

HaMMR Digest

Stay current with economic and mortgage market trends.

July 14, 2025

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Tariffs Return with a Vengeance

- **Key Takeaway:** With the budget bill passed, markets buoyant, and economy steady, tariff threats are back on the White House agenda.
- **Macro Implications:** Staggered tariff escalations and implementation stretch the inflation shock, reinforcing the Fed's wait-and-see stance.
- **Housing Implications:** Less rate volatility hasn't narrowed mortgage spreads, as Treasury bear steepening kept yields, and mortgage rates, elevated.

Macro: Finish Line Was Really a New Starting Line

- Tariffs threatened for Aug. 1 would raise effective tariff rate back toward 20%.
- Scope for negotiations remains but uncertainty risk premium will return.
- Early sentiment rebound will reverse, should tariff threats become reality.

Jobs Report: What's to Love?

- Unemployment down to 4.12% in June, par with prior 6-month average.
- Private job growth slowed to 74k, roughly half of prior 6-month average.
- Labor slack continued to build but so far via less hiring, not more layoffs.

Labor Market Turnover: Rearview Mirror

- Net hiring overall positive despite continued drag from larger firms.
- Job opening rebound was driven by outsized gains in a few sectors.
- Layoffs breadth in May was lowest since 2021.

Housing: Reversal

- Mortgage rates continued bouncing along around '25 average (7%).
- Patient home sellers pull back, delisting if offers are too low.
- Upward pressure on months' supply weighing on price momentum.

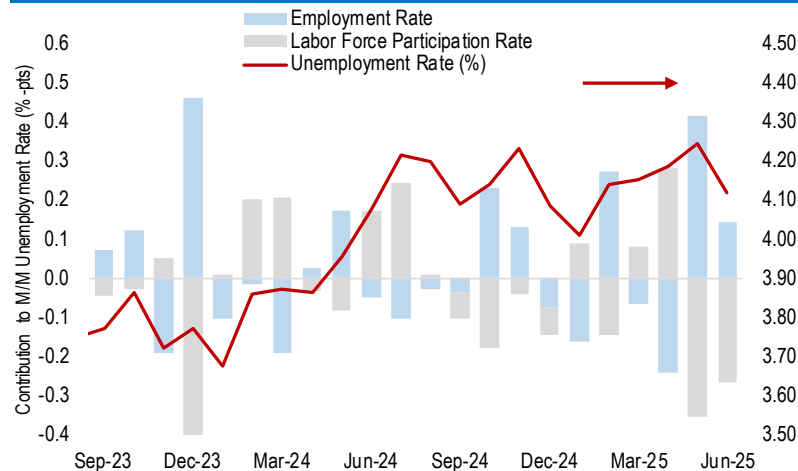
Rates: We've Seen This Movie Before. Or Have We?

- 10y yields rose 8bps, sparked by renewed tariff escalation.
- Yield curve bear steepened as inflation breakevens climbed higher.
- Market pricing of rate cuts eased with third cut in '26 now a toss-up.

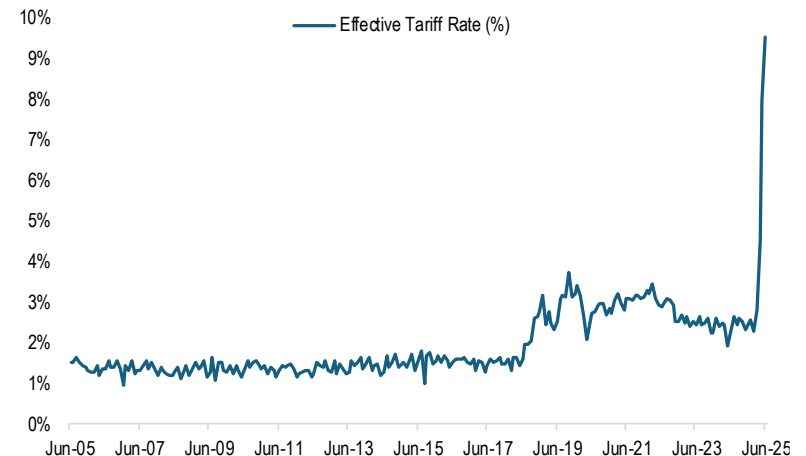
Small Business Optimism: Step Back

- NFIB Optimism index down in June but did not reverse all of its May rise.
- Share of firms planning to raise prices highest since March 2024.
- "Poor sales" as the largest problem continued to trend higher.

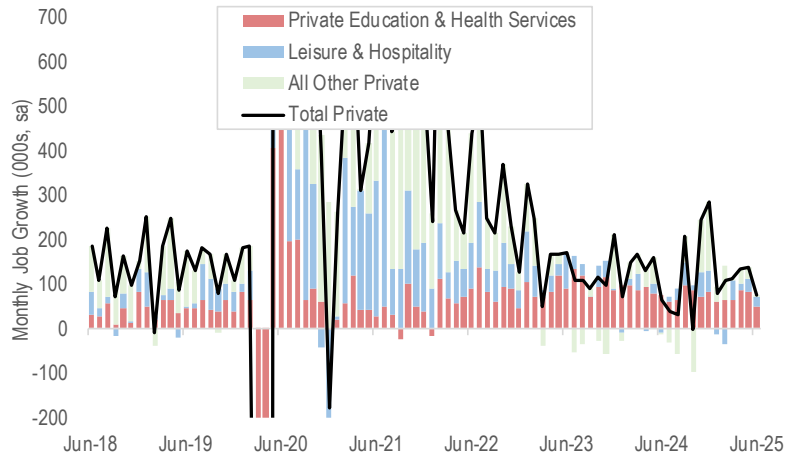
Upward Momentum for Unemployment Rate Stalled as Waning Labor Supply Masks Slowing Job Growth



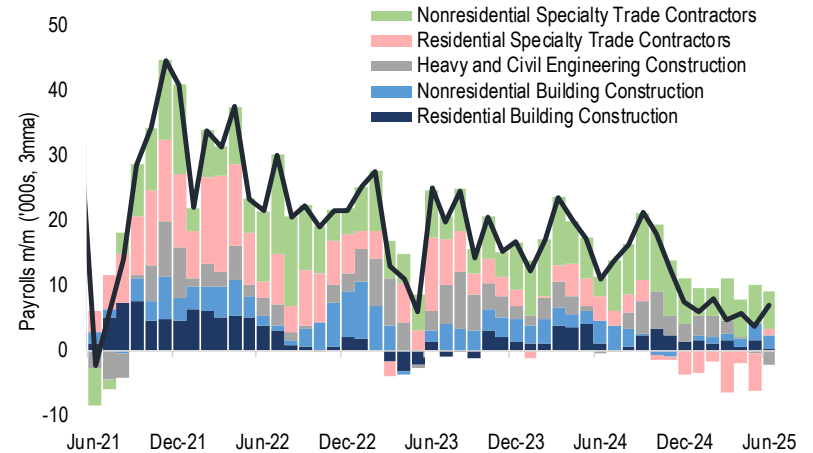
Effective Tariff Rate to Keep Heading Higher as White House Shifts Focus Back to Trade Policy



