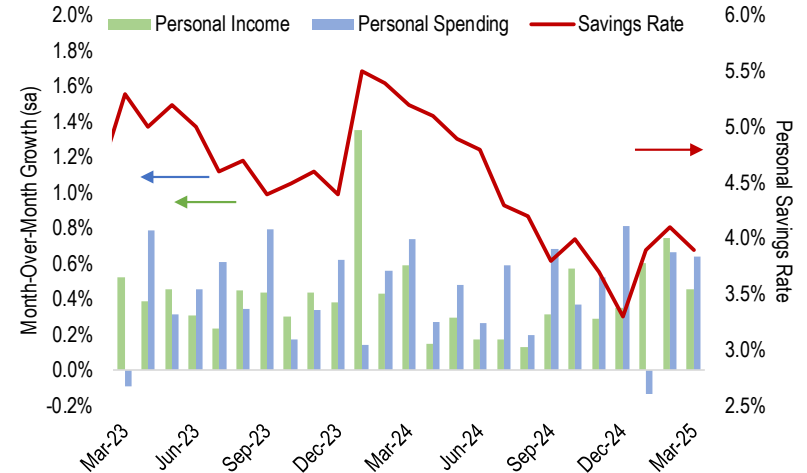
Cyclically-Sensitive Economic Output's Resilience about to Hit a Tariff Speed Bump



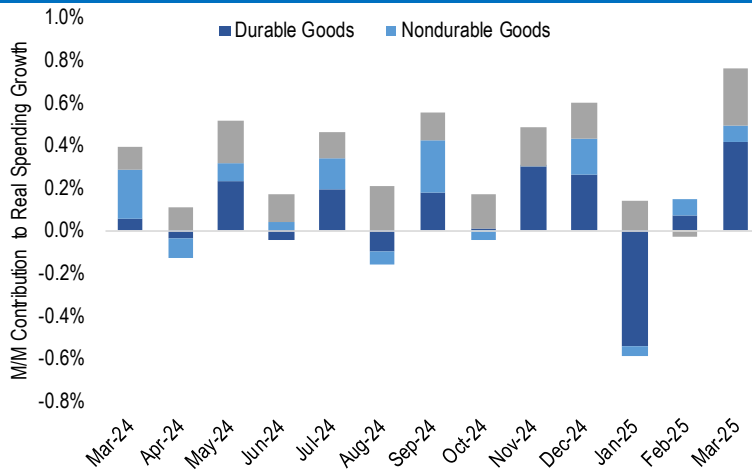
Real Labor Income Growth Rebounded in March with Transfer Payments Still Providing Outsized Gain



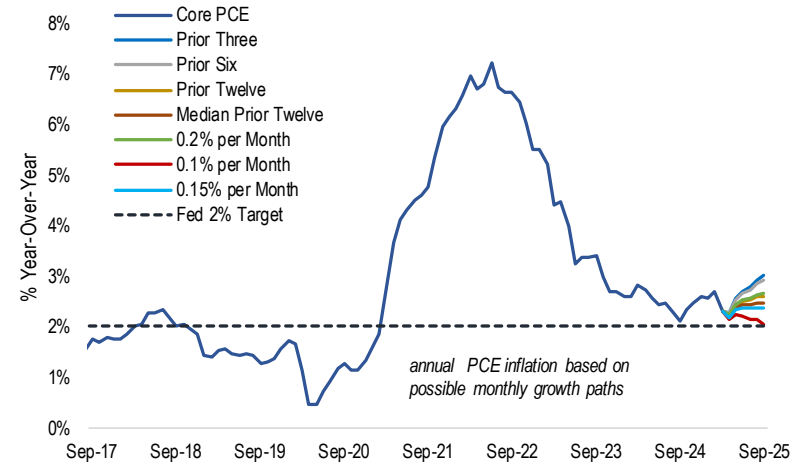
Despite Strong Spending, the Savings Rate Declined Only Marginally



