

HaMMR Digest

Stay current with economic and mortgage market trends.

June 2, 2025

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Trade Saga: Chapter #?

- **Key Takeaway:** Administration's "reciprocal" and fentanyl tariffs remain in place while appeals process works its way to the Supreme Court.
- **Macro Implications:** Risks skew towards slow-roll tariff implementation via other legal avenues, prolonging uncertainty and delaying Fed rate cuts.
- **Housing Implications:** Housing remains vulnerable on several fronts, with the risk of national home price declines uncomfortably elevated.

Macro: Spinning Wheels

- Sentiment indicators for May rebounded, especially for goods producers.
- Goods imports plummet in April as tariff front-running seemingly abated.
- 1Q25 GDP revisions: Weaker consumer spending, stronger investment.

Rates: Who's Afraid of the Deficit?

- 10y yields fell 10bps as deficit concerns took a back seat to slowdown fears.
- Surging jobless claims and renewed trade threats weighed on UST yields.
- Market now sees just over two 25bps rate cuts in '25 and three in '26.

Housing: Will Weakness Spread to Other Sectors?

- Mortgage rates likely stuck around 7% for rest of 2025.
- Inventory still accumulating as demand fades, weighing on prices.
- April pending sales posted largest monthly decline since September 2022.

Existing Home Sales: Nearing a Bottom?

- Existing home sales down -0.5% m/m in Apr. and -7% year-to-date.
- Inventory up for ninth consecutive month and 11% year-to-date.
- Months' supply up to 4.4 (sa) from 3.6 a year ago, above 2019 levels.

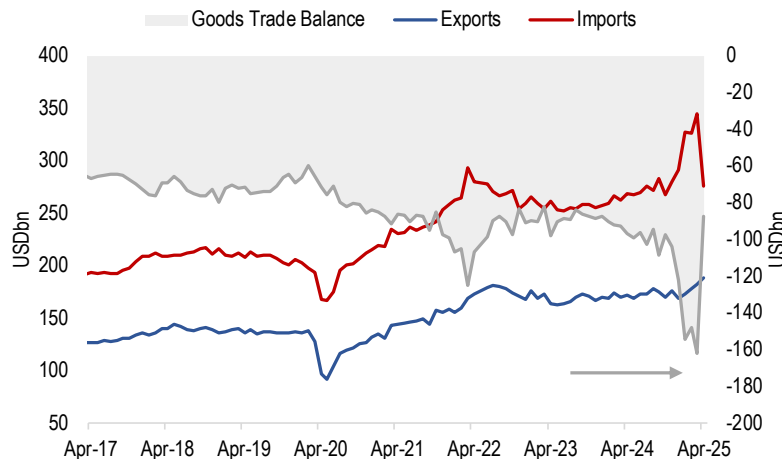
New Home Sales: Faux Strength?

- Apr. sales rose to a two-year high, at odds with other housing signals.
- Months' supply of completed homes at 3.6 months, up 68bps y/y.
- Softer selling season has builders relying more heavily on price cuts.

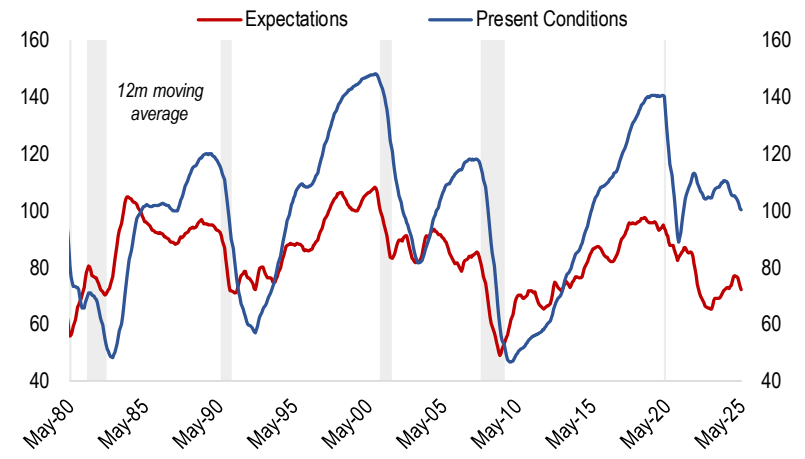
Personal Income and Spending: Focus on the Nuance

- Real disposable income rose 0.7% m/m in April and 2.9% y/y.
- Real spending up 0.1% m/m, averaging 0.3% over prior three months.
- One-off income boost flowed mostly into savings rather than outlays.

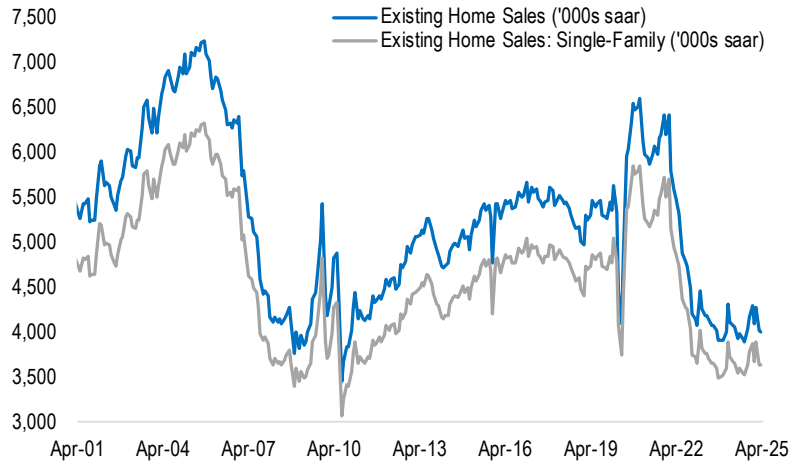
April Saw the Largest Drop in Imports on Record amid Ebbing Front-Loading and Prohibitive Tariffs on China



Sifting through the Noise, Consumer Confidence Measures Point to Softening Current Conditions



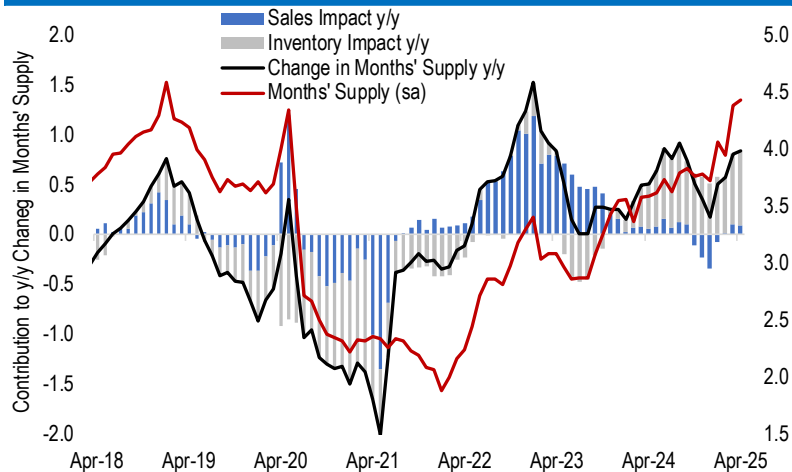
High Rates and an Uncertain Economic Outlook Has Dragged Home Sales down to a Six-Month Low



