

HaMMR Digest

Stay current with economic and mortgage market trends.

July 28, 2025

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Sigh of Relief

- **Key Takeaway:** A quiet week kept attention on trade policy, where rhetoric has softened even as threatened tariff rates continue to edge higher.
- **Macro Implications:** The drawn-out tariff process has removed a concentrated shock to the economy, but '25 still slated for a growth slowdown.
- **Housing Implications:** Mortgage spreads continued slow normalization process, and rates declined on rising hopes of limited tariff impacts.

Macro: Two Steps Forward, but How Many Back?

- Japan trade deal lays contours for similar framework with the EU.
- It's too soon to call an end to trade disruptions as sectoral tariffs linger.
- Soft Q2 capital goods orders and regional PMIs do not suggest a rebound.

Rates: Fading the Tail Risks

- 10y UST down -4bps to 4.39%, staying in a narrow range over prior month.
- July payrolls are in focus this week, with private payrolls a key driver for rates.
- Markets still pricing 50bps worth of cuts in '25 and 75bps in cuts for '26.

Housing: It Could Be Worse

- Mortgage rates still stuck in high-6%/low-7% range.
- Willing buyers are finding more sellers amicable to concessions.
- Lack of forced selling has allowed market to slowly rebalance.

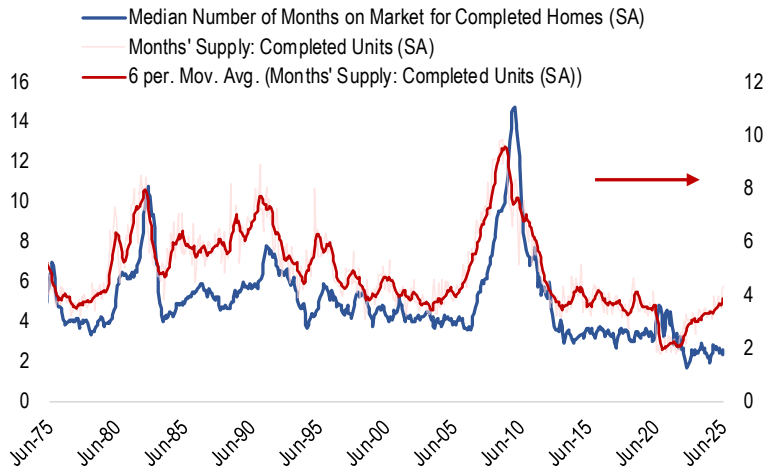
Existing Home Sales: Night Is Darkest Before Dawn?

- Existing home sales fell -13% annualized in Q2 and -8% year-to-date.
- Inventory eased most since '23 in June but is still up 6% year-to-date.
- Month's supply edged lower in June to 4.33 from 4.39 in March.

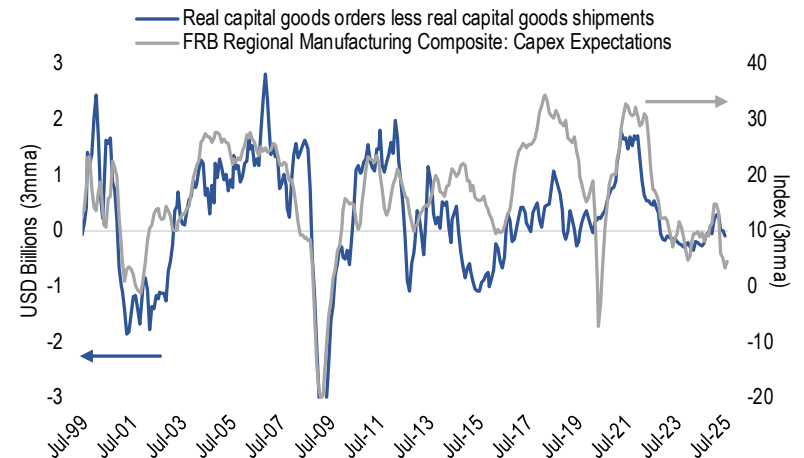
New Home Sales: Downward Revisions Yet Again

- New home sales down -1.8% annualized in Q2 and -13% year-to-date.
- Months' supply surged to a new cycle high of 9.8 (sa), up from 8.4 a year ago.
- Homebuilder concessions are losing effectiveness amid weak demand.