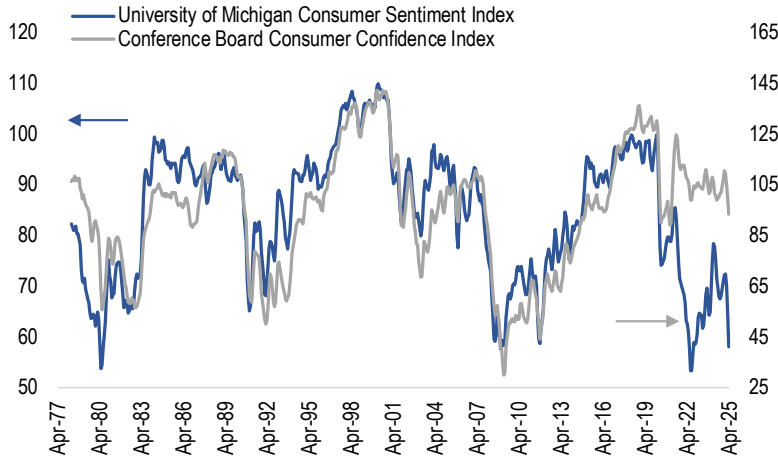
Households Jumped to Get Ahead of Tariffs with Auto Sales Accounting for ~70% of Goods Spending



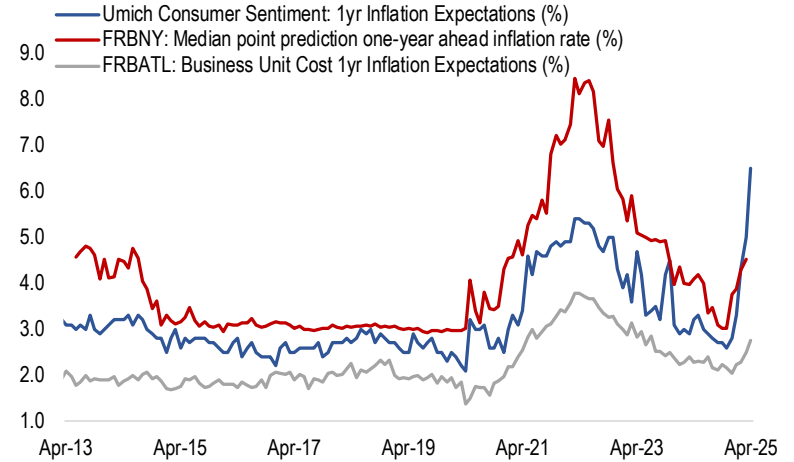
Inflationary Pressures Were Tame through 1Q25; Path Forward Will Be an Entirely Different Story



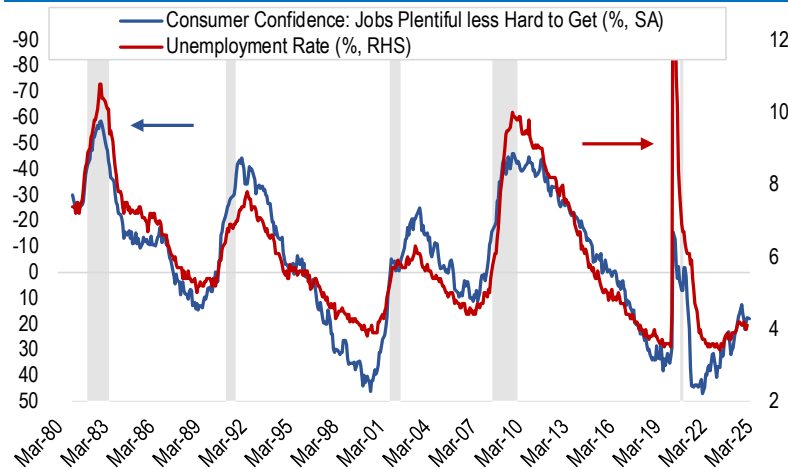
Sentiment Skews Negatively, but Labor-Sensitive Conference Board Measure Holding Up Better, for Now



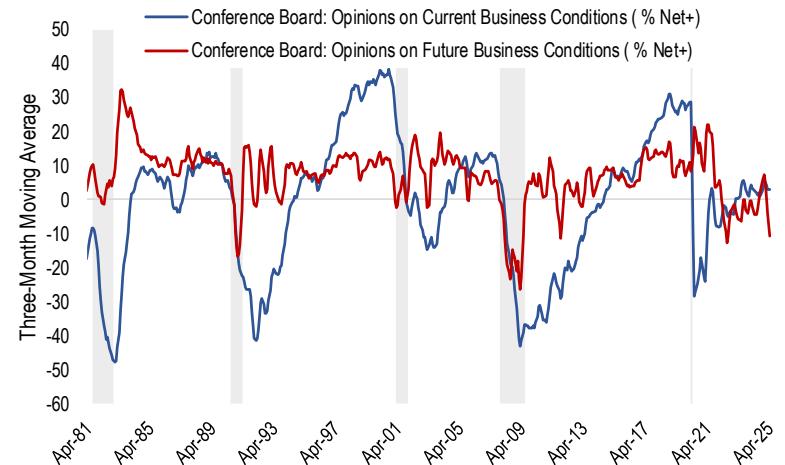
Consumers Expect Far More Drastic Inflation Surge than Indicated by Business Surveys