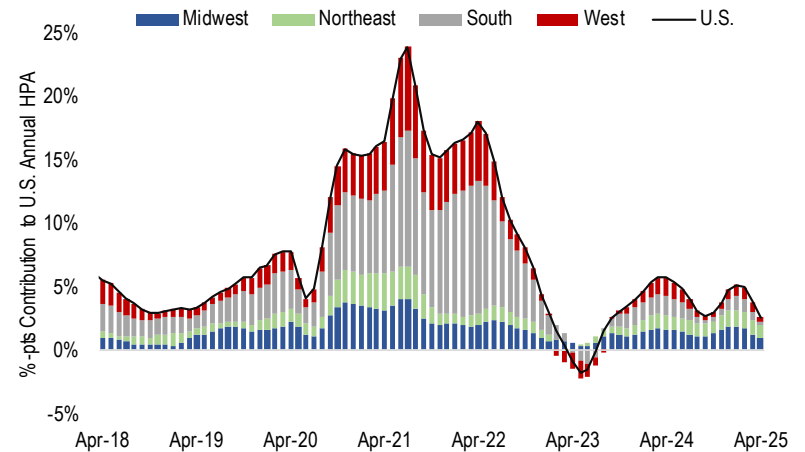
Inventory Growth Picking Up Momentum Even as Level Remained below Pre-Pandemic Norm



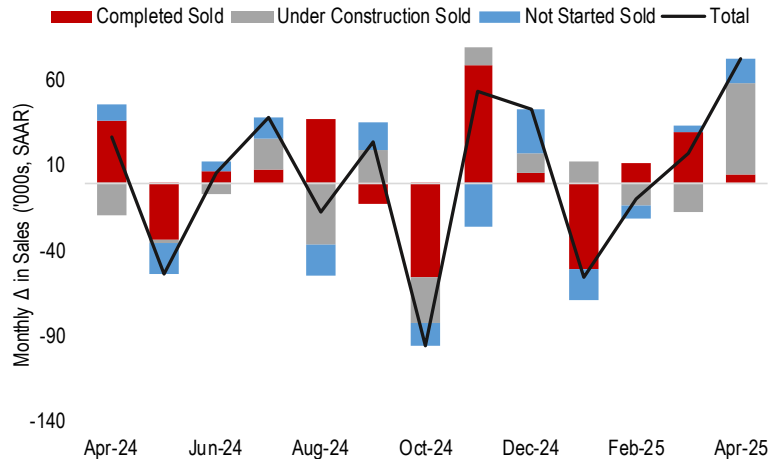
Annual Change in Months' Supply Continued to Increase as Listings Outpacing Growth in Sales



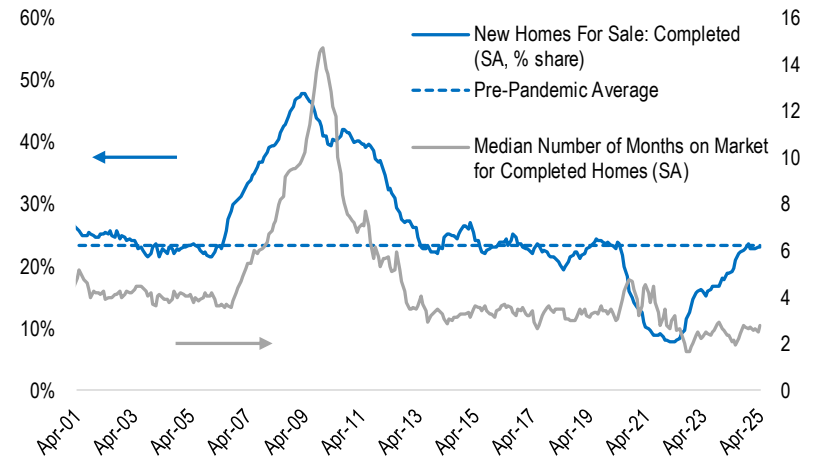
Near-Term Trajectory of Annual Median Sale Price Growth Remains Skewed to the Downside



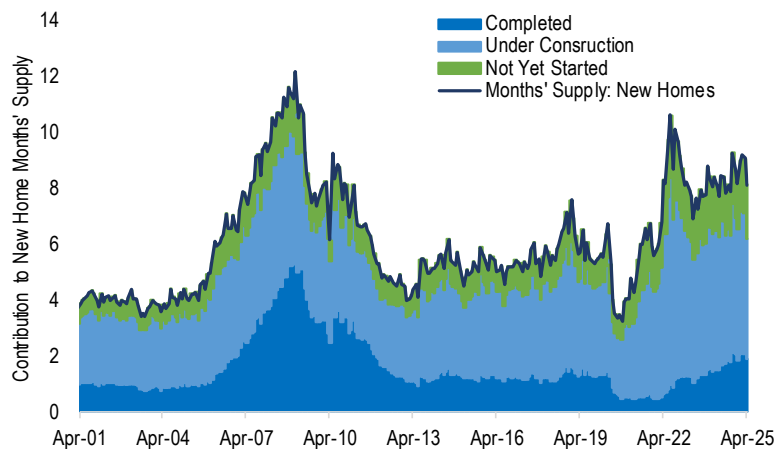
April New Home Sales Surprised to the Upside, Flattered by Large Downward Revisions to Prior Months



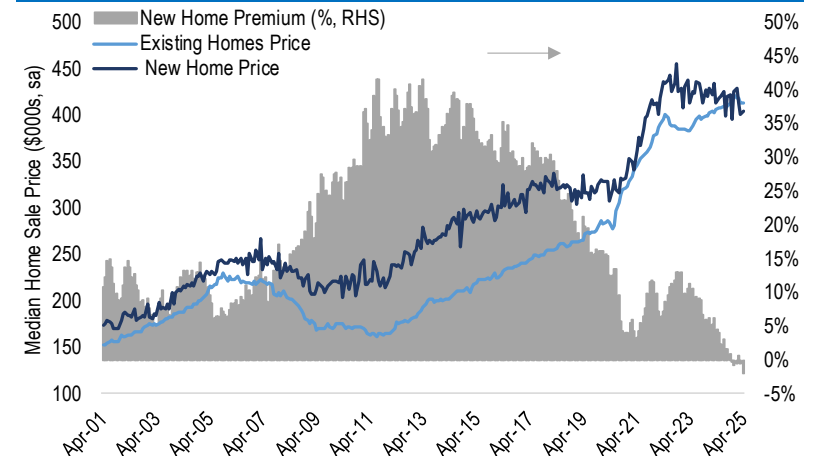
Completed Homes' Share of New Homes Halts Its Upward Drift, Par with Pre-Pandemic Norm