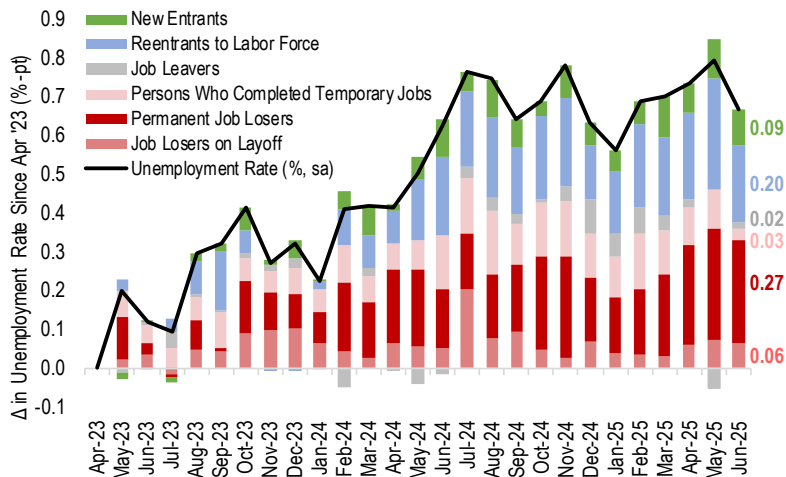
Recent Private Job Growth Driven by Private Education & Health Services & Leisure & Hospitality Sectors



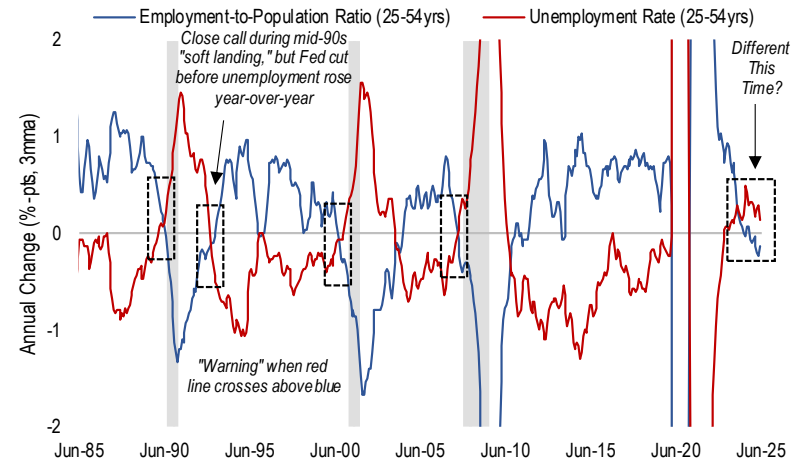
Cooldown in Construction Job Growth Halted in June, but Rebound Not Expected Given Housing Weakness



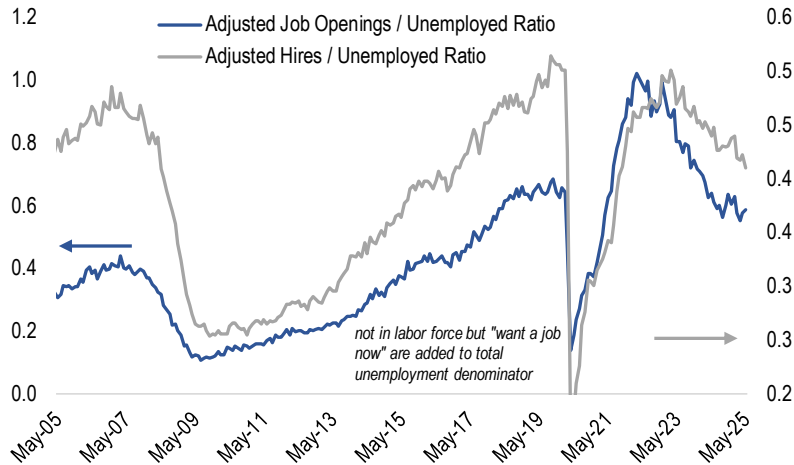
Unemployment Rate Stepped Down in June amid Further Signs of Dwindling Labor Supply



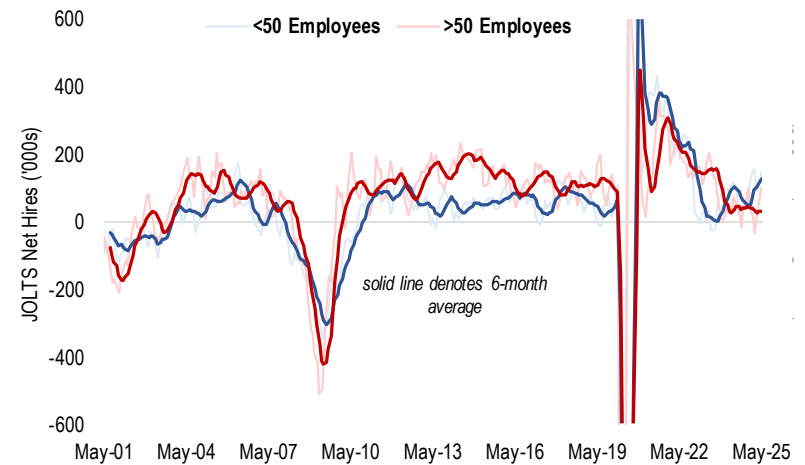
Continued Deterioration in Prime-Age Unemployment and Employment Rates Should Give the Fed Pause



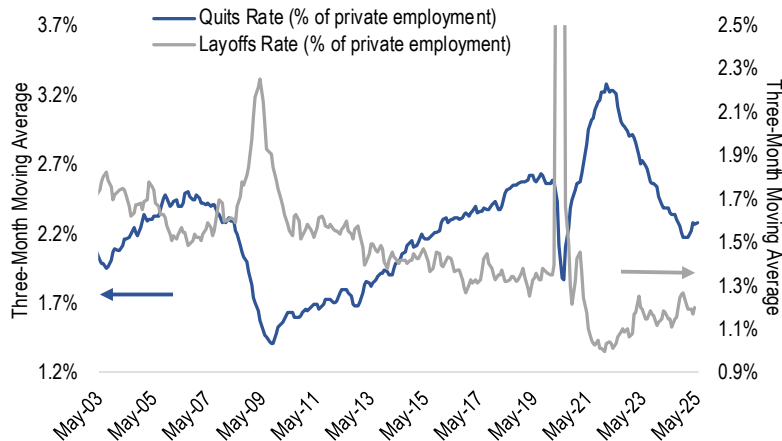
Job Market Signals Slight Demand Moderation with an Uncertain Outlook



