



# HaMMR Digest

Stay current with economic and mortgage market trends.

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**Parker Ross** — Global Chief Economist  
pross@archgroup.com | 914 216 7270

**Leonidas Mourelatos** — Director of Real Estate Economics  
lmourelatos@archgroup.com | 631 521 9048

ARCH MORTGAGE INSURANCE COMPANY® | 230 NORTH ELM STREET GREENSBORO NC 27401 | [ARCHMI.COM](https://www.archmi.com)

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### Confidence Inspiring

- **Key Takeaway:** Disinflation remained the key theme for a second consecutive month, providing further evidence that rates are overly restrictive.
- **Macro Implications:** Given the data in hand, the Fed should be reducing interest rates. The longer they wait, the greater the risk they will be too late.
- **Housing Implications:** Key risk becoming a too-late-to-cut Fed that dampens housing activity due to unnecessary economic stress.

### Macro: Getting Warmer by Cooling

- Consumer price growth cooled broadly in June, including housing.
- Consumer confidence declined again in preliminary July UMich report.
- Households eschew credit card usage, relying on income for spending.

### Rates: Compression

- 10-yr UST declined 10bps w/w to 4.19% amid soft inflation data.
- Markets now see three rate cuts in '24 (Sep., Nov., Dec.) as even odds.
- Fed's preferred measure of inflation (PCE) released later in the month.

### Housing: Mortgage Rates Staying in the Upper 6's

- Mortgage rates down ~60bps from April peak in mid-7's.
- Purchase applications remained depressed with limited upside ahead.
- May Fannie Mae homebuying sentiment index still near record low.

### Consumer Inflation: Trending Right ...

- Headline CPI inflation declined in June led by energy and vehicles.
- Core inflation rose 0.1%, the softest monthly print since Jan. '21.
- Big step down in core services with notable slowdown in housing.

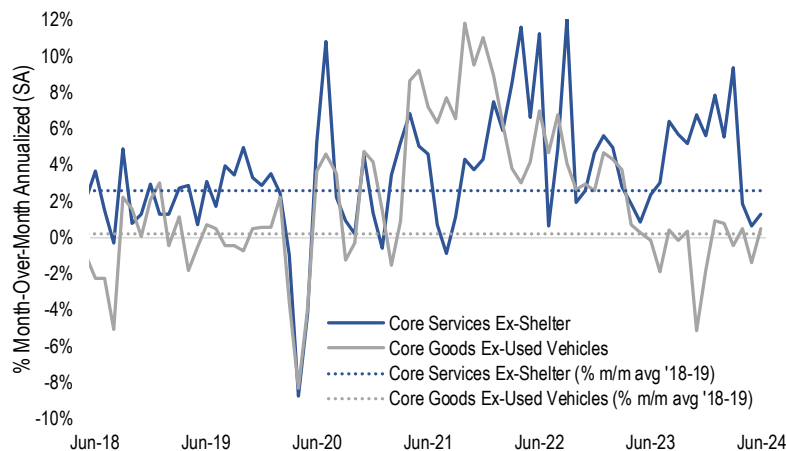
### Producer Inflation: ... Feeling Right

- Headline producer prices rose 0.2% in June, with core up 0.4%.
- Underlying details point to subdued producer price pressures.
- Core services rose at the slowest monthly pace since Apr. 2022.

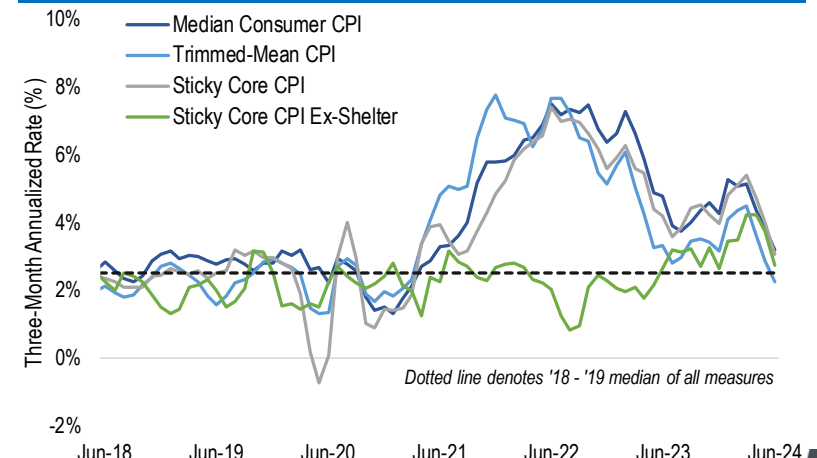
### Small Business Sentiment: Take What You Can Get

- NFIB Optimism rose in June despite uncertainty index at 4-year high.
- Details suggest labor demand is stabilizing after recent weakness.
- Credit conditions remain a concern and have deteriorated.