New Homes Have Rarely Sold Faster after Completion Even as Completed Months' Supply Inched Higher

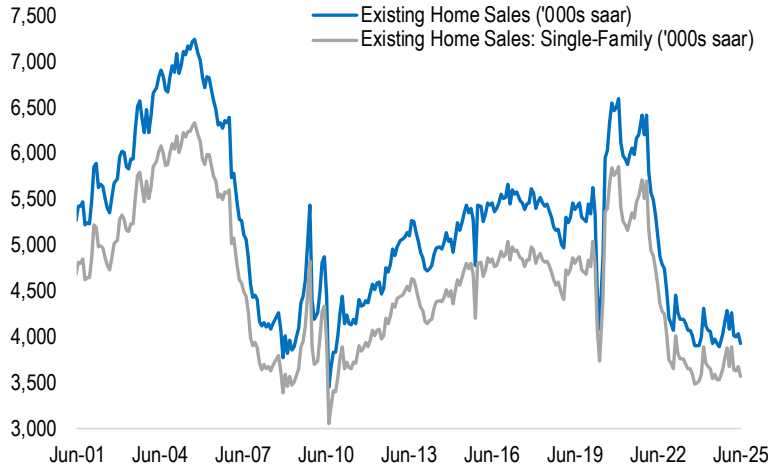


Business Capex Investment Plans Remained Subdued as 2Q Real Capital Goods Orders Cooled



Sources: Federal Reserve Board, Census Bureau, Arch Global Economics

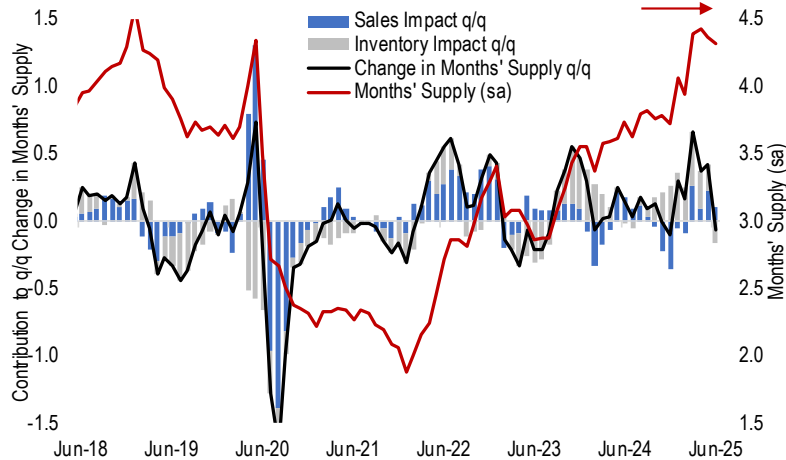
Elevated Mortgage Rates, Weak Consumer Sentiment and Cooling Economy Will Keep Sales Pace Slow



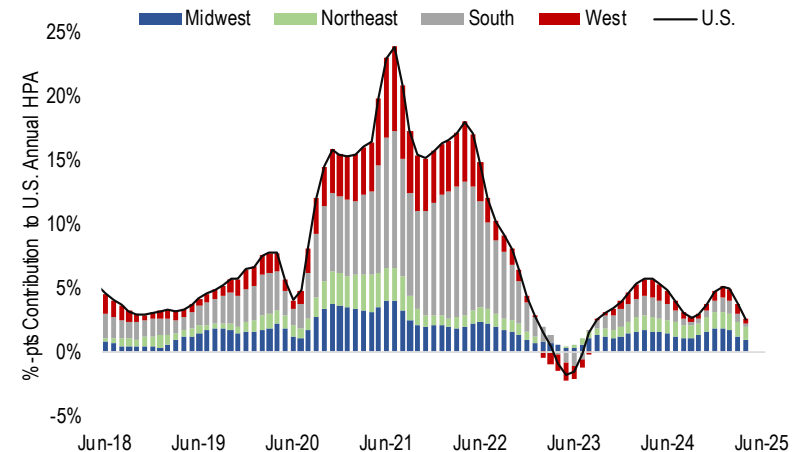
Inventory Declined for Second Straight Month and by the Most Since June 2023