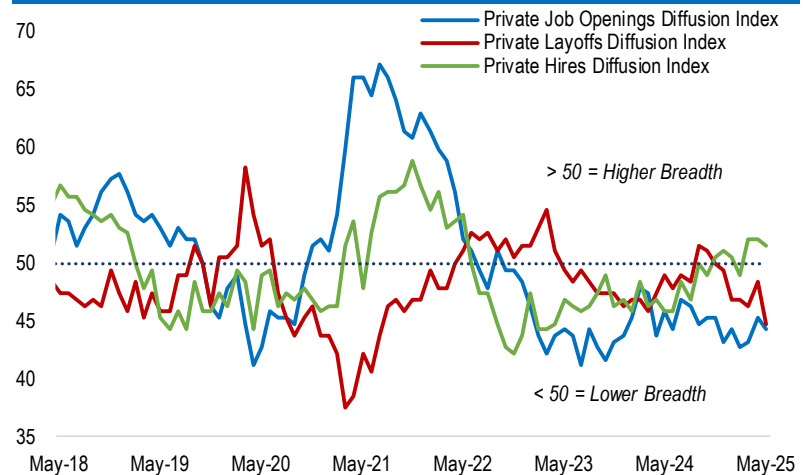
Recent Job Growth Has Been Driven by Smaller Firms, While Larger Firms Have Pulled Back on Hiring



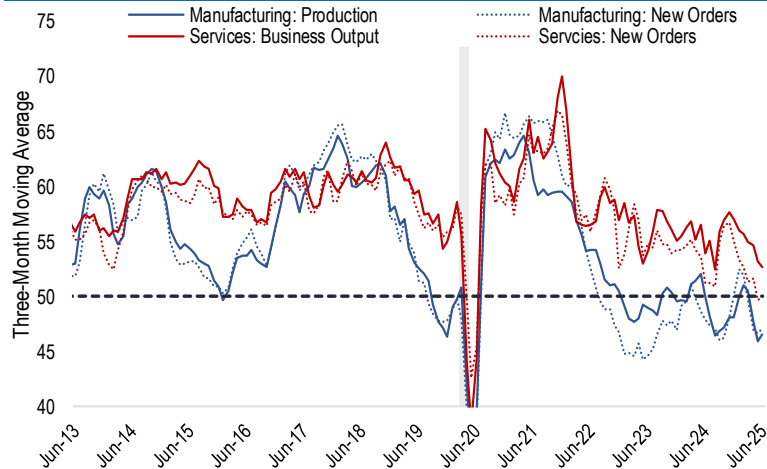
Quits Have Turned Modestly Higher and Layoffs Have Moved a Bit Lower over the Course of 2025



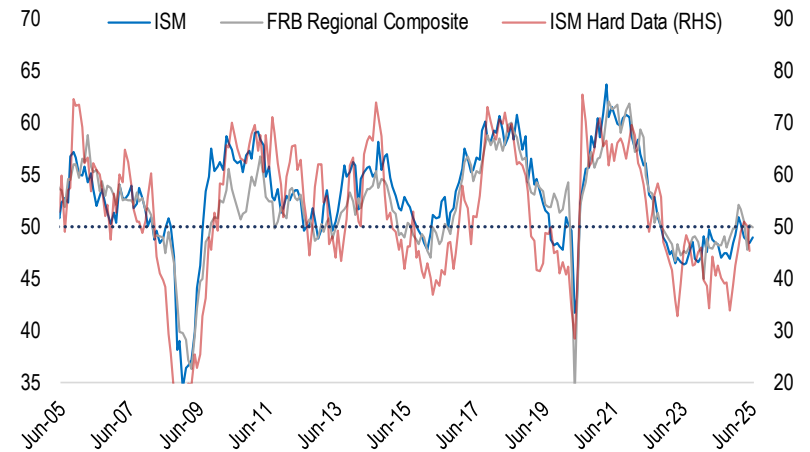
Layoffs Breadth Remained Low as Hiring Breadth Has Recovered



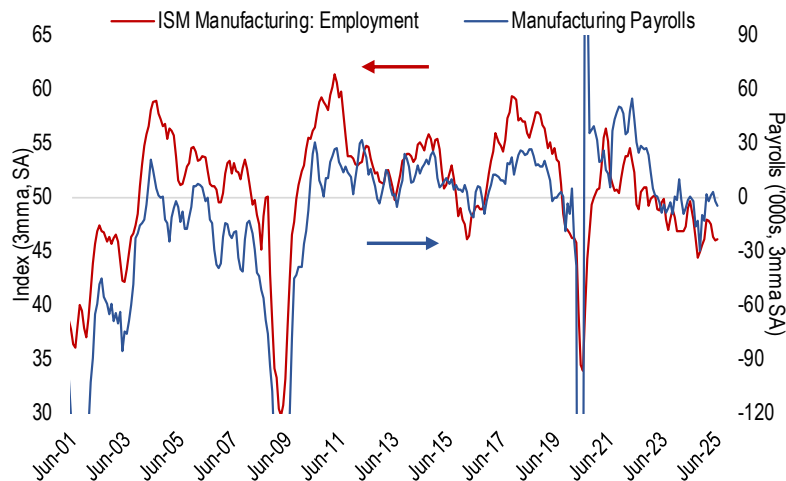
Manufacturing PMI Feeling Overhang of Frontloading While Services New Orders Found Another Leg Lower



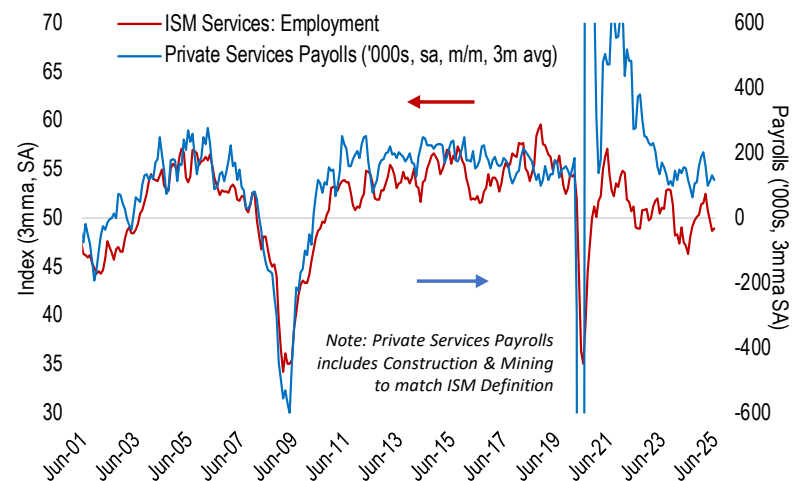
ISM "Hard Data" Has Peaked and Will Head Lower as Tariff Front-Loading "Hangover" Settles in