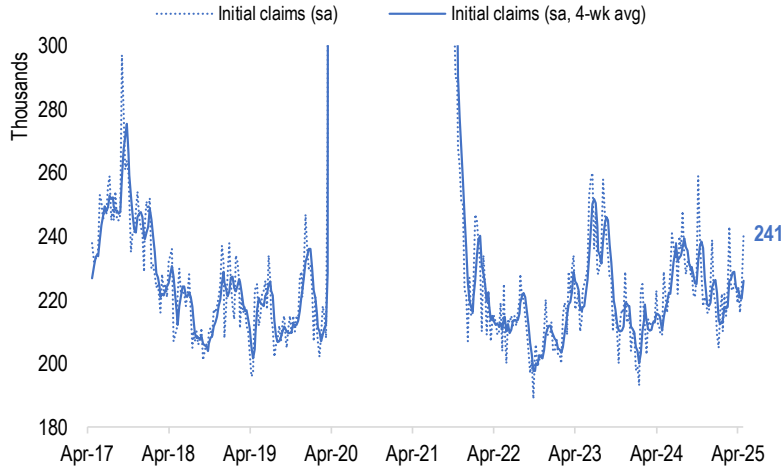
Consumer Perceptions of Current Labor Conditions Suggest More Upward Pressure on Unemployment Rate



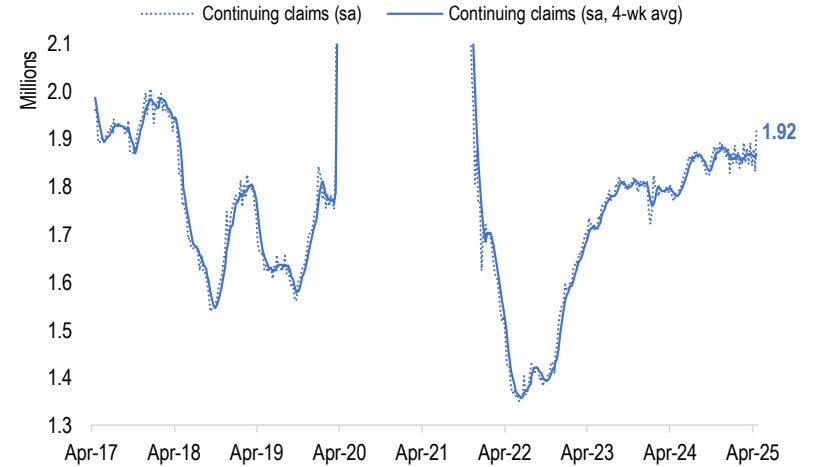
Consumer Outlook on Business Conditions Continued to Deteriorate



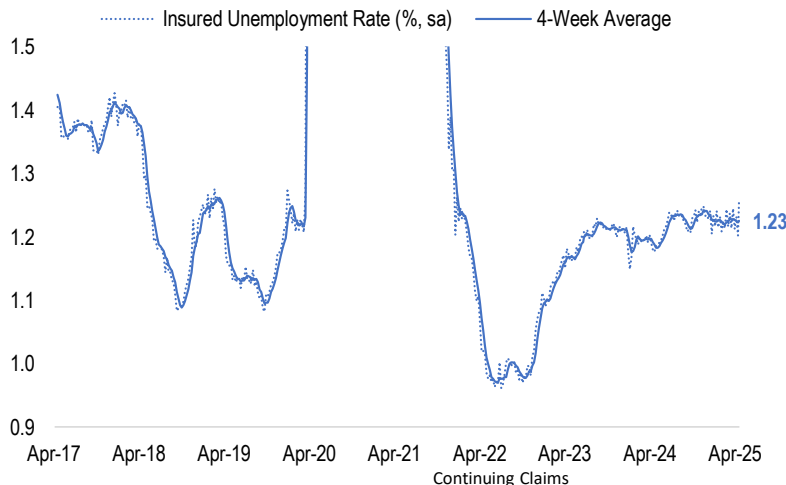
Initial Claims (SA) Jumped by 18k during the Week Ending April 26, Near Upper End of Recent Range