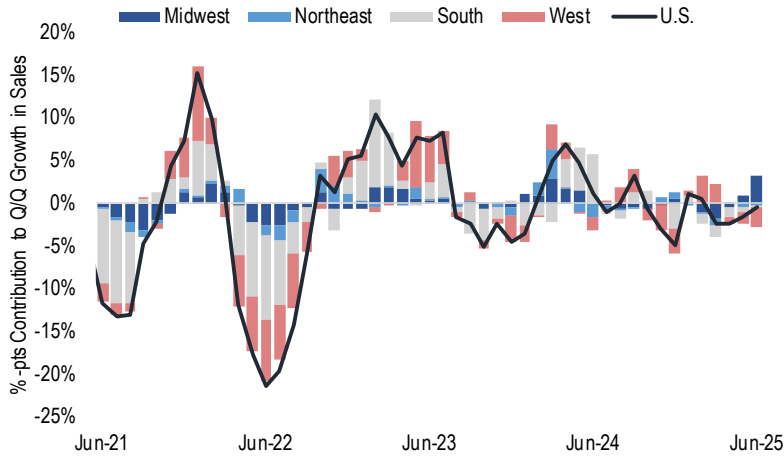
Quarterly Change in Months' Supply Retrenched as New Listings Fell below Sales Pace



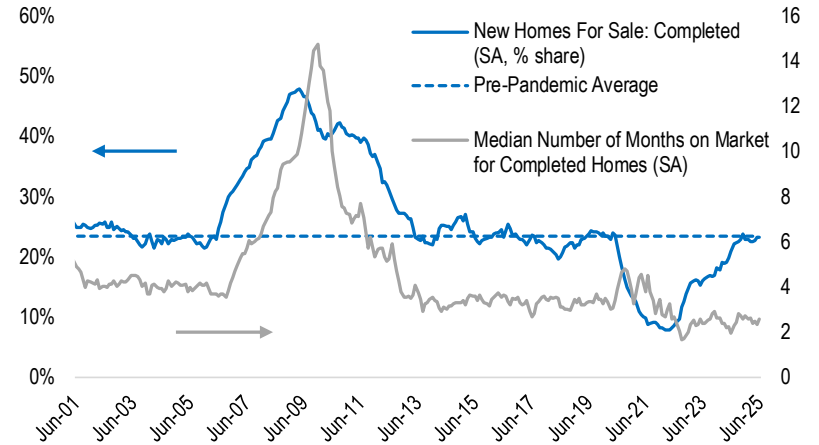
Near-Term Trajectory of Annual Median Sale Price Growth Remains Skewed to the Downside



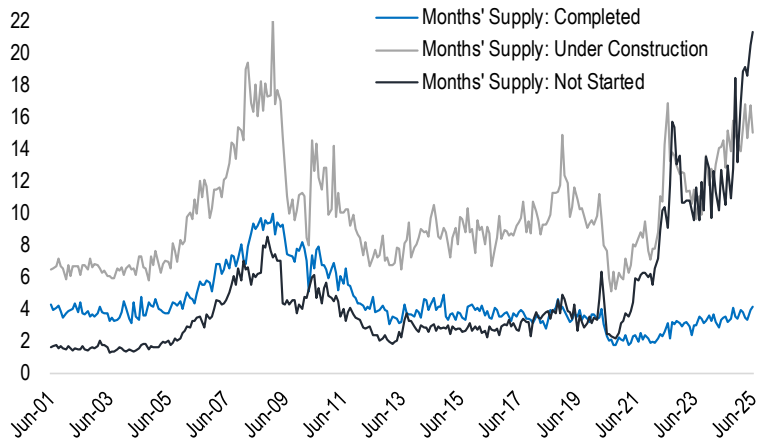
June New Home Sales Slumped with Prior Months Also Revised Lower