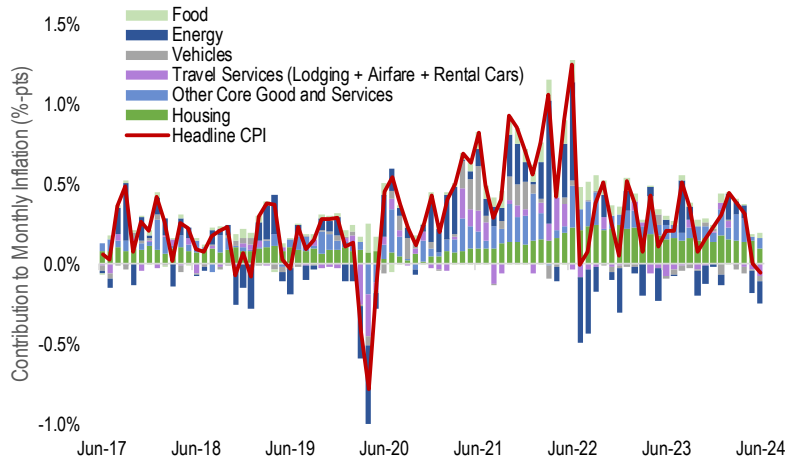
### Another Soft Month for Core Services Ex-Shelter Should Ease Fears of Inflation Reacceleration



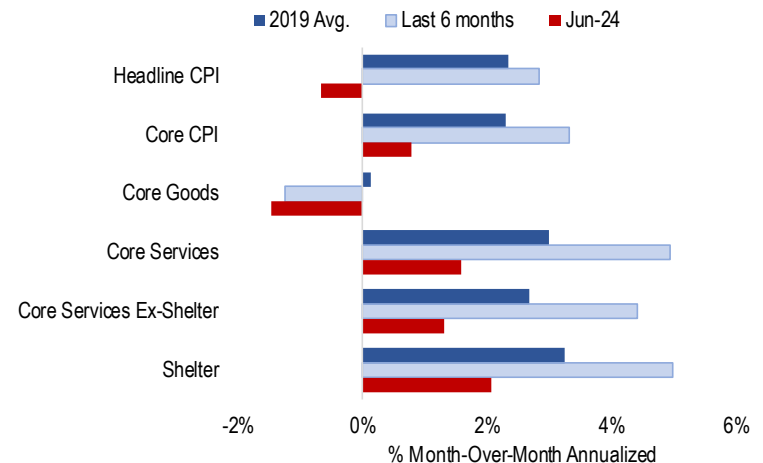
### Alternate Measures of Central Tendency Inflation Clearly Show a Loss of Momentum



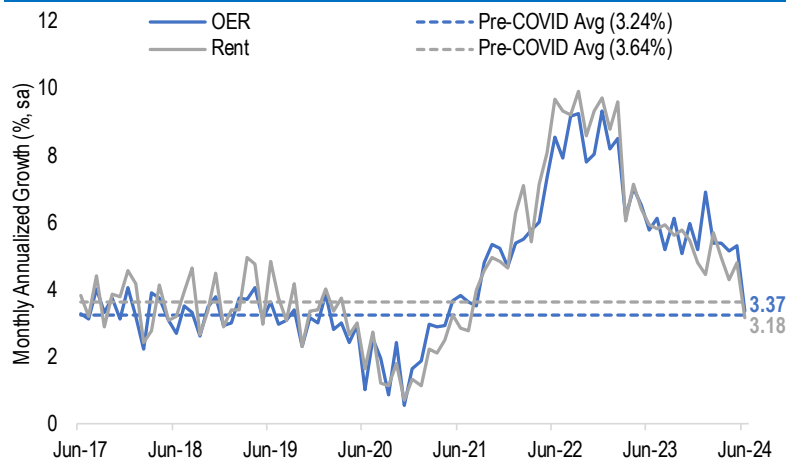
### June Consumer Prices Declined on Softness in Travel, Vehicles and Energy, Plus a Big Step Down for Housing



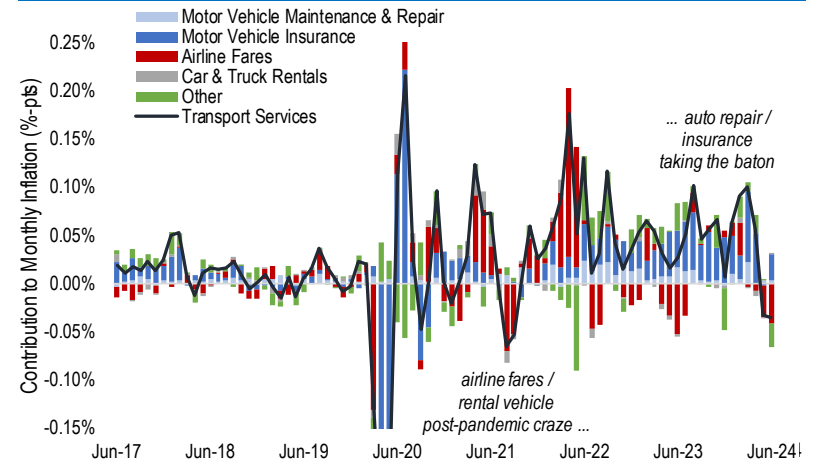
### June Inflation Very Weak across the Board Compared with Historical Trends