Continuing Claims Also Surged by 83k during Week Ending April 19 to Highest Level Since Pandemic



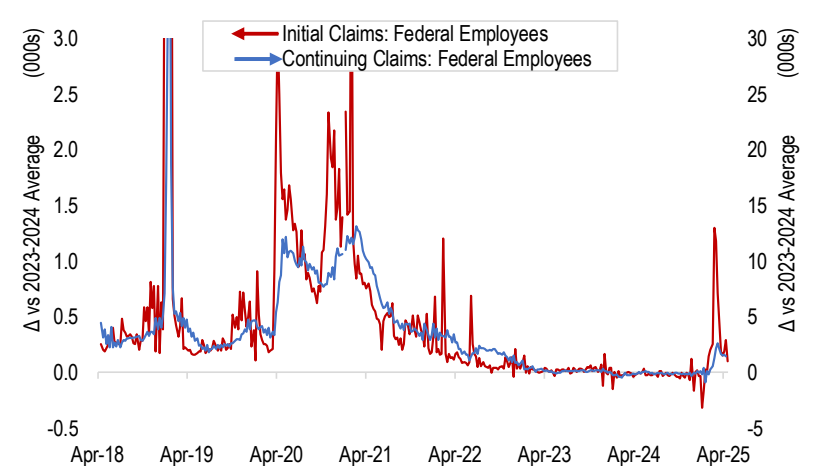
Normalizing for the Size of the Labor Force, Insured Unemployment Also Surged to a Post-Pandemic High



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

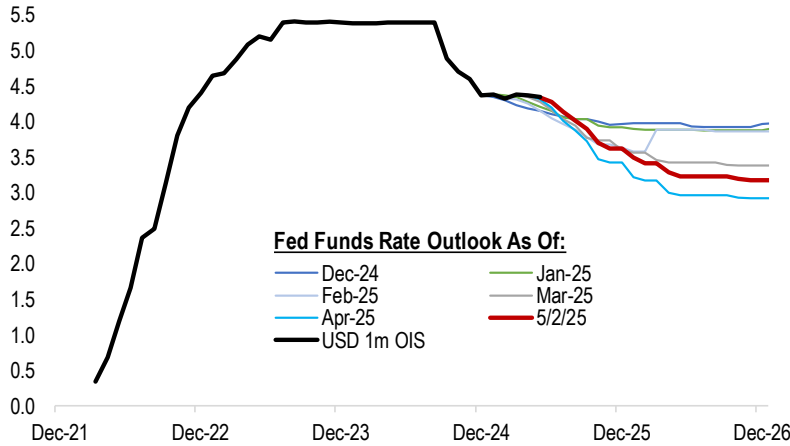
Sources: U.S. Department of Labor, Arch Global Economics

Federal Employee Jobless Claims Fell to Lowest Levels of '25 but Remained above Seasonal Norms