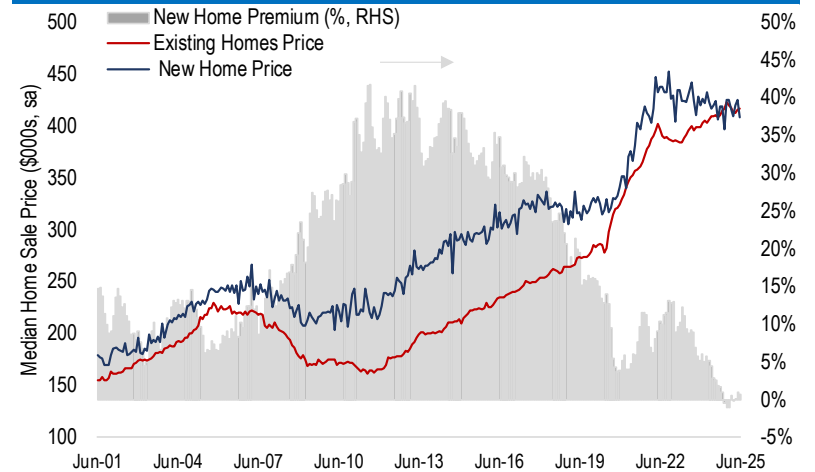
Completed Homes' Share of New Homes for Sale Has Been Rising, Now Sitting at Pre-Pandemic Norm



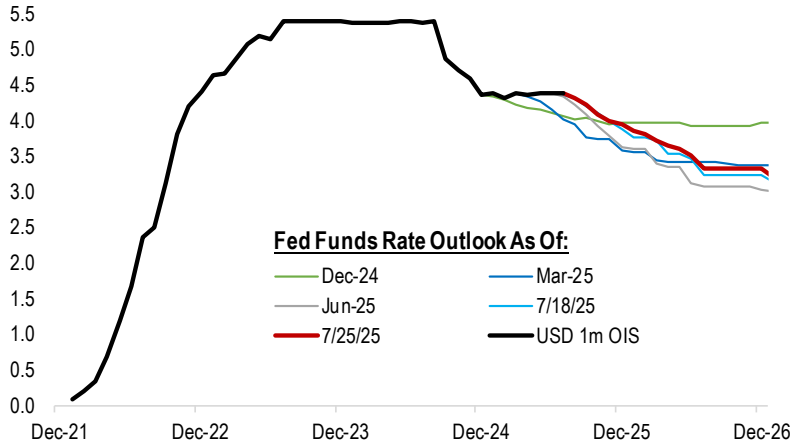
Months' Supply Has Surged for "Not Started" Segment as Builders Continue to Carefully Manage Inventory



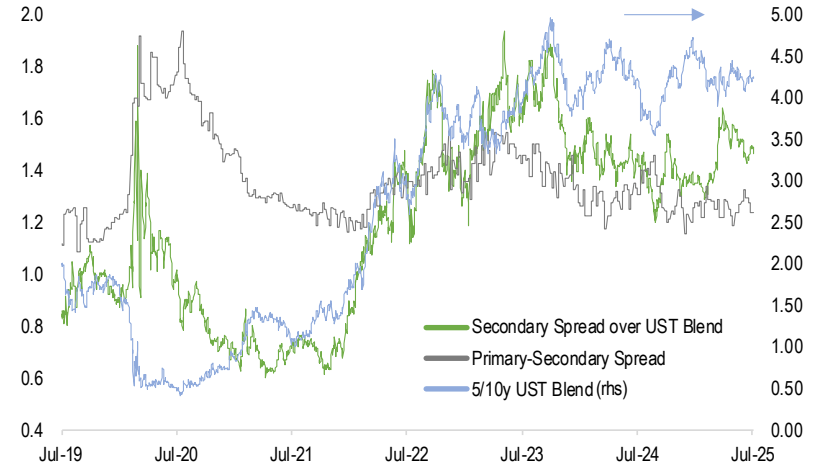
National New Home Premium over Existing Home Prices Has Vanished in 2025



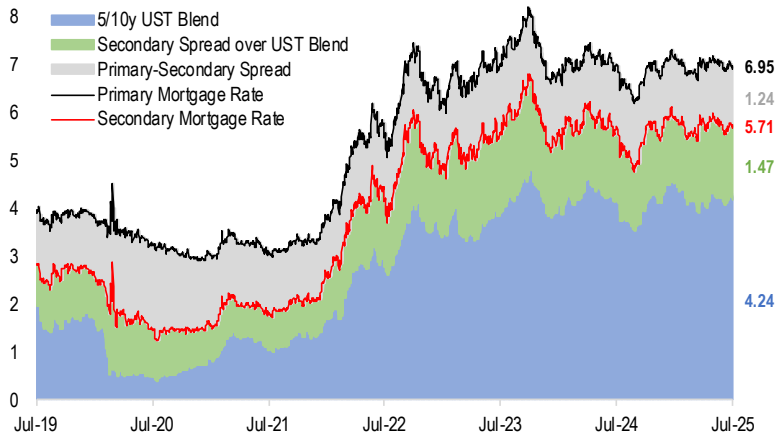
Two Rate Cuts Still Priced in for '25, Followed by Three More in '26, Roughly Unchanged on the Week