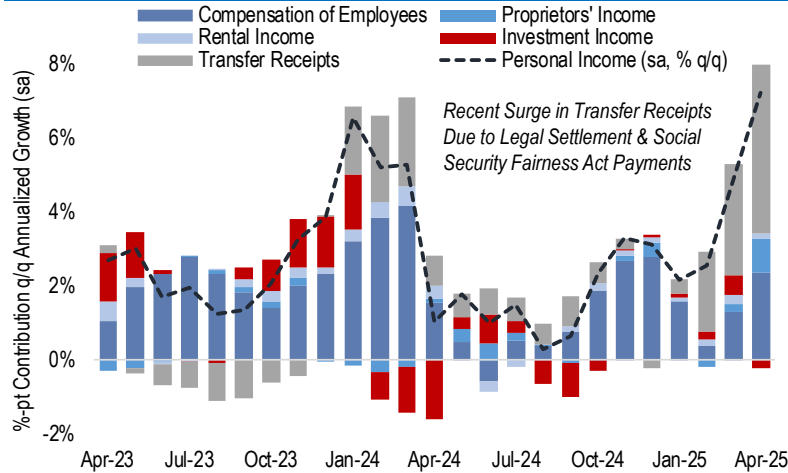
Months' Supply Fell across All Categories, Led by "Under Construction"



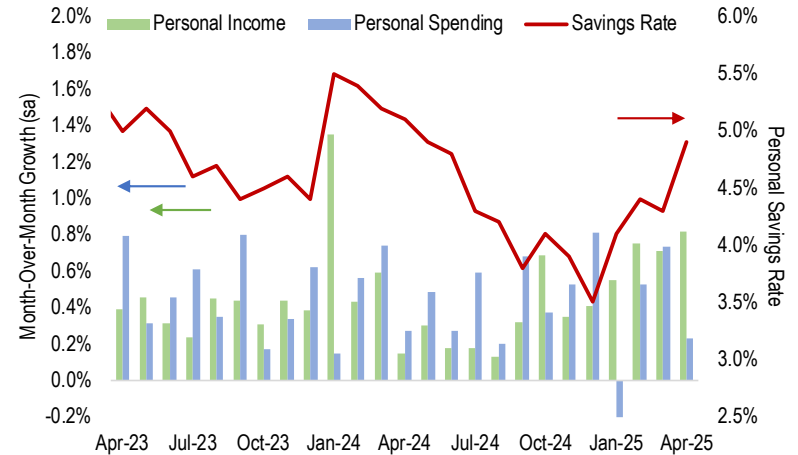
New Home Price Premium Most Negative on Record as Builders Lean More into Price Cuts



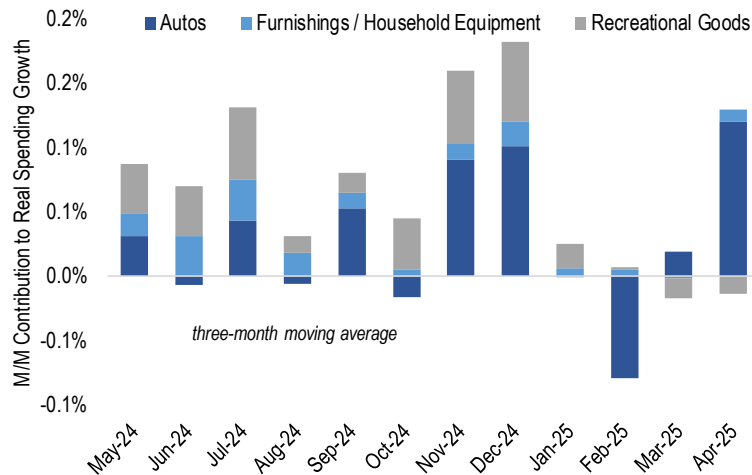
Real Labor Income Growth Remained Firm in April with Transfer Payments Still Providing Outsized Gains



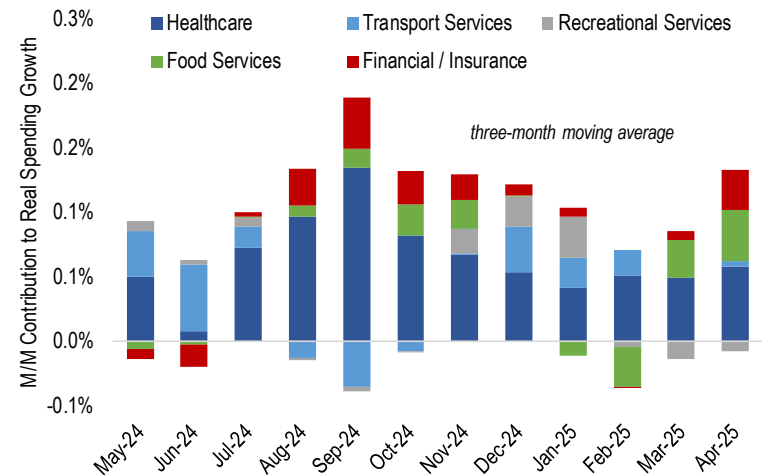
One-Off Income Gains Mostly Found Their Way into Savings Rather Than Spending



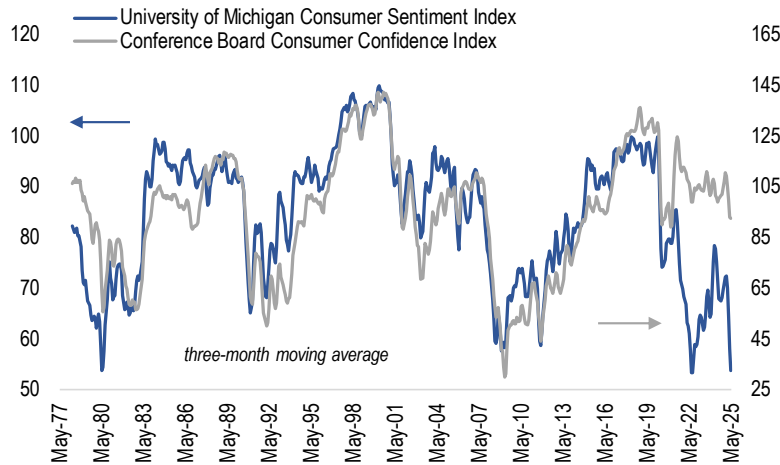
Households Front-Running of Tariffs Mostly an Autos Story...