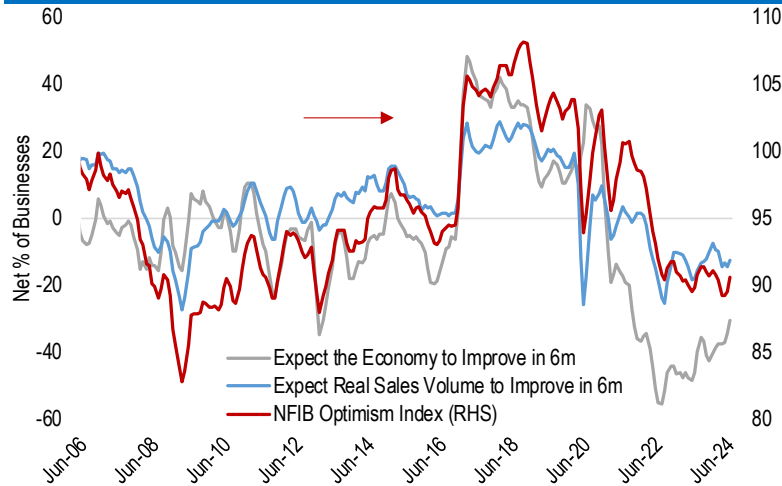
### The Housing Disinflation We Have Been Expecting Finally Arrived — Back to Pre-COVID-19 Average in June



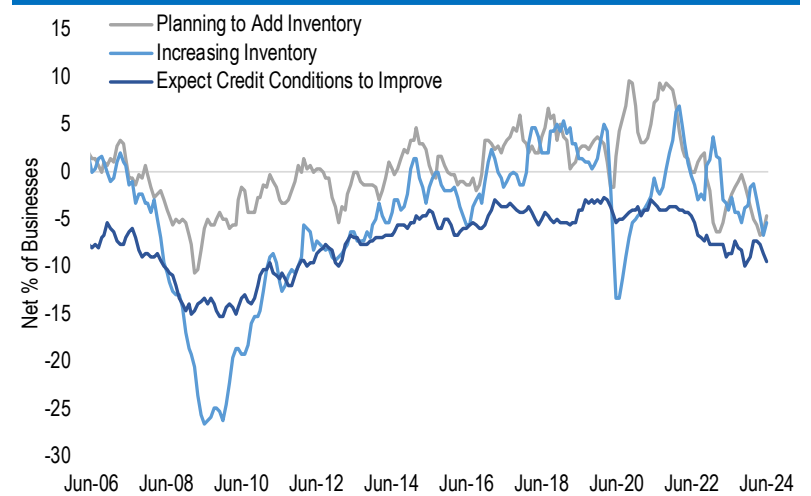
### Transport Services Remained Weak for Second Straight Month but Vehicle Insurance Rebounded as Expected



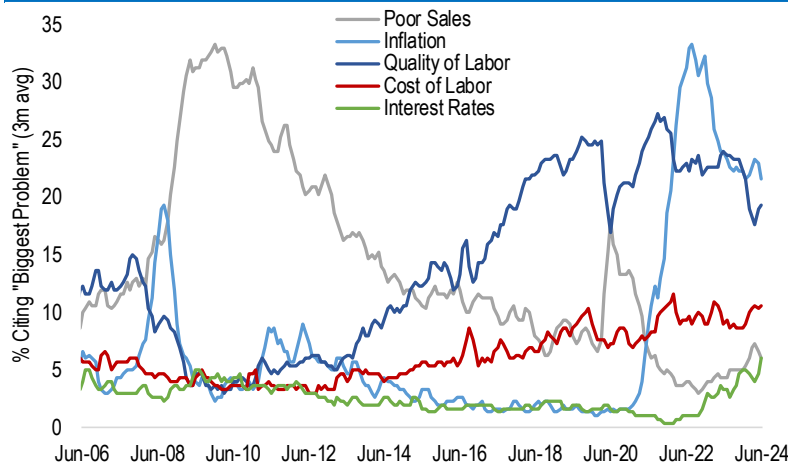
### Small Business Optimism Rose in June with a Steady Improvement in Economic Expectations



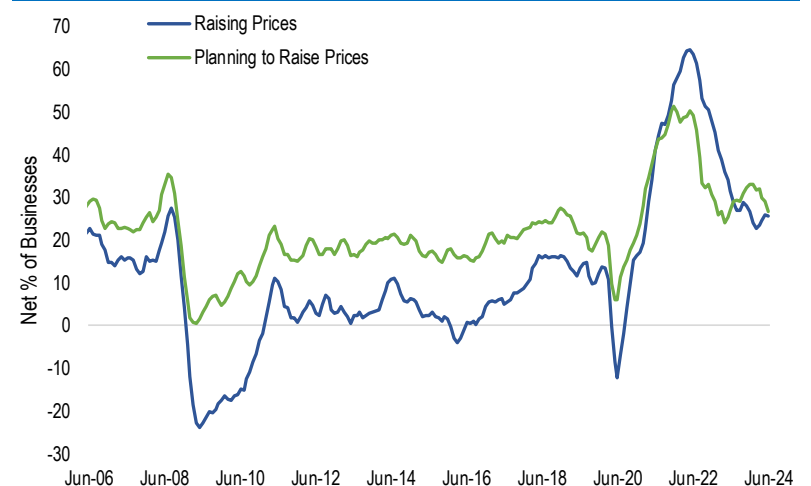
### Credit Condition Perceptions Worsened While Uncertain Outlook Is Keeping Investment Intentions at Bay