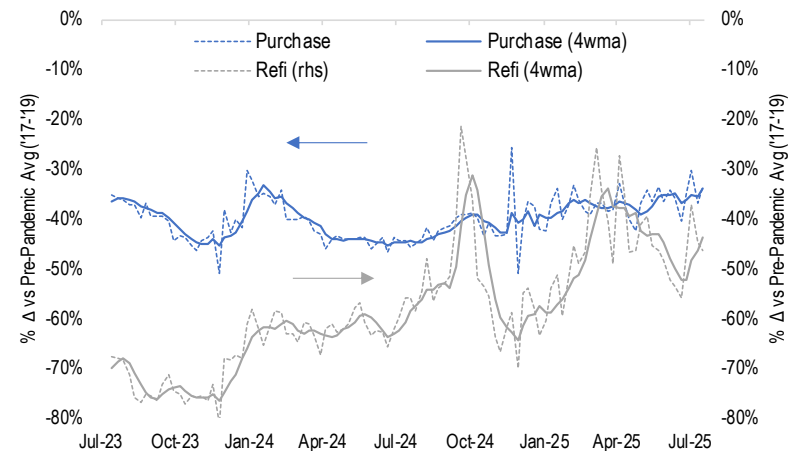
U.S. Treasury Yields Inched Down -1bp Last Week and Mortgage Narrowed -3bps ...



... Which Pulled Mortgage Rates Back Down to Just below the Average Level for 2025 (~7%)



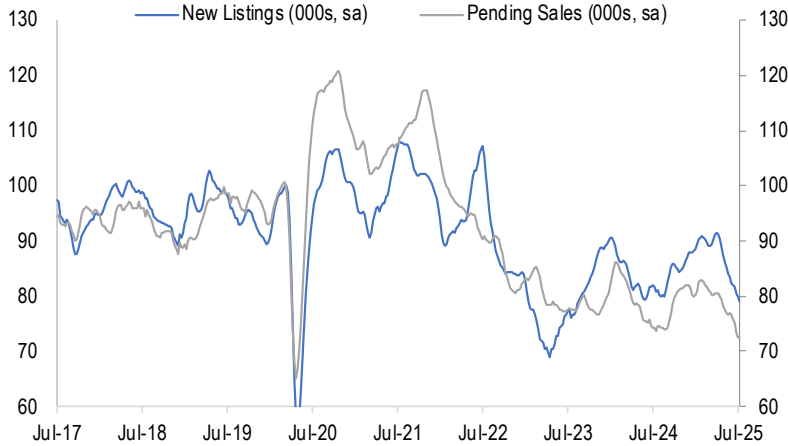
Mortgage Purchase and Refi Applications Inched Higher as Mortgage Rates Dipped Modestly



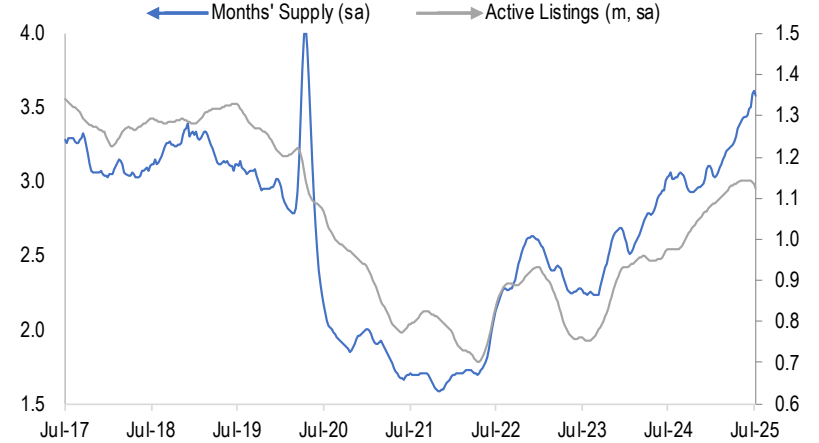
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