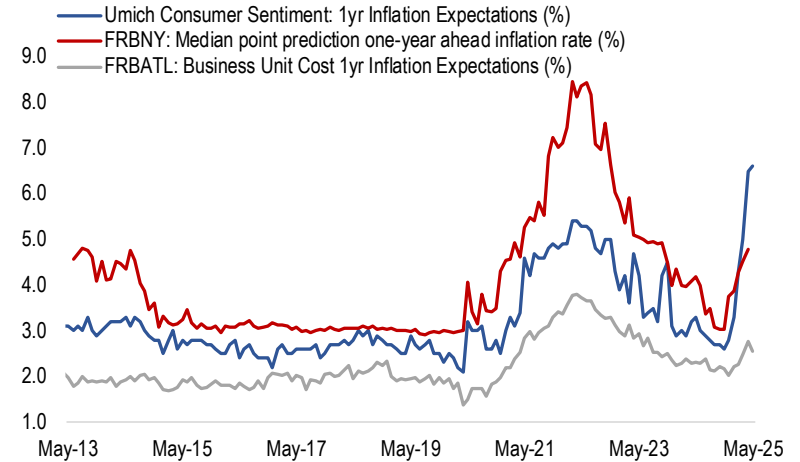
...While Services Spending Strengthened Mostly Due to Restaurant Sales, a Key Discretionary Item



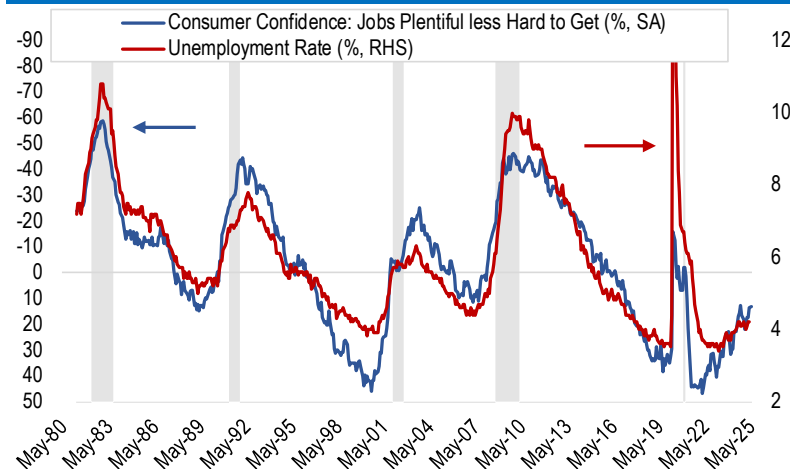
Measures of Consumer Confidence Posted a Rebound in May but Not Enough to Offset Prior Declines



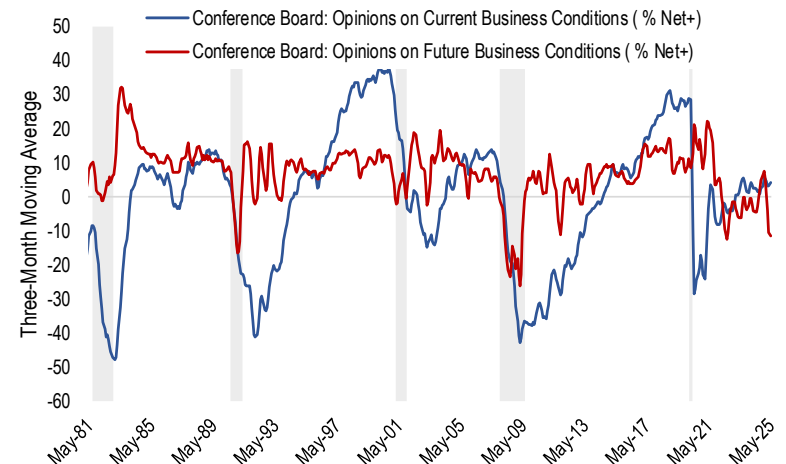
Consumers Expect Far More Drastic Inflation Surge Than Indicated by Business Surveys



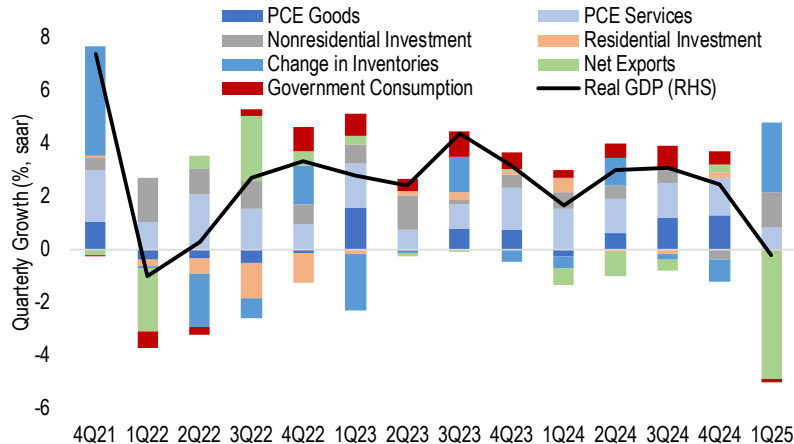
Consumer Perceptions of Current Labor Conditions Suggest More Upward Pressure on Unemployment Rate



Consumer Outlook on Business Conditions Remained the Most Negative Since the GFC



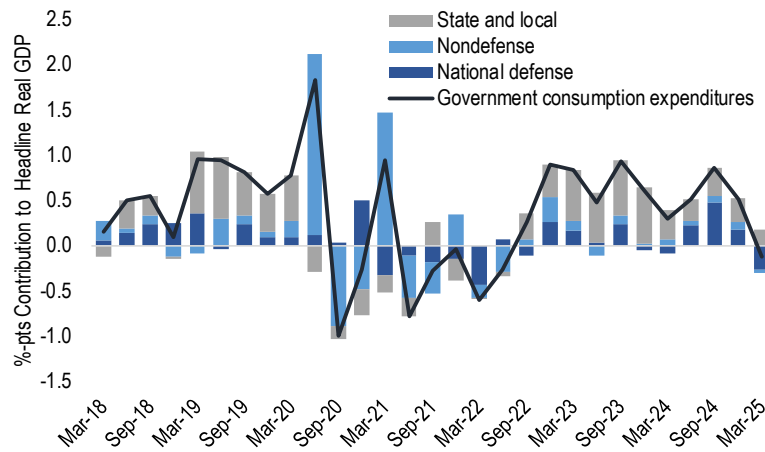
GDP Growth Stalled as Consumption Cooled and Inventory Builds Did Not Fully Absorb Surging Imports