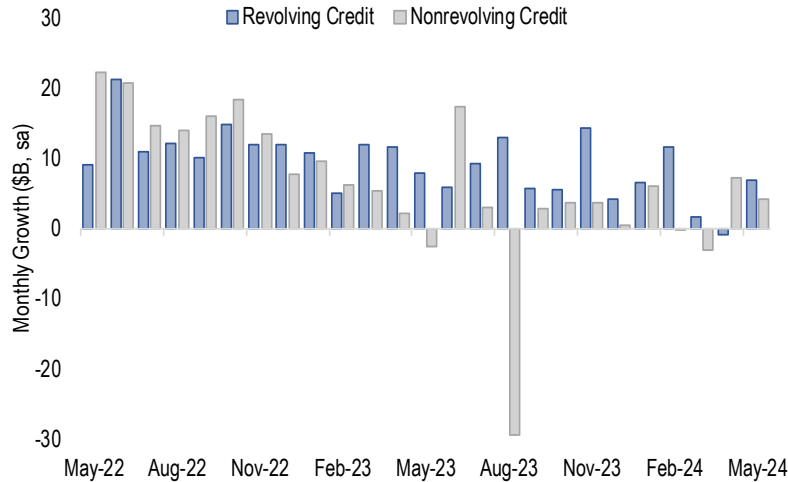
### "Inflation" Remained Top Concern for Small Firms but "Interest Rates" Rising as "Poor Sales" Ticked Lower



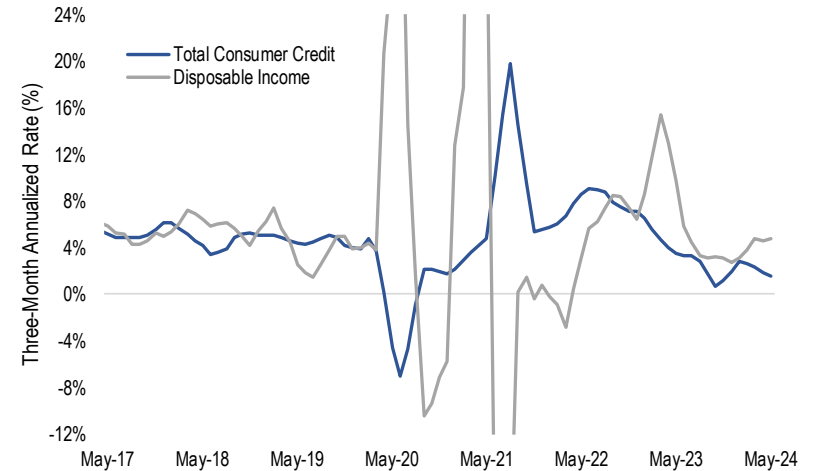
### Fewer Firms Reported Plans to Raise Prices, Suggesting Less Price Pressure Ahead



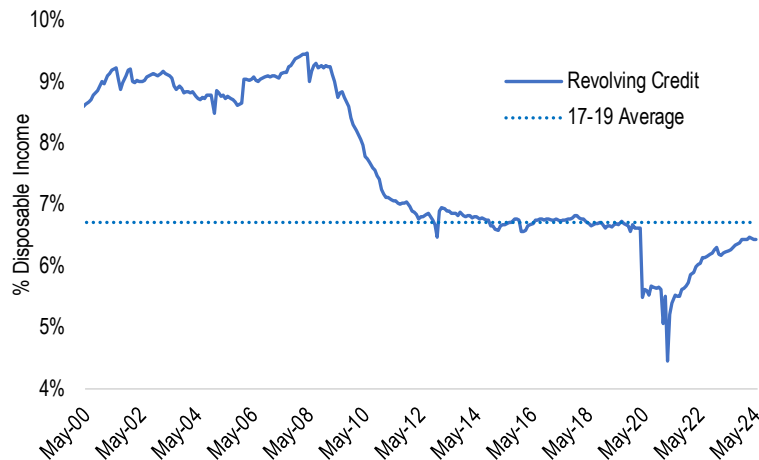
### Total Consumer Credit Rose in May but Underlying Trend Growth Remained below 2023 Pace