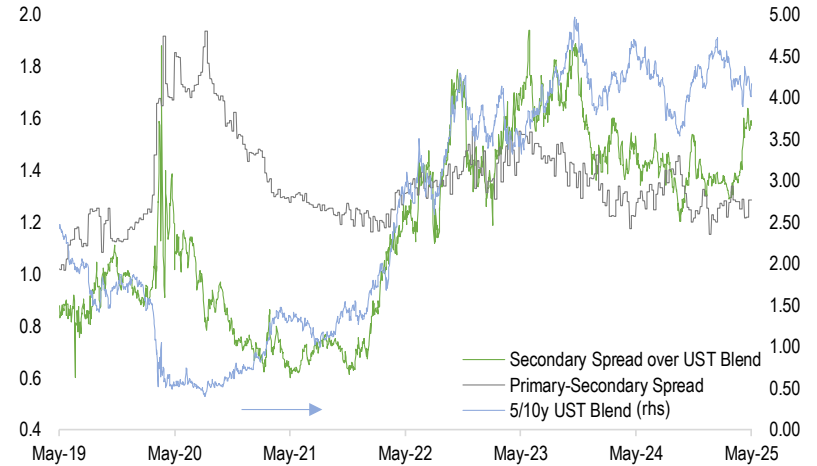


SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

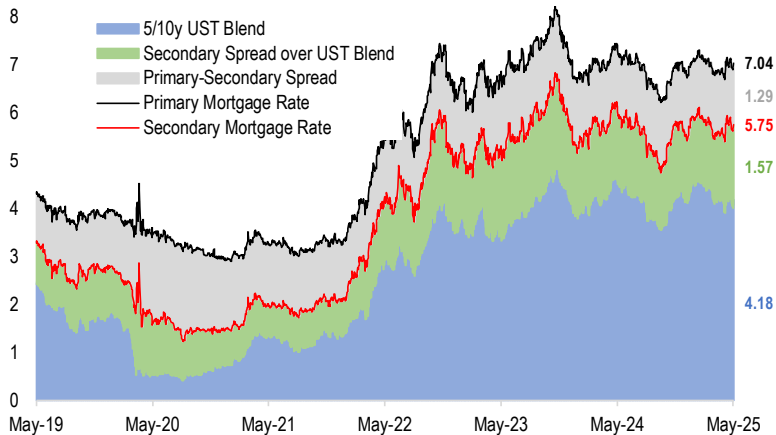
Growth Concerns Tipped Market Pricing Back to Four 25bps Rate Cuts in 2025



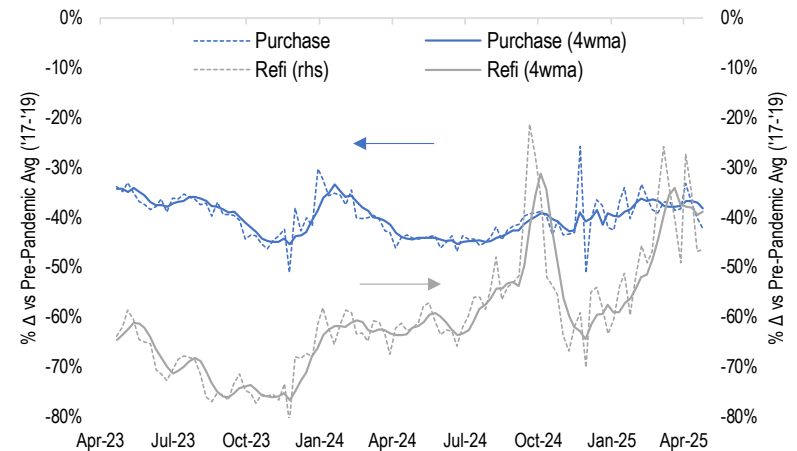
UST Yields Rose 7bps Last Week, While Mortgage Spreads Also Widened Slightly ...



... Which Brought Mortgage Rates Back above 7% after Two Weeks Below



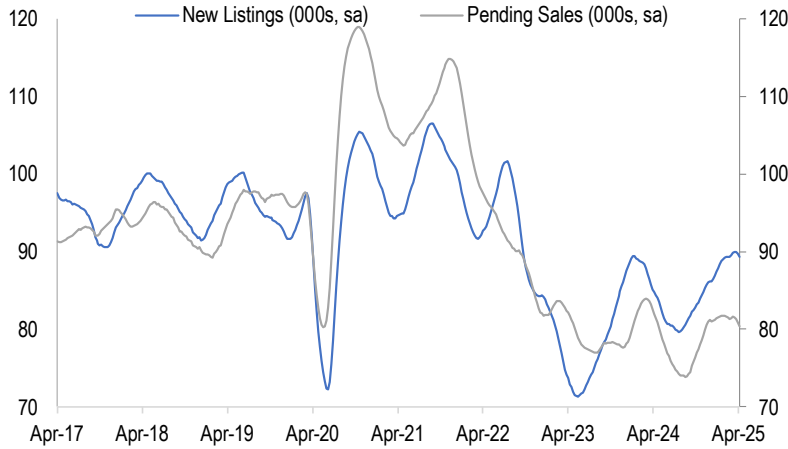
Mortgage Purchase Applications Continued to Cool as Elevated Rates and Volatility Weigh on Demand