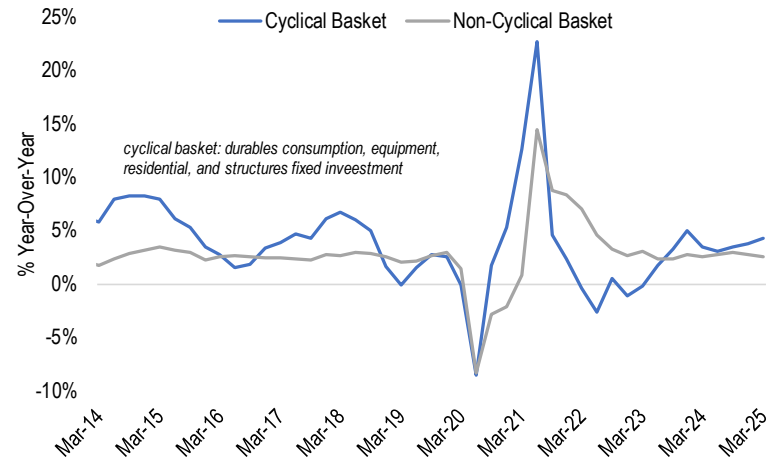
Imports That Remained in Inventories Primarily Accumulated with Manufacturers



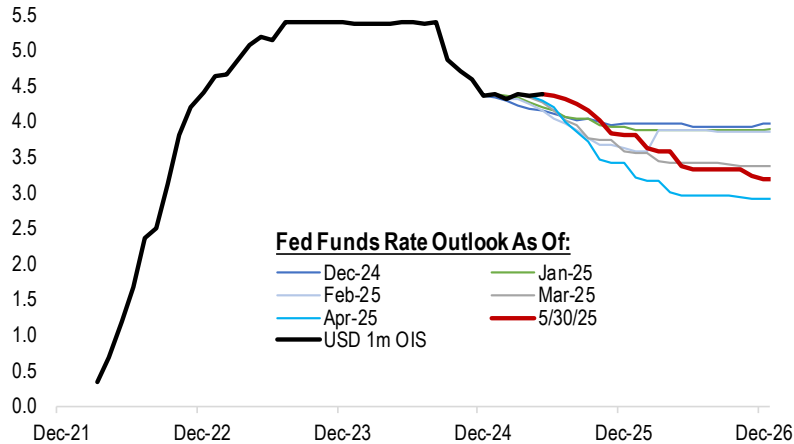
Federal Government Contribution to GDP Also Declined, Primarily Due to Lower Defense Spending



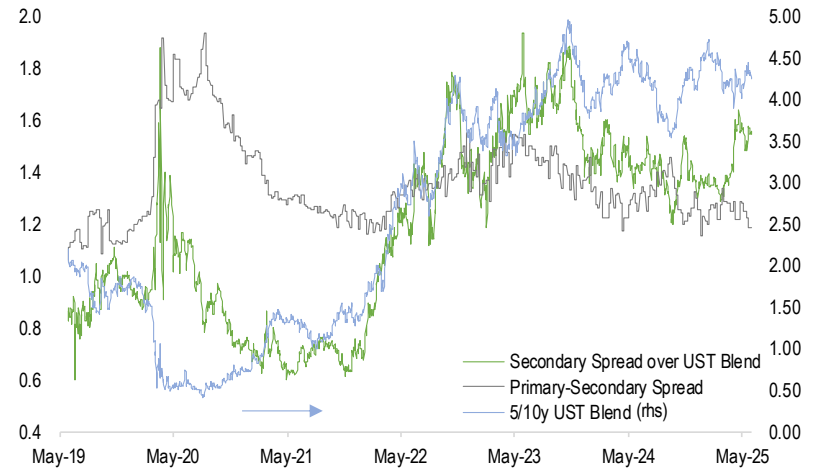
Cyclically-Sensitive Economic Output's Resilience about to Hit a Tariff Speed Bump



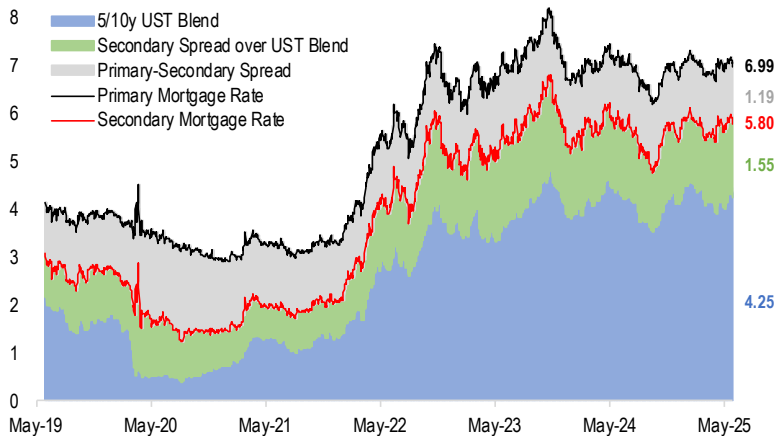
Market Still Pricing in Two Rate Cuts in '25, but Now Expecting Three Cuts in '26 (One More Than Week Ago)



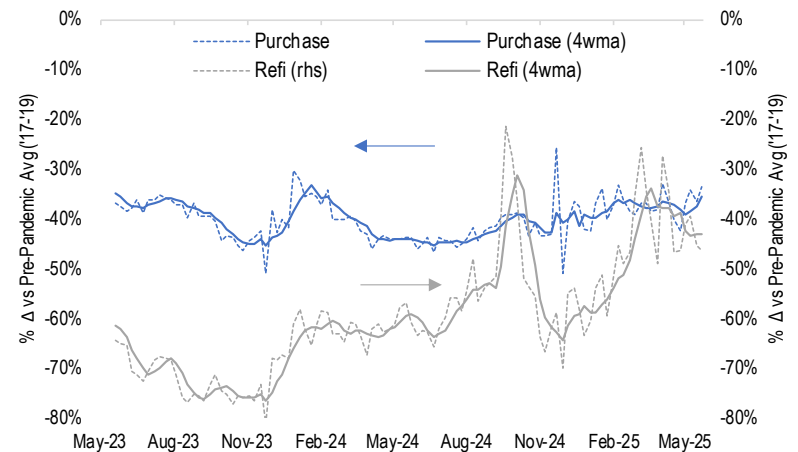
U.S. Treasury Yields Fell -11bps Last Week and Mortgage Spreads Narrowed Slightly ...