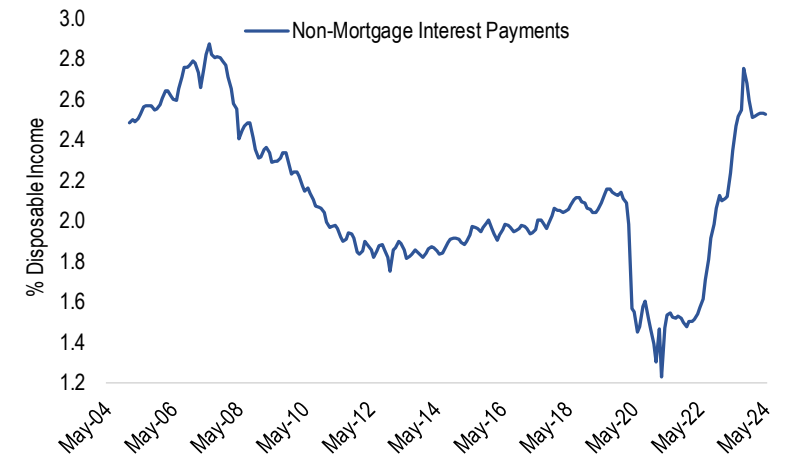
### Consumers Relying More on Income Growth for Consumption as It Outpaced Debt Growth Again in May



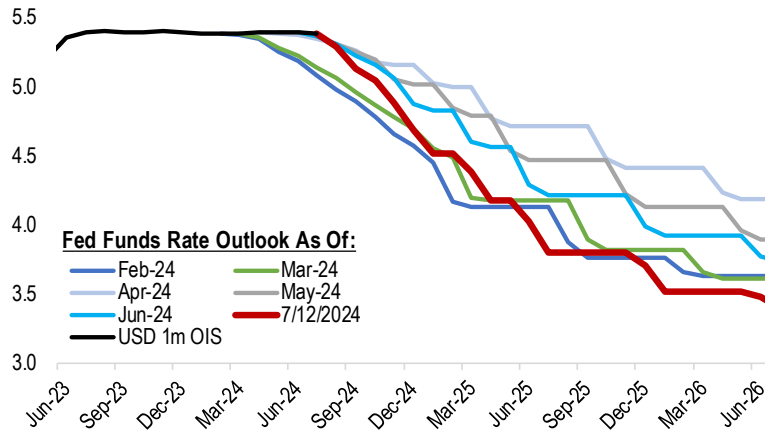
### Households Have Decreased Credit Card Usage Relative to Income in Recent Months



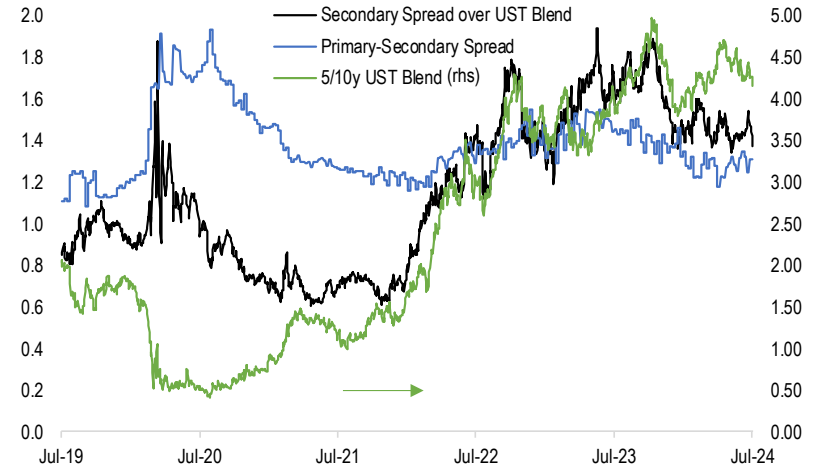
### High Cost of New Consumer Loans Has Driven Non-Mortgage Interest Payments Sharply Higher



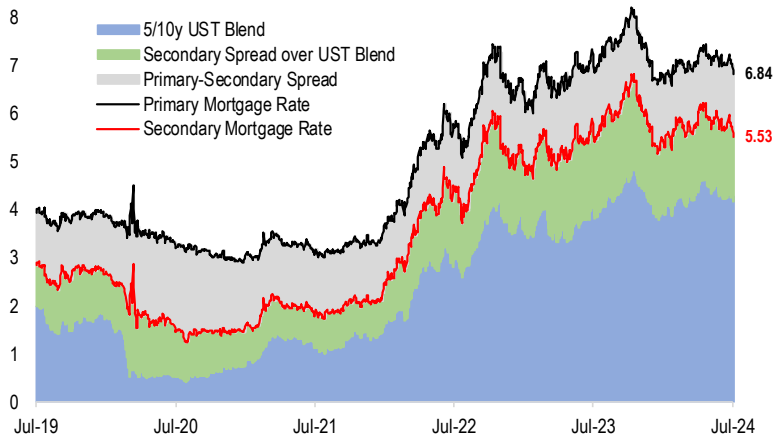
### Three Fed Rate Cuts in '24 Seen as Even Odds after Last Week's Softer-Than-Expected CPI Inflation Data