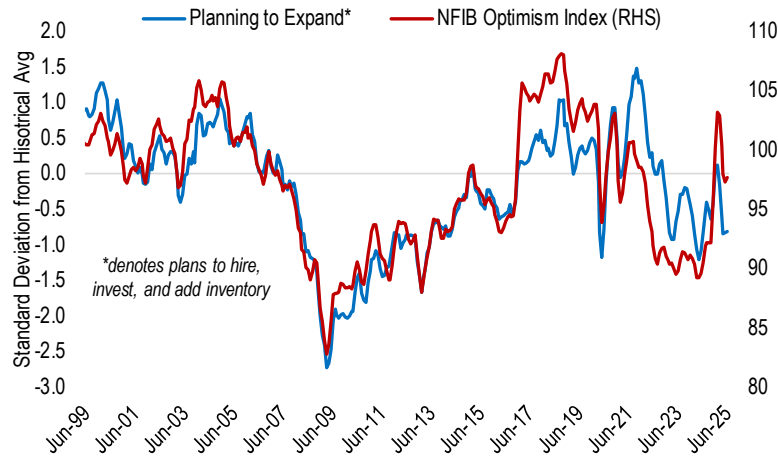
Manufacturing Payrolls Started to Follow the Pivot Lower in ISM Employment Index



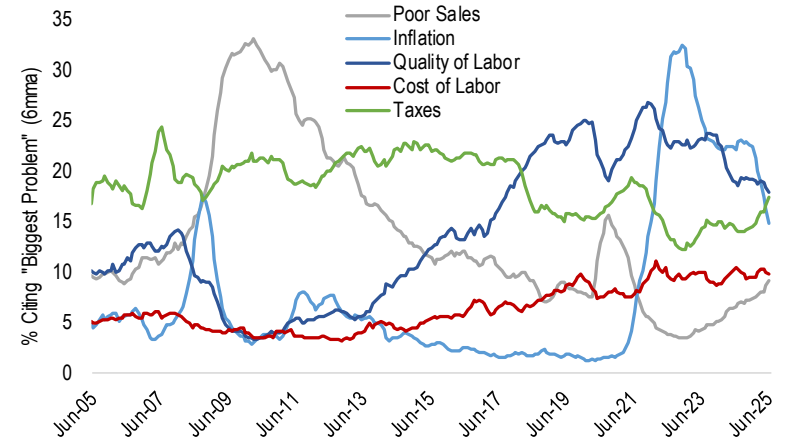
ISM Services Employment Reflects More Weakness Than Actual Services Payrolls



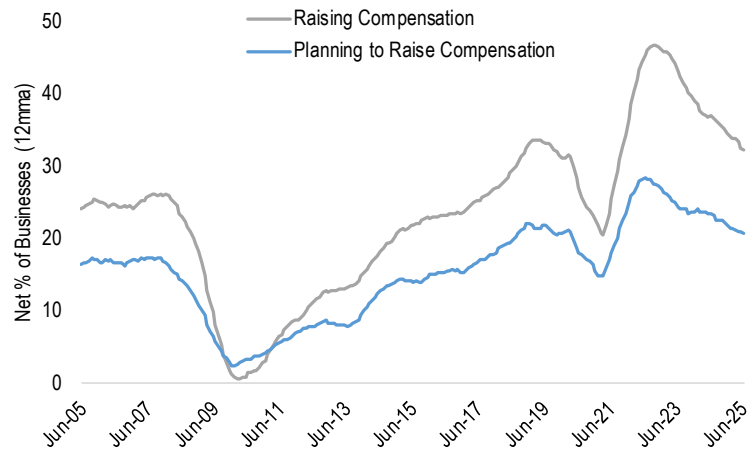
Small Business Plans to Expand Remain Tepid with Firms Likely to Delay, Given Recent Tariff Headlines



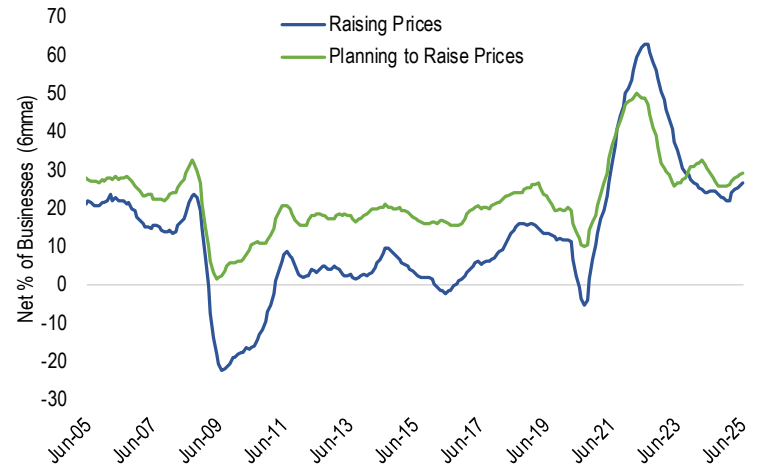
"Taxes" Cited as "Biggest Problem" by More Businesses, Which Should Fall as Budget Bill Finally Passed



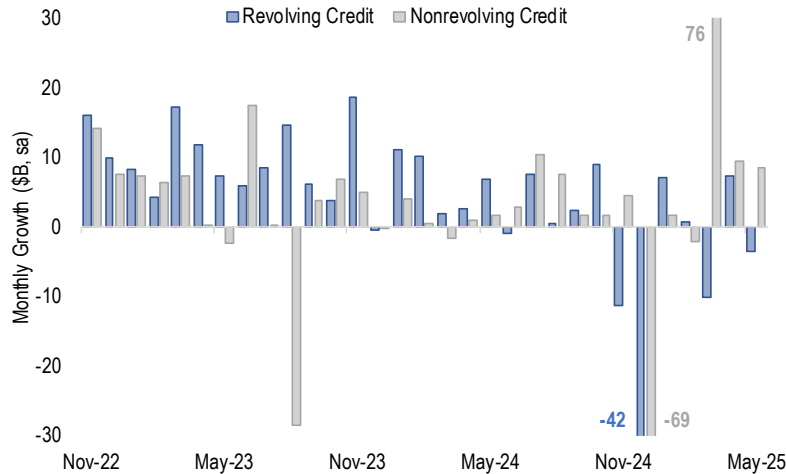
Pay Increases Have Pivoted Lower with Future Wage Growth Plans at Pre-Pandemic Levels



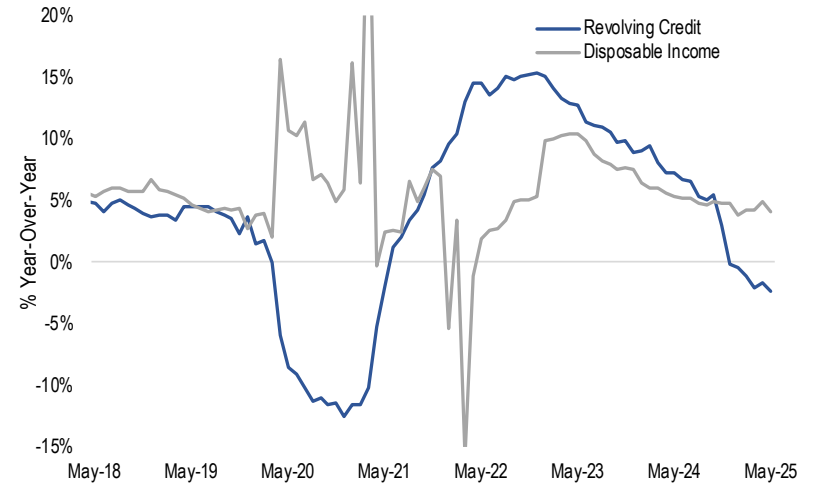
Share of Firms Planning to Raise Prices Continued to Trend Higher