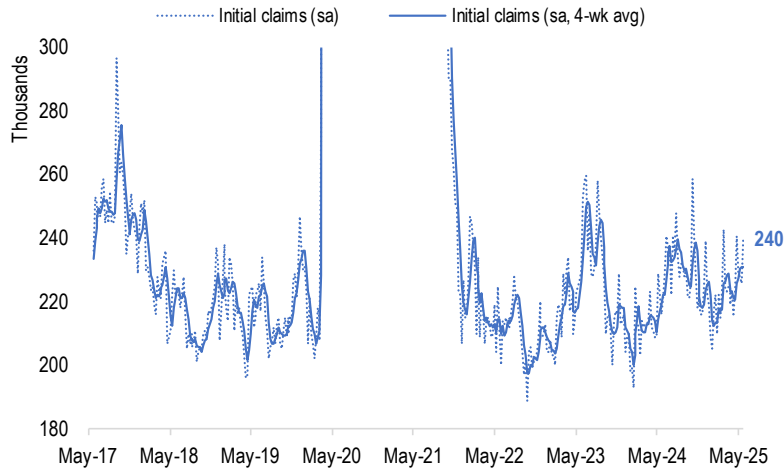
... Leaving Mortgage Rates Right Around 7% for Yet Another Week



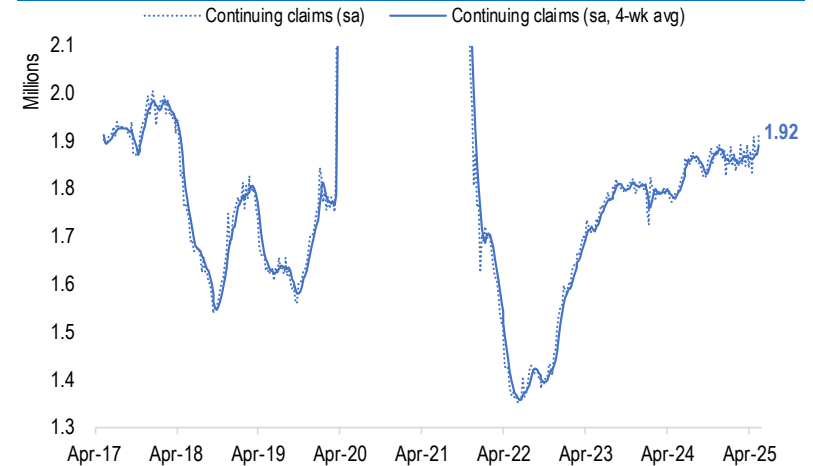
Purchase Apps Have Perked Up Recently, Suggesting Some Buyers Are Coming to Terms with Higher Rates



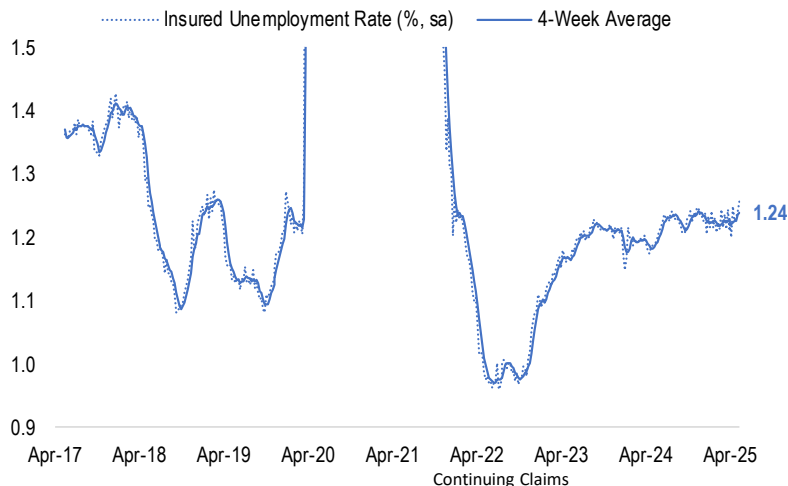
Initial Claims Jumped to 240k (SA) during the Week Ending May 24, near Upper End of Recent Range



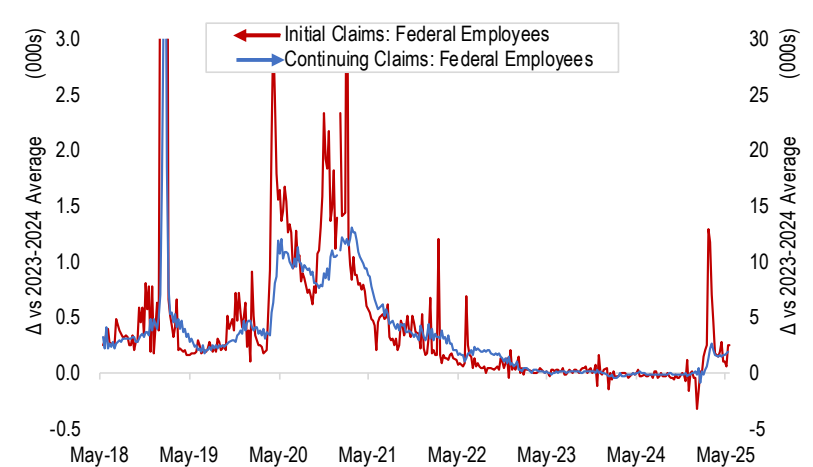
Continuing Claims Rose to a New Cycle High (1,919k SA) during the Week Ending May 17



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



Scale of Federal Employees Claiming Unemployment Benefits Relatively Muted as Musk Ended his DOGE Era

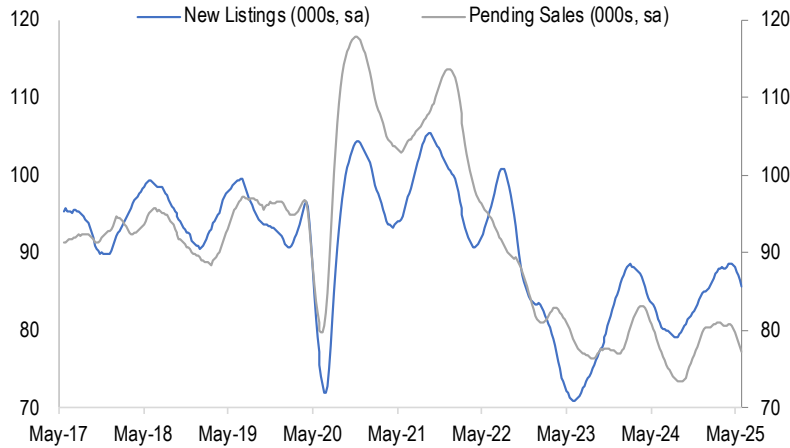


Insured Unemployment = $\frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$