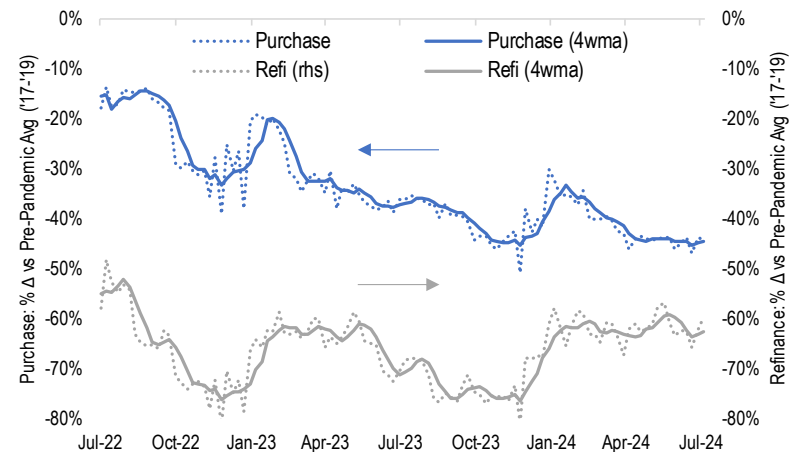
### U.S. Treasury Yields Declined 10bps Last Week, Matching Narrowing of Combined Mortgage Spread



### ... Which Pulled Mortgage Rates Down 20bps and Back below 7%



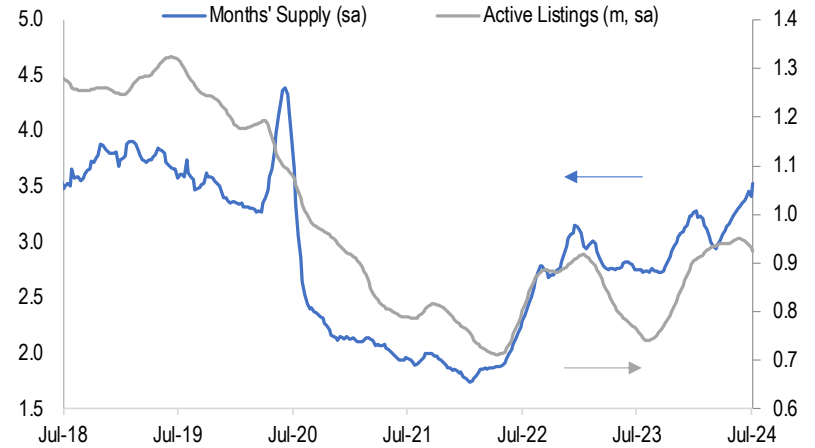
### Mortgage Purchase Applications Still in a Holding Pattern Even after Recent Rate Declines



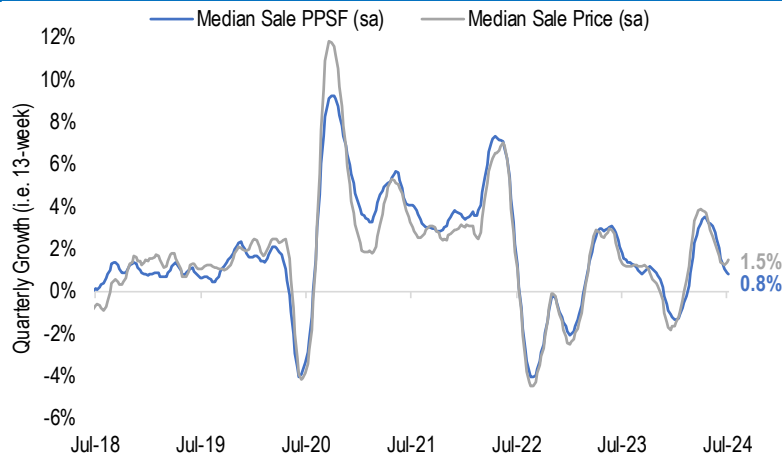
## Pending Home Sales Continued to Cool Faster Than Retrenchment in New Listings



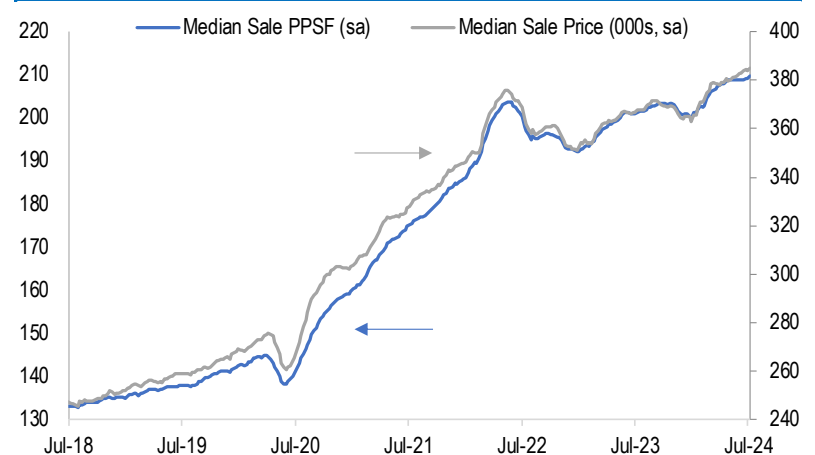
## Months' Supply Climbed to Another Post-Pandemic Peak, A Level Not Seen Since Late 2019