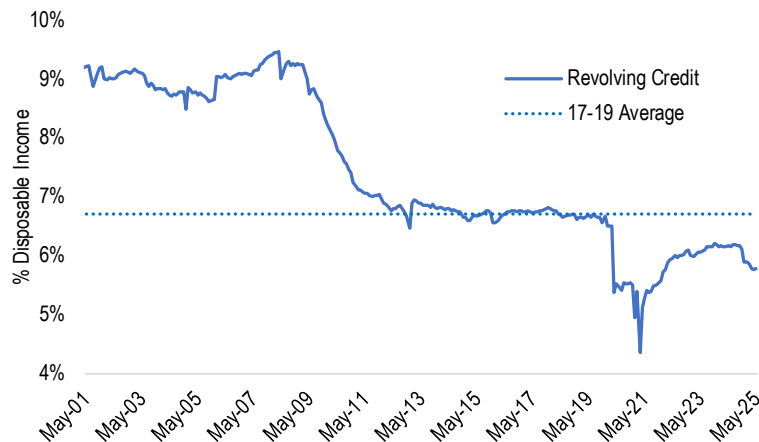
Nonrevolving Credit Increase Supported by Rising Student Loans and Auto Loans via Strong Auto Sales



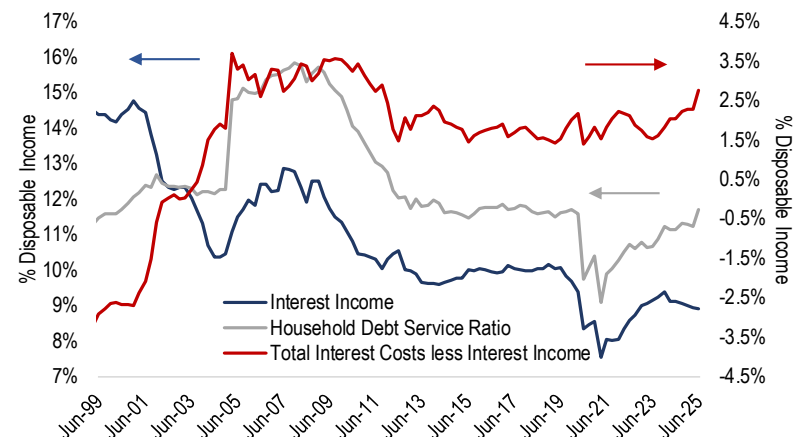
Downshift in Revolving Consumer Credit Confirms Slowdown in Consumer Spending



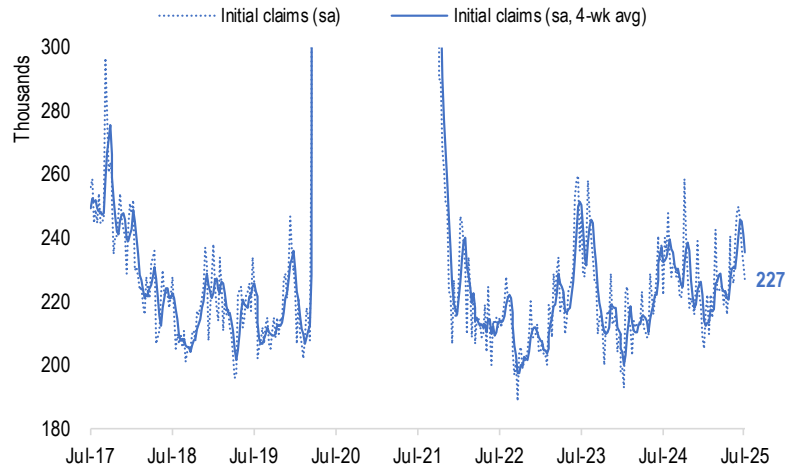
Revolving Credit Stepped Further below Pre-Pandemic Norm Relative to Disposable Income



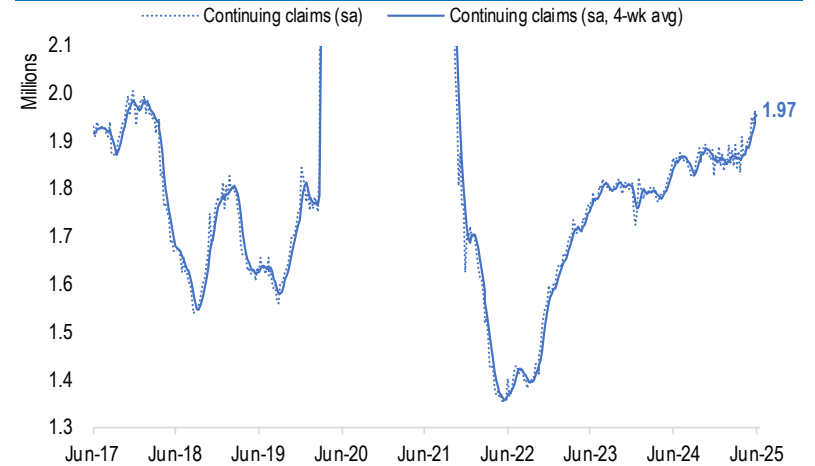
Household Interest Costs Still Rising While Interest Income Earned Has Downshifted, Widening Spread



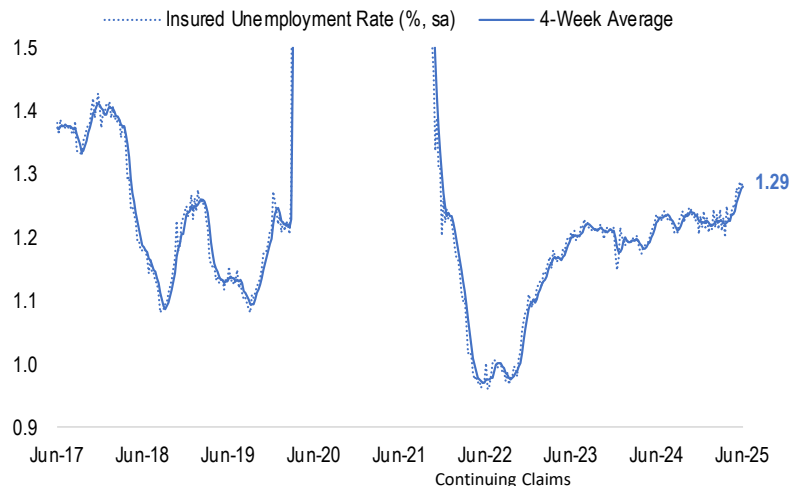
Initial Claims Inched Back down to 227k (SA) in Week Ending June 21, Just above Post-Pandemic Average



Despite Modest Layoffs, Weak Hiring Is Driving Continuing Claims to New Cycle Highs (1,965k SA) ...