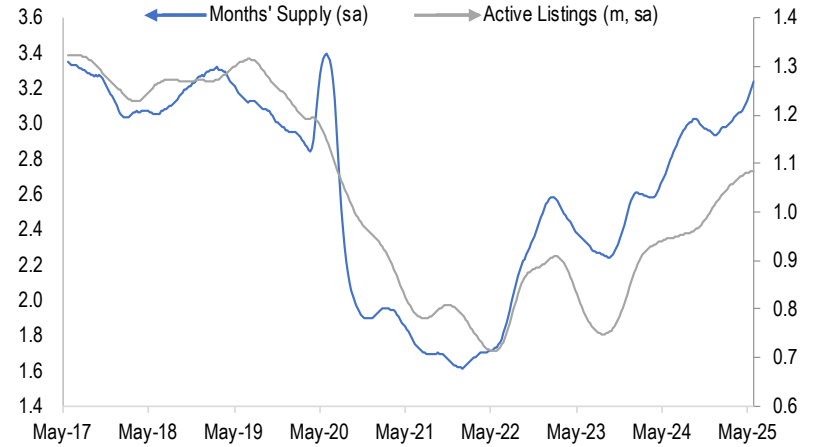
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

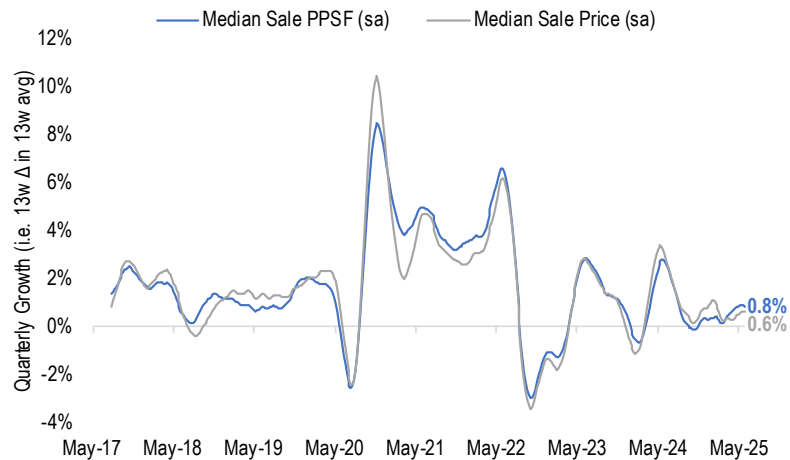
New Listings Have Cooled but Still Far Outpacing Pace of Pending Sales



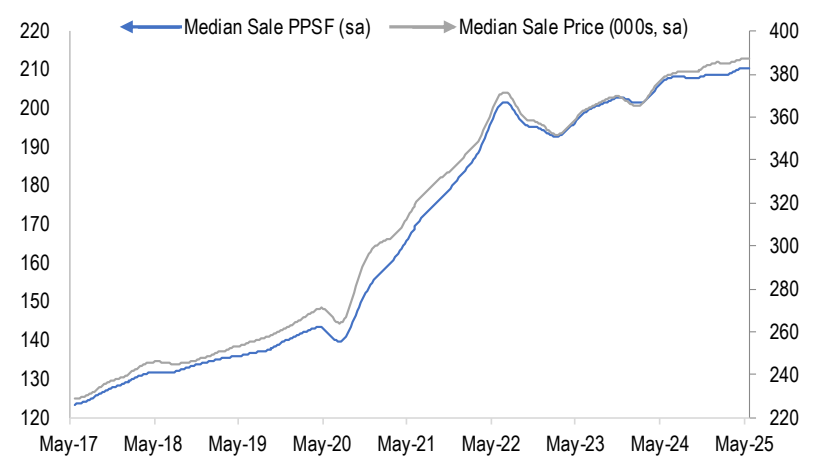
... Which Lifted Months' Supply Further Above the Pre-Pandemic Level as Inventory Continued to Swell



Pace of Seasonally Adjusted Home-Price Growth Remained Weak through May



Home Prices Continued to Inch Slightly Higher in 2025 after Moving Mostly Sideways in 2H24



Annual Home Price Growth Has Broadly Cooled and 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	0.6%	-2.5%	4.1%	0.6%	6.8%	1.6%	99.0%	-0.4%	-7.9	-11.7	13%	3%	-12%
Atlanta	-1.0%	-0.1%	2.0%	1.7%	7.2%	2.2%	98.4%	-0.5%	11.9	1.7	17%	10%	-12%
Austin	-4.7%	-1.4%	3.4%	4.1%	9.3%	1.3%	97.8%	-0.3%	37.2	26.7	18%	125%	77%
Baltimore	1.4%	-1.6%	6.2%	2.7%	6.9%	1.4%	101.0%	-0.7%	-2.0	-4.4	15%	-23%	-35%
Boston	3.6%	-0.5%	6.6%	0.8%	5.7%	1.5%	102.6%	-0.5%	8.8	7.8	14%	5%	-10%
Chicago	4.4%	-4.1%	5.1%	0.3%	3.4%	1.3%	100.4%	-0.1%	18.2	18.9	-3%	-7%	-8%
Dallas	-3.8%	-2.0%	0.7%	1.9%	9.1%	2.1%	98.0%	-0.5%	15.0	3.5	30%	57%	13%
Denver	-3.5%	-2.5%	2.6%	3.5%	10.9%	1.8%	99.4%	-0.4%	8.8	3.5	40%	89%	30%
Houston	-1.3%	-2.3%	3.2%	2.0%	8.1%	1.8%	97.3%	-0.3%	8.6	-0.6	19%	19%	1%
Los Angeles	1.1%	-2.0%	-0.4%	-8.1%	5.5%	2.2%	100.4%	-1.0%	-0.6	-3.8	-5%	0%	5%
Miami	4.5%	1.0%	3.8%	1.5%	4.9%	1.2%	95.4%	-0.7%	14.5	3.5	24%	54%	-7%
Minneapolis	1.8%	-0.1%	2.2%	0.2%	6.3%	1.6%	100.6%	0.0%	-0.8	0.1	0%	-9%	-7%
Nashville	-0.6%	-1.9%	2.9%	1.6%	6.3%	2.2%	98.2%	-0.3%	6.1	-2.8	18%	29%	5%
New York	8.3%	0.1%	6.1%	2.2%	4.3%	0.5%	100.4%	0.4%	-45.3	-41.4	2%	-23%	-28%
Phoenix	-2.4%	-4.0%	0.5%	-0.2%	8.4%	1.4%	98.2%	-0.2%	12.6	6.9	32%	64%	25%
Portland	0.1%	-0.4%	2.3%	2.5%	8.5%	2.2%	100.3%	-0.2%	5.4	2.8	21%	53%	30%
Riverside	-0.1%	-3.1%	2.2%	-1.2%	7.0%	2.6%	99.0%	-0.6%	-6.3	-11.4	11%	9%	-2%
San Diego	-1.4%	-2.4%	2.1%	-0.9%	7.0%	2.4%	99.4%	-1.3%	2.6	-3.9	30%	24%	-3%
Seattle	0.5%	-2.2%	6.7%	2.8%	7.7%	2.6%	101.0%	-1.4%	-0.8	-1.3	41%	63%	10%
Tampa	-0.7%	0.9%	1.2%	-0.7%	10.1%	0.9%	97.1%	-0.4%	4.3	-1.7	15%	71%	26%
Washington DC	1.2%	-4.5%	3.7%	-3.0%	6.0%	1.7%	100.3%	-1.2%	14.0	6.4	26%	21%	-11%