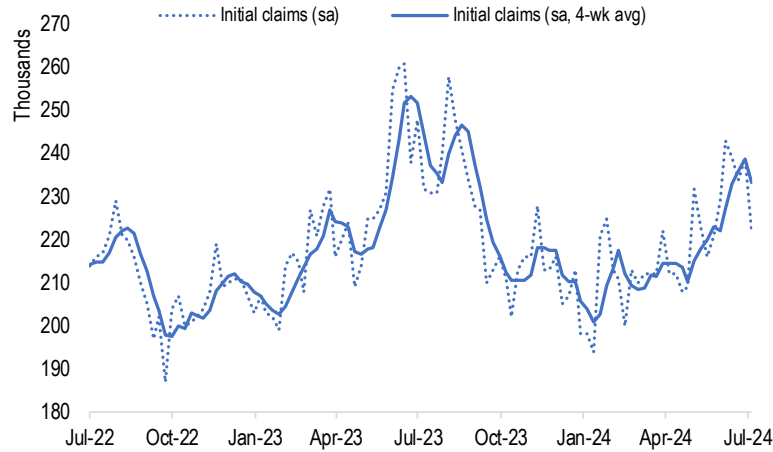
## Softening Market Conditions Have Rapidly Pulled Down Seasonally Adjusted Home-Price Growth ...



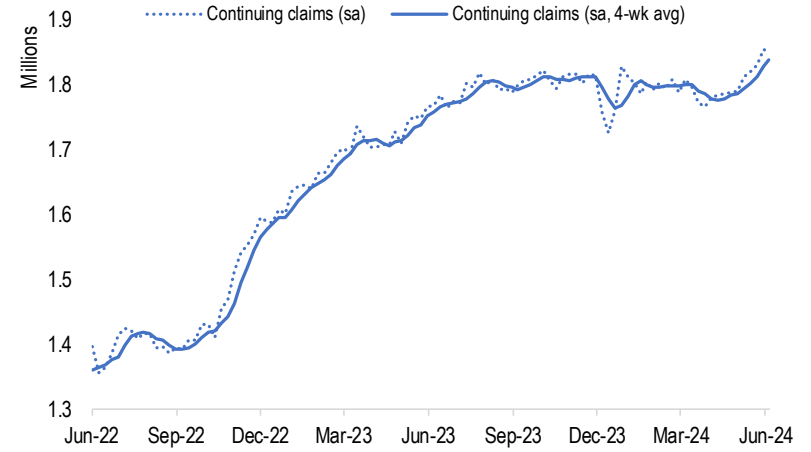
## ... as the National Median Sales Price Continued to Climb Further above Mid-2022 Peak



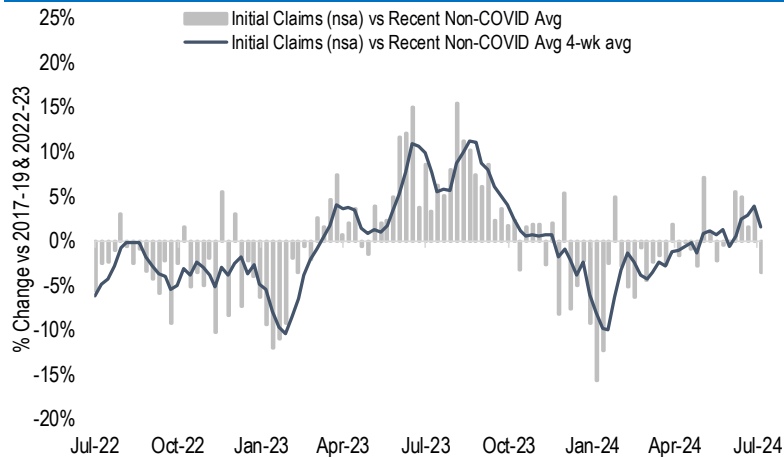
### Initial Claims (SA) Moved Sharply Lower Last Week but Remain up Meaningfully vs. Start of 2024



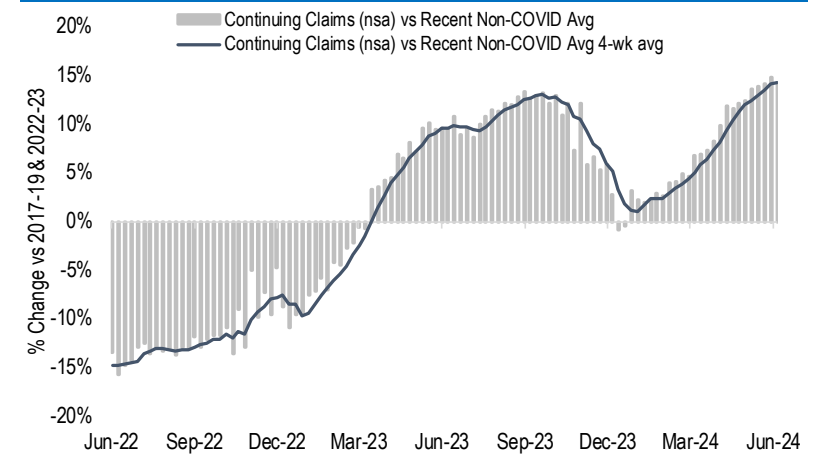
### ... and Uptrend in Continuing Claims (SA) Picked up Some Steam