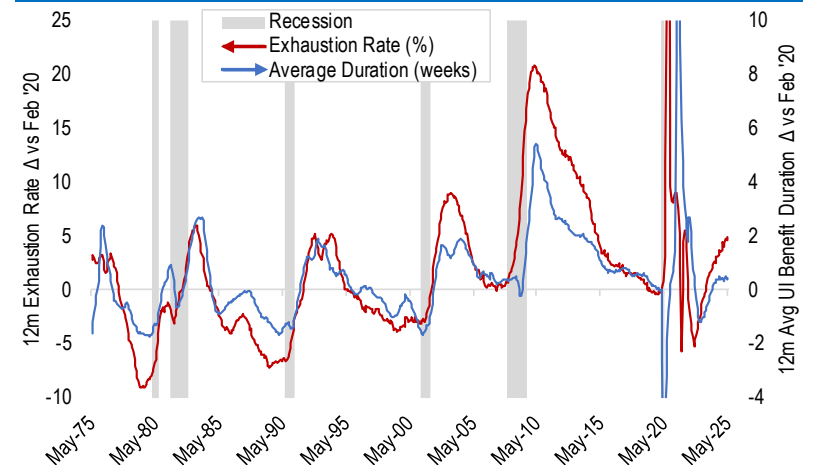
... Which Also Lifted Insured Unemployment to a New Post-Pandemic High



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

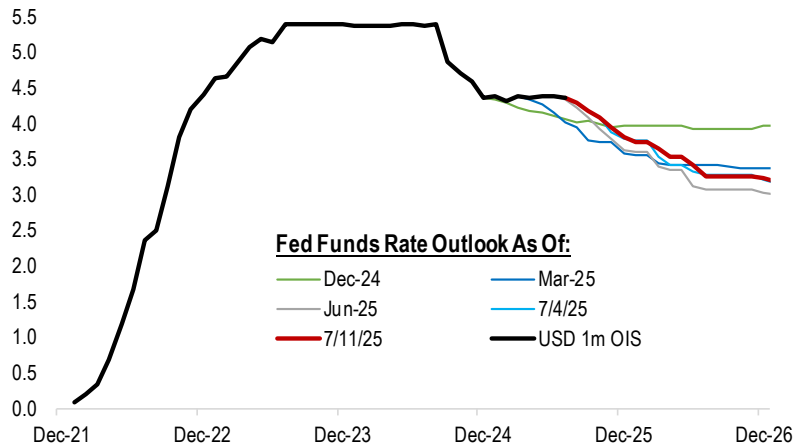
Sources: U.S. Department of Labor, Arch Global Economics

Elevated Share of UI Recipients Exhausting Benefits Means Continuing Claims Worse Than They Appear

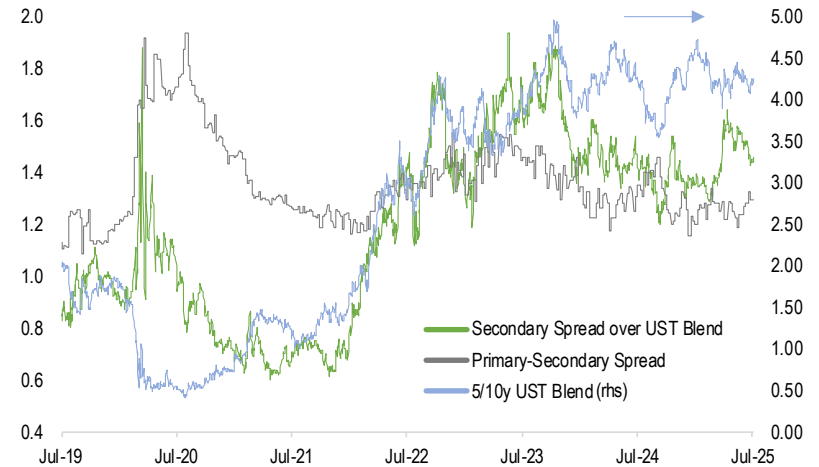


SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

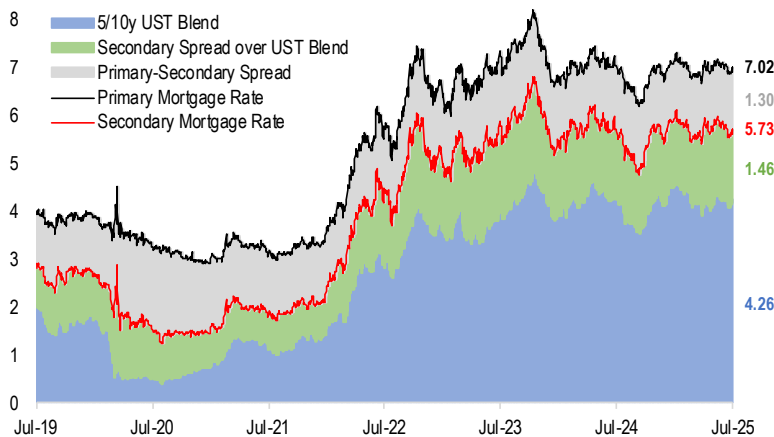
Market Solidifying around Two Rate Cuts in '25, Followed by Three More in '26



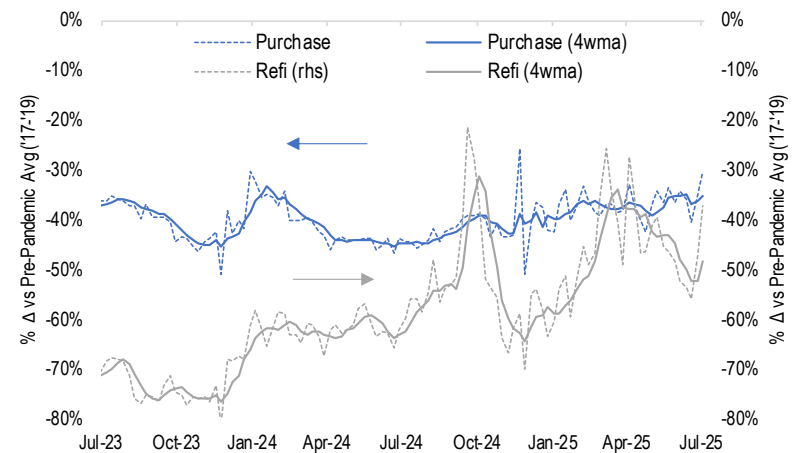
U.S. Treasury Yields Rose 5bps Last Week and Mortgage Spreads Widened 4bps ...