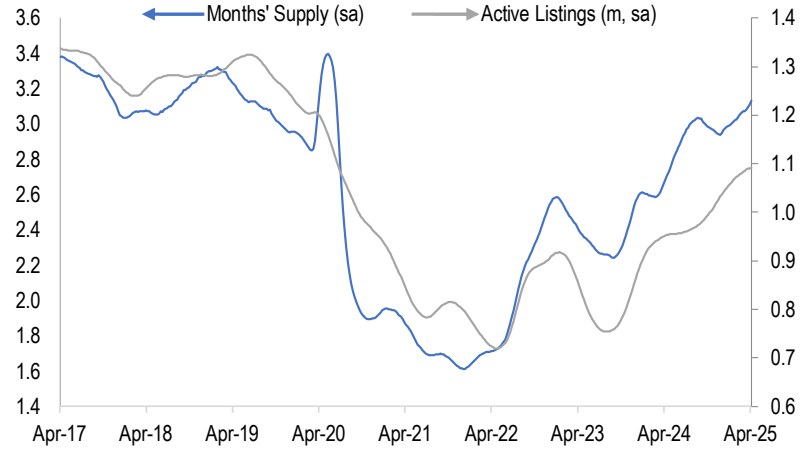
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

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

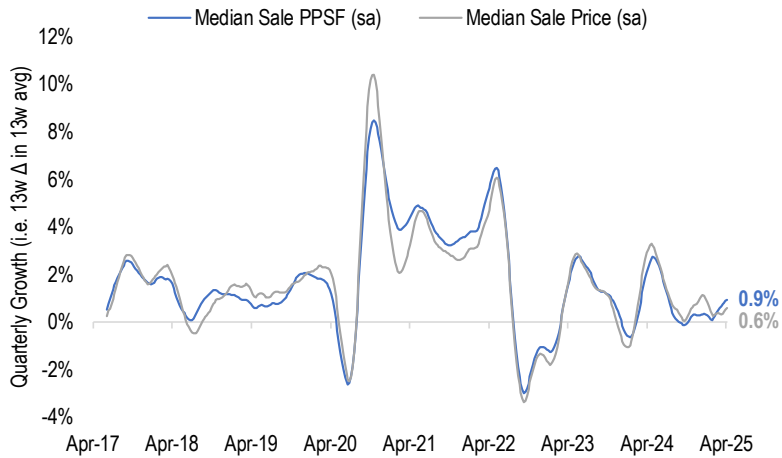
New Listings Still Far Outpacing Pending Sales, Which Have Continued to Cool



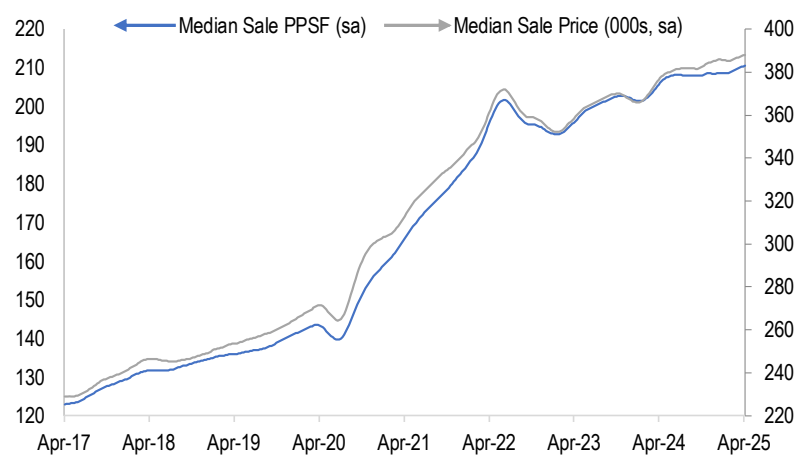
... Which Nudged Months' Supply a Bit Higher, as Inventory Continued to Swell