### Unadjusted Initial Claims Filings Remained in a Choppy Uptrend vs. Recent Non-COVID-19 Years ...



### ... and Unadjusted Continuing Claims Now up 14% Relative to Recent Non-COVID-19 Years



## UPCOMING DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
7/15/24	8:30 AM	Empire Manufacturing	Jul	-6.6	-7.6	--	-6.0	index, sa
7/16/24	8:30 AM	Advance Retail Sales m/m	Jun	--	-0.3%	--	0.1%	sa
7/16/24	8:30 AM	Retail Sales Control Group m/m	Jun	--	0.2%	--	0.4%	sa
7/16/24	8:30 AM	Import Price Index m/m	Jun	--	-0.2%	--	-0.4%	nsa
7/16/24	8:30 AM	Import Price Index y/y	Jun	--	1.1%	--	1.1%	nsa
7/16/24	10:00 AM	Business Inventories m/m	May	--	0.5%	--	0.3%	sa
7/16/24	10:00 AM	NAHB Housing Market Index	Jul	--	43	--	43	index, sa
7/17/24	7:00 AM	MBA Mortgage Applications	7/12/24	--	--	--	-0.2%	w/w, sa
7/17/24	8:30 AM	Building Permits	Jun	--	1,400	--	1,386	k, saar
7/17/24	8:30 AM	Building Permits m/m	Jun	--	0.1%	--	-3.8%	sa
7/17/24	8:30 AM	Housing Starts	Jun	--	1,300	--	1,277	k, saar
7/17/24	8:30 AM	Housing Starts m/m	Jun	--	1.8%	--	-5.5%	sa
7/17/24	9:15 AM	Industrial Production	Jun	--	0.3%	--	0.9%	m/m, sa
7/17/24	9:15 AM	Capacity Utilization	Jun	--	78.4%	--	78.7%	sa
7/18/24	8:30 AM	Initial Jobless Claims	7/13/24	--	230	--	222	k, sa
7/18/24	8:30 AM	Continuing Claims	7/6/24	--	1,856	--	1,852	k, sa
7/18/24	10:00 AM	Conference Board Leading Index	Jun	--	-0.3%	--	-0.5%	m/m, 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
7/8/24	3:00 PM	Consumer Credit	May	11.4	8.9	6.5	6.4	\$B, m/m, sa
7/9/24	6:00 AM	NFIB Small Business Optimism	Jun	91.5	90.2	--	90.5	index, sa
7/10/24	7:00 AM	MBA Mortgage Applications	7/5/24	-0.2%	--	--	-2.6%	w/w, sa
7/10/24	10:00 AM	Wholesale Trade Sales	May	0.4%	0.3%	0.2%	0.1%	m/m, sa
7/10/24	10:00 AM	Wholesale Inventories	May F	0.6%	0.6%	--	0.6%	m/m, sa
7/11/24	8:30 AM	CPI m/m	Jun	-0.1%	0.1%	--	0.0%	sa
7/11/24	8:30 AM	CPI Core (ex Food and Energy) m/m	Jun	0.1%	0.2%	--	0.2%	sa
7/11/24	8:30 AM	CPI y/y	Jun	3.0%	3.1%	--	3.3%	nsa
7/11/24	8:30 AM	CPI Core (ex Food and Energy) y/y	Jun	3.3%	3.4%	--	3.4%	nsa
7/11/24	8:30 AM	Initial Jobless Claims	7/6/24	222	235	239	238	k, sa
7/11/24	8:30 AM	Continuing Claims	6/29/24	1,852	1,860	1,856	1,858	k, sa
7/12/24	8:30 AM	PPI Final Demand m/m	Jun	0.2%	0.1%	0.0%	-0.2%	sa
7/12/24	8:30 AM	PPI Core (ex Food and Energy) m/m	Jun	0.4%	0.2%	0.3%	0.0%	sa
7/12/24	8:30 AM	PPI Final Demand y/y	Jun	2.6%	2.3%	2.4%	2.2%	nsa
7/12/24	8:30 AM	PPI Core (ex Food and Energy) y/y	Jun	3.0%	2.5%	2.6%	2.3%	nsa
7/12/24	10:00 AM	U. of Mich. Sentiment	Jul P	66.0	68.5	--	68.2	index, nsa
7/12/24	10:00 AM	U. of Mich. 1 Yr Inflation	Jul P	2.9%	2.9%	--	3.0%	nsa
7/12/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jul P	2.9%	3.0%	--	3.0%	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Green = beat expectations; Red = worse than expectations; (compared vs. prior if no consensus estimates available)