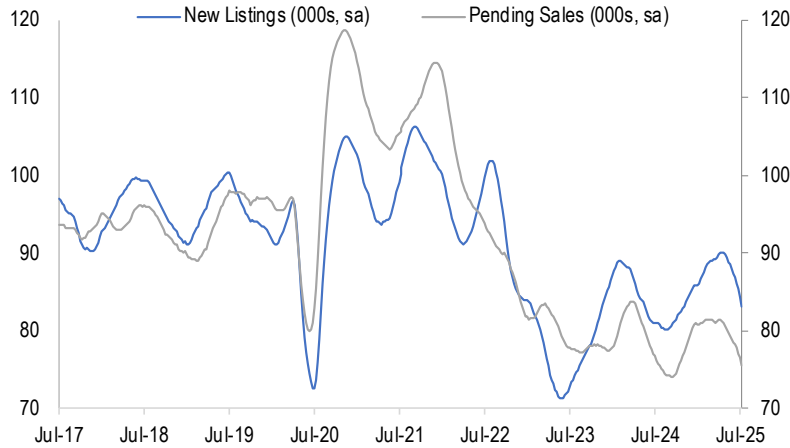
... Which Pushed Mortgage Rates Back above the Average Level for 2025 (~7%)



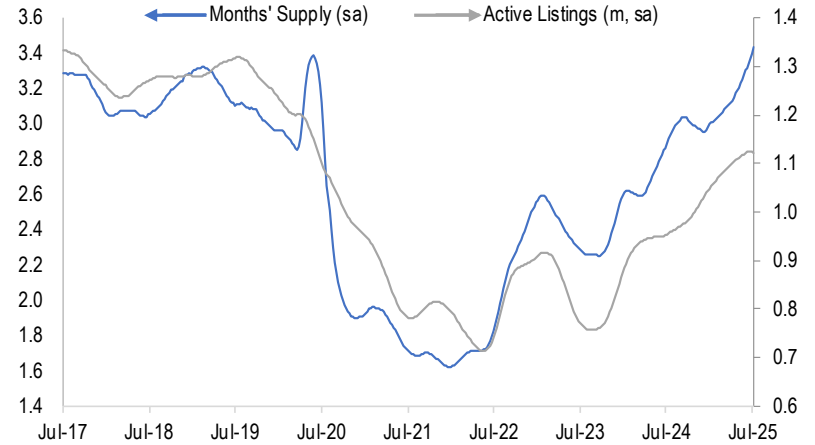
Recent Modest Dip for Mortgage Rates below 7% Coincided with Surge in Purchase and Refi Applications



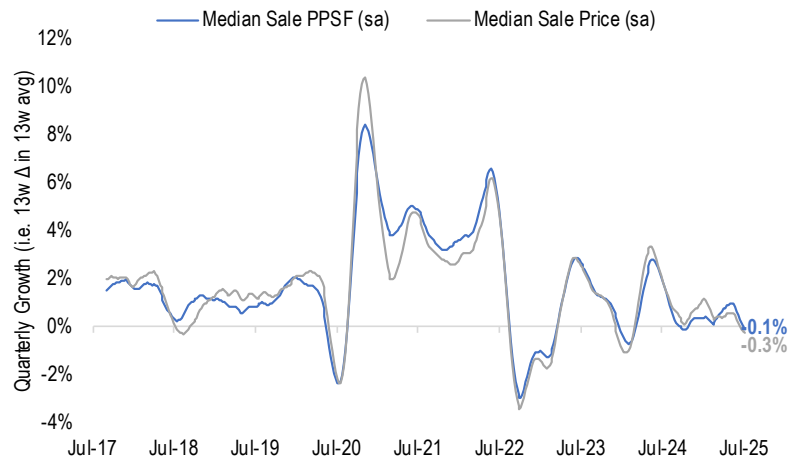
New Listings Have Cooled but Still Outpacing Pending Sales ...



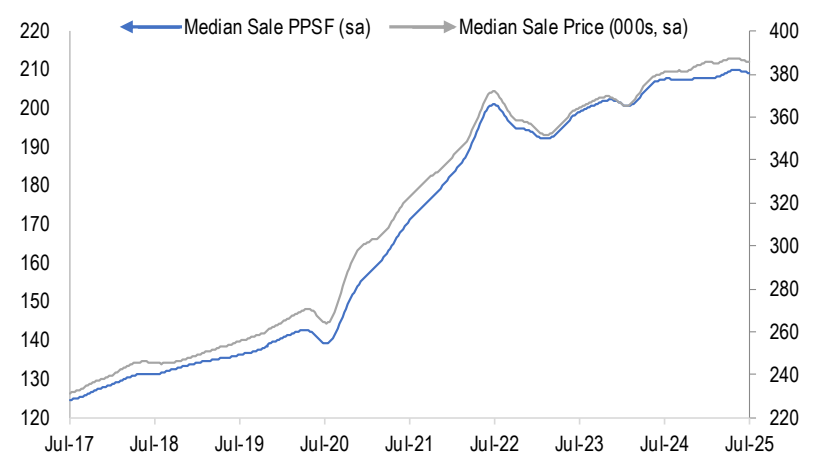
... Which Lifted Months' Supply Further above the Pre-Pandemic Level as Inventory Continued to Swell



Pace of Seasonally Adjusted Home-Price Growth Weakened through Mid-June



Home Prices Have Levelled off after Modest Gains in Early 2025



Annual Home-Price Declines Becoming More Widespread as Most Markets Have 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%	-1.2%	3.4%	0.2%	6.7%	1.3%	99.1%	-0.5%	-5.8	-10.8	12%	5%	-3%
Atlanta	-1.4%	-1.4%	2.0%	0.6%	7.6%	2.2%	98.4%	-0.3%	16.0	4.2	11%	7%	3%
Austin	-4.2%	-1.0%	2.7%	5.6%	9.4%	1.2%	97.2%	-0.3%	43.9	31.0	13%	131%	101%
Baltimore	2.9%	0.0%	2.7%	-0.4%	6.9%	1.1%	100.8%	-0.9%	1.6	-4.9	17%	-20%	-28%
Boston	2.5%	0.0%	3.8%	-1.7%	5.8%	1.5%	102.1%	-1.1%	9.9	8.6	17%	-1%	-6%
Chicago	4.5%	0.3%	5.3%	0.4%	3.6%	1.3%	100.7%	-0.1%	18.0	17.8	0%	-14%	-10%
Dallas	-2.0%	1.5%	-0.1%	1.6%	9.4%	1.0%	97.8%	-0.4%	16.0	5.0	28%	56%	32%
Denver	-2.8%	1.5%	0.2%	0.8%	10.0%	0.7%	99.0%	-0.4%	15.6	6.6	27%	97%	65%
Houston	-0.5%	0.2%	1.7%	0.6%	8.9%	2.5%	97.0%	-0.6%	15.1	1.8	16%	18%	9%
Los Angeles	0.6%	-2.0%	1.6%	-2.1%	5.0%	1.8%	99.9%	-1.4%	3.9	-3.3	18%	40%	18%
Miami	2.8%	1.2%	5.2%	2.1%	4.7%	1.5%	95.3%	-0.6%	26.2	5.0	16%	48%	-4%
Minneapolis	0.9%	0.5%	2.7%	0.7%	7.0%	2.0%	100.6%	0.0%	-0.7	-1.4	2%	-7%	2%
Nashville	1.8%	1.8%	5.9%	3.8%	5.9%	1.3%	98.4%	-0.1%	9.4	-3.6	20%	47%	24%
New York	6.6%	-1.5%	6.7%	1.8%	3.8%	0.6%	100.9%	0.1%	-39.0	-38.8	4%	-22%	-28%
Phoenix	-3.9%	-4.6%	0.6%	0.3%	7.3%	0.6%	97.9%	-0.4%	20.7	7.7	28%	72%	45%
Portland	-0.3%	-0.6%	1.5%	0.4%	8.1%	1.1%	99.6%	-0.2%	8.3	4.3	11%	54%	30%
Riverside	0.0%	-1.8%	3.1%	1.3%	6.2%	2.0%	99.2%	-0.5%	0.9	-11.1	16%	25%	8%
San Diego	-1.1%	-1.1%	1.6%	3.4%	7.2%	2.1%	99.1%	-1.1%	12.1	-1.3	23%	44%	6%
Seattle	2.2%	1.8%	2.7%	-1.1%	7.6%	1.5%	99.8%	-1.4%	2.2	-1.8	32%	52%	20%
Tampa	-3.3%	-0.7%	3.8%	3.5%	9.4%	0.6%	97.0%	-0.4%	13.0	1.8	7%	59%	48%
Washington DC	3.6%	0.4%	3.1%	-1.9%	5.7%	1.1%	99.9%	-1.0%	18.0	6.8	24%	20%	0%