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 Most 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	1.2%	-1.9%	4.5%	1.1%	6.6%	1.5%	98.9%	-0.4%	-8.7	-12.9	14%	0%	-15%
Atlanta	-0.7%	-1.3%	3.4%	3.1%	7.0%	2.3%	98.4%	-0.4%	13.0	-0.2	18%	3%	-14%
Austin	-2.5%	-0.2%	1.3%	2.2%	9.1%	1.8%	97.7%	-0.3%	34.6	28.6	13%	129%	67%
Baltimore	2.9%	0.1%	5.5%	2.4%	6.4%	1.3%	101.3%	-0.2%	-7.5	-9.8	14%	-27%	-37%
Boston	2.6%	-7.2%	6.5%	3.7%	4.9%	1.3%	102.5%	-0.3%	5.8	5.3	16%	1%	-18%
Chicago	4.6%	-4.7%	5.8%	-0.6%	3.3%	1.3%	100.3%	-0.1%	14.4	14.4	-3%	-12%	-13%
Dallas	-2.4%	-1.8%	0.6%	1.2%	9.2%	2.5%	98.1%	-0.4%	14.6	2.6	27%	49%	10%
Denver	-2.1%	-3.7%	3.1%	3.3%	10.0%	1.4%	99.4%	-0.4%	9.3	3.0	41%	78%	36%
Houston	-1.1%	-2.9%	2.3%	1.9%	7.9%	1.9%	97.2%	-0.4%	9.5	-0.5	17%	17%	-2%
Los Angeles	0.4%	-2.6%	4.4%	-1.9%	5.4%	2.5%	100.5%	-0.9%	-1.6	-5.1	8%	6%	-1%
Miami	2.0%	-3.2%	3.4%	0.2%	5.0%	1.5%	95.2%	-0.9%	15.3	0.5	23%	39%	-13%
Minneapolis	1.5%	-0.9%	1.7%	-0.7%	5.8%	1.3%	100.5%	-0.2%	-1.4	-1.9	1%	-9%	-11%
Nashville	-0.1%	-1.5%	5.4%	5.4%	5.8%	2.0%	98.2%	-0.4%	6.1	-2.0	18%	25%	2%
New York	4.3%	-4.4%	3.6%	-0.5%	3.8%	0.4%	100.0%	0.2%	-45.6	-43.3	-3%	-23%	-28%
Phoenix	-2.0%	-3.1%	1.6%	0.9%	8.6%	1.5%	98.1%	-0.2%	12.8	3.8	32%	51%	25%
Portland	-0.3%	-1.7%	1.7%	-0.2%	7.7%	1.6%	100.2%	-0.1%	8.5	3.4	11%	36%	24%
Riverside	1.5%	-3.2%	2.4%	-2.4%	7.2%	3.0%	99.1%	-0.5%	-7.8	-14.0	8%	-1%	-8%
San Diego	0.4%	-2.5%	2.3%	-1.1%	7.0%	3.0%	99.7%	-1.2%	0.3	-3.9	26%	10%	-9%
Seattle	0.8%	-2.4%	5.8%	2.1%	7.5%	3.3%	101.6%	-1.1%	-1.0	-1.3	36%	37%	1%
Tampa	-3.3%	-1.0%	1.3%	1.8%	10.1%	1.2%	96.9%	-0.5%	4.4	-2.1	18%	50%	22%
Washington DC	2.4%	-4.2%	3.8%	-1.7%	5.7%	1.6%	100.7%	-0.7%	11.3	6.0	25%	9%	-17%

Data as of April 27, 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
5/5/25	9:45 AM	S&P Global US Services PMI	Apr F	50.8	51.2	--	51.4	index, sa
5/5/25	9:45 AM	S&P Global US Composite PMI	Apr F	50.6	51.2	--	51.2	index, sa
5/5/25	10:00 AM	ISM Services Index	Apr	51.6	50.2	--	50.8	index, nsa
5/7/25	7:00 AM	MBA Mortgage Applications w/w	5/2/25	--	--	--	-4.2	%, sa
5/7/25	2:00 PM	FOMC Rate Decision (Upper Bound)	5/7/25	--	4.5	--	4.5	%
5/7/25	3:00 PM	Consumer Credit m/m	Mar	--	9.4	--	-0.8	\$B, sa
5/8/25	8:30 AM	Nonfarm Productivity q/q	1Q P	--	-0.8	--	1.5	%, saar
5/8/25	8:30 AM	Unit Labor Costs q/q	1Q P	--	5.1	--	2.2	%, saar
5/8/25	8:30 AM	Initial Jobless Claims	5/3/25	--	230	--	241	k, sa
5/8/25	8:30 AM	Continuing Claims	4/26/25	--	1,895	--	1,916	k, sa
5/8/25	10:00 AM	Wholesale Trade Sales m/m	Mar	--	0.9	--	2.4	%, sa
5/8/25	10:00 AM	Wholesale Inventories m/m	Mar F	--	0.5	--	0.5	%, sa
5/8/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Apr	--	--	--	3.6	%