Data as of May 25, 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
6/2/25	9:45 AM	S&P Global US Manufacturing PMI	May F	--	52.3	--	52.3	index, sa
6/2/25	10:00 AM	ISM Manufacturing	May	--	49.5	--	48.7	index, sa
6/2/25	10:00 AM	ISM Prices Paid	May	--	68.7	--	69.8	index, nsa
6/3/25	11:00 AM	Wards Total Vehicle Sales	May	--	16.1	--	17.3	m, saar
6/3/25	10:00 AM	Durable Goods Orders m/m	Apr F	--	-6.3	--	-6.3	%, sa
6/3/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Apr F	--	--	--	-1.3	%, sa
6/3/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Apr F	--	--	--	-0.1	%, sa
6/3/25	10:00 AM	JOLTS Job Openings	Apr	--	7,063	--	7,192	k, sa
6/4/25	7:00 AM	MBA Mortgage Applications w/w	5/30/25	--	--	--	-1.2	%, sa
6/4/25	8:15 AM	ADP Employment m/m	May	--	110	--	62	k, sa
6/4/25	9:45 AM	S&P Global US Services PMI	May F	--	52.3	--	52.3	index, sa
6/4/25	10:00 AM	ISM Services Index	May	--	52.1	--	51.6	index, nsa
6/5/25	8:30 AM	Nonfarm Productivity q/q	1Q F	--	-0.8	--	-0.8	%, saar
6/5/25	8:30 AM	Unit Labor Costs q/q	1Q F	--	5.7	--	5.7	%, saar
6/5/25	8:30 AM	Initial Jobless Claims	5/31/25	--	235	--	240	k, sa
6/5/25	8:30 AM	Continuing Claims	5/24/25	--	1,906	--	1,919	k, sa
6/6/25	8:30 AM	Nonfarm Payrolls m/m	May	--	125	--	177	k, sa
6/6/25	8:30 AM	Private Payrolls m/m	May	--	110	--	167	k, sa
6/6/25	8:30 AM	Unemployment Rate	May	--	4.2	--	4.2	%, sa
6/6/25	8:30 AM	Labor Force Participation Rate	May	--	62.6	--	62.6	%, sa
6/6/25	8:30 AM	Average Hourly Earnings m/m	May	--	0.3	--	0.2	%, sa
6/6/25	8:30 AM	Average Hourly Earnings y/y	May	--	3.7	--	3.8	%, nsa
6/6/25	8:30 AM	Average Weekly Hours All Employees	May	--	34.3	--	34.3	sa
6/6/25	3:00 PM	Consumer Credit m/m	Apr	--	10.9	--	10.2	\$B, 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
5/27/25	8:30 AM	Durable Goods Orders m/m	Apr P	-6.3	-7.8	7.6	9.2	%, sa
5/27/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Apr P	-1.3	-0.2	0.3	0.1	%, sa
5/27/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Apr P	-0.1	-0.1	0.5	0.2	%, sa
5/27/25	9:00 AM	FHFA House Price Index m/m	Mar	-0.1	0.1	0.0	0.1	%, sa
5/27/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Mar	-0.1	0.3	--	0.4	%, sa
5/27/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Mar	4.1	4.5	4.5	4.5	%, nsa
5/27/25	10:00 AM	Conf. Board Consumer Confidence	May	98.0	87.1	85.7	86.0	index, sa
5/28/25	7:00 AM	MBA Mortgage Applications w/w	5/23/25	-1.2	--	--	-5.1	%, sa
5/28/25	2:00 PM	FOMC Meeting Minutes	5/7/25	--	--	--	--	
5/29/25	8:30 AM	GDP Annualized q/q	1Q S	-0.2	-0.3	--	-0.3	%, saar
5/29/25	8:30 AM	Personal Consumption q/q	1Q S	1.2	1.7	--	1.8	%, saar
5/29/25	8:30 AM	Core PCE Deflator q/q	1Q S	3.4	3.5	--	3.5	%, saar
5/29/25	8:30 AM	Initial Jobless Claims	5/24/25	240	230	226	227	k, sa
5/29/25	8:30 AM	Continuing Claims	5/17/25	1,919	1,893	1,893	1,903	k, sa
5/29/25	10:00 AM	Pending Home Sales m/m	Apr	-6.3	-1.0	5.5	6.1	%, sa
5/29/25	10:00 AM	Pending Home Sales y/y	Apr	-3.5	2.7	-0.7	-0.1	%, nsa
5/30/25	8:30 AM	Personal Income m/m	Apr	0.8	0.3	0.7	0.5	%, sa
5/30/25	8:30 AM	Personal Spending m/m	Apr	0.2	0.2	--	0.7	%, sa
5/30/25	8:30 AM	Real Personal Spending m/m	Apr	0.1	0.0	--	0.7	%, sa
5/30/25	8:30 AM	PCE Inflation m/m	Apr	0.1	0.1	--	0.0	%, sa
5/30/25	8:30 AM	PCE Inflation y/y	Apr	2.1	2.2	--	2.3	%, nsa
5/30/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Apr	0.1	0.1	0.1	0.0	%, sa
5/30/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Apr	2.5	2.5	2.7	2.6	%, nsa
5/30/25	8:30 AM	Wholesale Inventories m/m	Apr P	0.0	0.4	0.3	0.4	%, sa
5/30/25	8:30 AM	Retail Inventories m/m	Apr	-0.1	-0.1	-0.3	-0.1	%, sa
5/30/25	10:00 AM	U. of Mich. Sentiment	May F	52.2	51.5	--	50.8	index, nsa
5/30/25	10:00 AM	U. of Mich. 1 Yr Inflation	May F	6.6	7.1	--	7.3	nsa
5/30/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	May F	4.2	4.6	--	4.6	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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