Data as of July 6, 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
7/15/25	8:30 AM	CPI m/m	Jun	--	0.3	--	0.1	%, sa
7/15/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Jun	--	0.3	--	0.1	%, sa
7/15/25	8:30 AM	CPI y/y	Jun	--	2.6	--	2.4	%, nsa
7/15/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Jun	--	2.9	--	2.8	%, nsa
7/16/25	7:00 AM	MBA Mortgage Applications w/w	7/11/25	--	--	--	9.4	%, sa
7/16/25	8:30 AM	PPI Final Demand m/m	Jun	--	0.2	--	0.1	%, sa
7/16/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Jun	--	0.2	--	0.1	%, sa
7/16/25	8:30 AM	PPI Final Demand y/y	Jun	--	2.5	--	2.6	%, nsa
7/16/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Jun	--	2.7	--	3.0	%, nsa
7/16/25	9:15 AM	Industrial Production m/m	Jun	--	0.1	--	-0.2	%, sa
7/16/25	9:15 AM	Capacity Utilization	Jun	--	77.4	--	77.4	sa
7/17/25	8:30 AM	Advance Retail Sales m/m	Jun	--	0.1	--	-0.9	%, sa
7/17/25	8:30 AM	Retail Sales Control Group m/m	Jun	--	0.3	--	0.4	%, sa
7/17/25	8:30 AM	Import Price Index m/m	Jun	--	0.3	--	0.0	%, nsa
7/17/25	8:30 AM	Import Price Index y/y	Jun	--	0.3	--	0.2	%, nsa
7/17/25	8:30 AM	Initial Jobless Claims	7/12/25	--	234	--	227	k, sa
7/17/25	8:30 AM	Continuing Claims	7/5/25	--	1,965	--	1,965	k, sa
7/17/25	10:00 AM	Business Inventories m/m	May	--	0.0	--	0.0	%, sa
7/17/25	10:00 AM	NAHB Housing Market Index	Jul	--	33.0	--	32.0	index, sa
7/18/25	8:30 AM	Housing Starts	Jun	--	1,300	--	1,256	k, saar
7/18/25	8:30 AM	Building Permits	Jun P	--	1,388	--	1,394	k, saar
7/18/25	8:30 AM	Housing Starts m/m	Jun	--	3.5	--	-9.8	%, sa
7/18/25	8:30 AM	Building Permits m/m	Jun P	--	-0.5	--	-2.0	%, sa
7/18/25	10:00 AM	U. of Mich. Sentiment	Jul P	--	61.5	--	60.7	index, nsa
7/18/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jul P	--	5.0	--	5.0	nsa
7/18/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jul P	--	3.9	--	4.0	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
7/1/25	11:00 AM	Wards Total Vehicle Sales	Jun	15.3	15.3	--	15.7	m, saar
7/1/25	9:45 AM	S&P Global US Manufacturing PMI	Jun F	52.9	52.0	--	52.0	index, sa
7/1/25	10:00 AM	ISM Manufacturing	Jun	49.0	48.8	--	48.5	index, sa
7/1/25	10:00 AM	ISM Prices Paid	Jun	69.7	69.5	--	69.4	index, nsa
7/1/25	10:00 AM	JOLTS Job Openings	May	7,769	7,300	7,395	7,391	k, sa
7/2/25	7:00 AM	MBA Mortgage Applications w/w	6/27/25	2.7	--	--	1.1	%, sa
7/2/25	8:15 AM	ADP Employment m/m	Jun	-33	98	29	37	k, sa
7/3/25	8:30 AM	Nonfarm Payrolls m/m	Jun	147	106	144	139	k, sa
7/3/25	8:30 AM	Private Payrolls m/m	Jun	74	100	137	140	k, sa
7/3/25	8:30 AM	Unemployment Rate	Jun	4.1	4.3	--	4.2	%, sa
7/3/25	8:30 AM	Labor Force Participation Rate	Jun	62.3	62.4	--	62.4	%, sa
7/3/25	8:30 AM	Average Hourly Earnings m/m	Jun	0.2	0.3	--	0.4	%, sa
7/3/25	8:30 AM	Average Hourly Earnings y/y	Jun	3.7	3.8	3.8	3.9	%, nsa
7/3/25	8:30 AM	Average Weekly Hours All Employees	Jun	34.2	34.3	--	34.3	sa
7/3/25	9:45 AM	S&P Global US Services PMI	Jun F	52.9	53.1	--	53.1	index, sa
7/3/25	9:45 AM	S&P Global US Composite PMI	Jun F	52.9	52.8	--	52.8	index, sa
7/3/25	10:00 AM	ISM Services Index	Jun	50.8	50.5	--	49.9	index, nsa
7/3/25	10:00 AM	Durable Goods Orders m/m	May F	16.4	16.4	--	16.4	%, sa
7/3/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	May F	1.7	1.7	--	1.7	%, sa
7/3/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	May F	0.4	0.5	--	0.5	%, sa
7/8/25	6:00 AM	NFIB Small Business Optimism	Jun	98.6	98.6	--	98.8	index, sa
7/8/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Jun	3.0	3.1	--	3.2	%
7/8/25	3:00 PM	Consumer Credit m/m	May	5.1	10.5	16.9	17.9	\$B, sa
7/9/25	7:00 AM	MBA Mortgage Applications w/w	7/4/25	9.4	--	--	2.7	%, sa
7/9/25	10:00 AM	Wholesale Inventories m/m	May F	-0.3	-0.3	--	-0.3	%, sa
7/9/25	10:00 AM	Wholesale Trade Sales m/m	May	-0.3	0.2	0.0	0.1	%, sa
7/9/25	2:00 PM	FOMC Meeting Minutes	6/18/25	--	--	--	--	
7/10/25	8:30 AM	Initial Jobless Claims	7/5/25	227	235	232	233	k, sa
7/10/25	8:30 AM	Continuing Claims	6/28/25	1,965	1,965	1,955	1,964	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)