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
4/29/25	9:00 AM	FHFA House Price Index m/m	Feb	0.1	0.3	0.3	0.2	%, sa
4/29/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Feb	0.4	0.4	0.4	0.5	%, sa
4/29/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Feb	4.5	4.7	4.7	4.7	%, nsa
4/29/25	10:00 AM	JOLTS Job Openings	Mar	7,192	7,500	7,480	7,568	k, sa
4/29/25	10:00 AM	Conf. Board Consumer Confidence	Apr	86.0	88.0	93.9	92.9	index, sa
4/30/25	7:00 AM	MBA Mortgage Applications w/w	4/25/25	-4.2	--	--	-12.7	%, sa
4/30/25	8:15 AM	ADP Employment m/m	Apr	62	115	147	155	k, sa
4/30/25	8:30 AM	GDP Annualized q/q	1Q A	-0.3	-0.2	--	2.4	%, saar
4/30/25	8:30 AM	Personal Consumption q/q	1Q A	1.8	1.2	--	4.0	%, saar
4/30/25	8:30 AM	Core PCE Deflator q/q	1Q A	3.5	3.1	--	2.6	%, saar
4/30/25	8:30 AM	Employment Cost Index q/q	1Q	0.9	0.9	--	0.9	%, sa
4/30/25	10:00 AM	Personal Income m/m	Mar	0.5	0.4	0.7	0.8	%, sa
4/30/25	10:00 AM	Personal Spending m/m	Mar	0.7	0.6	0.5	0.4	%, sa
4/30/25	10:00 AM	Real Personal Spending m/m	Mar	0.7	0.5	--	0.1	%, sa
4/30/25	10:00 AM	PCE Inflation m/m	Mar	0.0	0.0	0.4	0.3	%, sa
4/30/25	10:00 AM	PCE Inflation y/y	Mar	2.3	2.2	2.7	2.5	%, nsa
4/30/25	10:00 AM	PCE Core Inflation (ex Food and Energy) m/m	Mar	0.0	0.1	0.5	0.4	%, sa
4/30/25	10:00 AM	PCE Core Inflation (ex Food and Energy) y/y	Mar	2.6	2.6	3.0	2.8	%, nsa
4/30/25	10:00 AM	Pending Home Sales m/m	Mar	6.1	1.0	2.1	2.0	%, sa
4/30/25	10:00 AM	Pending Home Sales y/y	Mar	-0.1	-5.7	-7.0	-7.2	%, nsa
5/1/25	11:00 AM	Wards Total Vehicle Sales	Apr	17.3	17.2	--	17.8	m, saar
5/1/25	8:30 AM	Initial Jobless Claims	4/26/25	241	223	223	222	k, sa
5/1/25	8:30 AM	Continuing Claims	4/19/25	1,916	1,865	1,833	1,841	k, sa
5/1/25	9:45 AM	S&P Global US Manufacturing PMI	Apr F	50.2	50.5	--	50.7	index, sa
5/1/25	10:00 AM	ISM Manufacturing	Apr	48.7	47.9	--	49.0	index, sa
5/1/25	10:00 AM	ISM Prices Paid	Apr	69.8	73.0	--	69.4	index, nsa
5/2/25	8:30 AM	Nonfarm Payrolls m/m	Apr	177	138	185	228	k, sa
5/2/25	8:30 AM	Private Payrolls m/m	Apr	167	125	170	209	k, sa
5/2/25	8:30 AM	Unemployment Rate	Apr	4.2	4.2	--	4.2	%, sa
5/2/25	8:30 AM	Labor Force Participation Rate	Apr	62.6	62.5	--	62.5	%, sa
5/2/25	8:30 AM	Average Hourly Earnings m/m	Apr	0.2	0.3	--	0.3	%, sa
5/2/25	8:30 AM	Average Hourly Earnings y/y	Apr	3.8	3.9	--	3.8	%, nsa
5/2/25	8:30 AM	Average Weekly Hours All Employees	Apr	34.3	34.2	34.3	34.2	sa
5/2/25	10:00 AM	Durable Goods Orders m/m	Mar F	9.2	9.2	--	9.2	%, sa
5/2/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Mar F	0.1	0.1	--	0.1	%, sa
5/2/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Mar F	0.2	0.3	--	0.3	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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