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

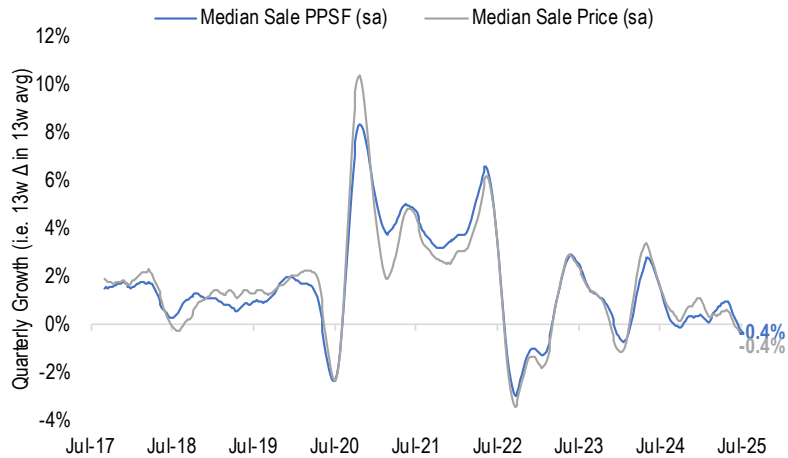
New Listings Have Cooled but Still Outpacing Pending Sales, Which Have Shown Initial Signs of Stabilizing ...



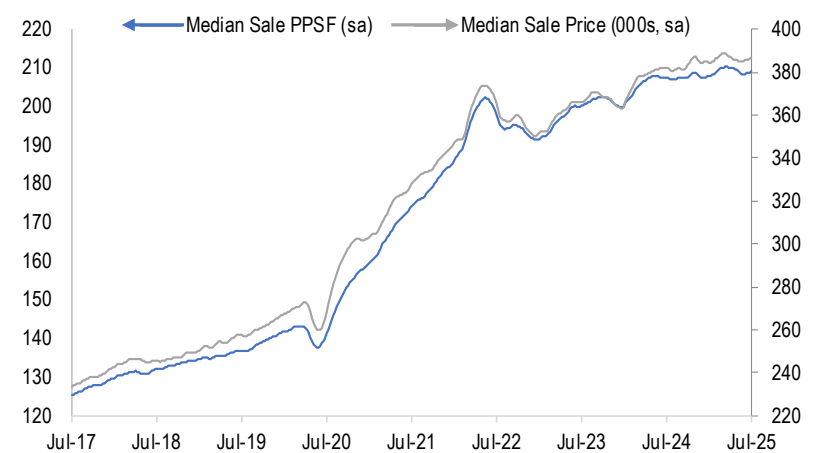
... Which Tentatively Reversed the Prior Rise in Months' Supply as Inventory Growth Turned Negative



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



Home Prices Have Started to Inch Higher Again after Modest Declines in Q2

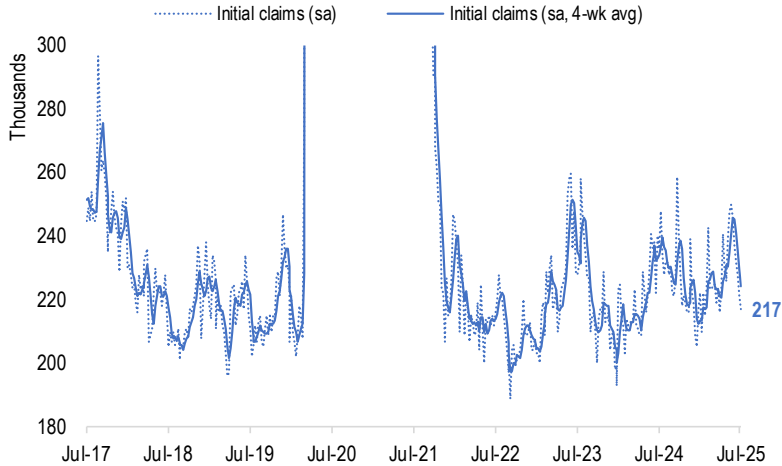


Annual Home-Price Declines Becoming More Widespread as Most Markets Have Softened

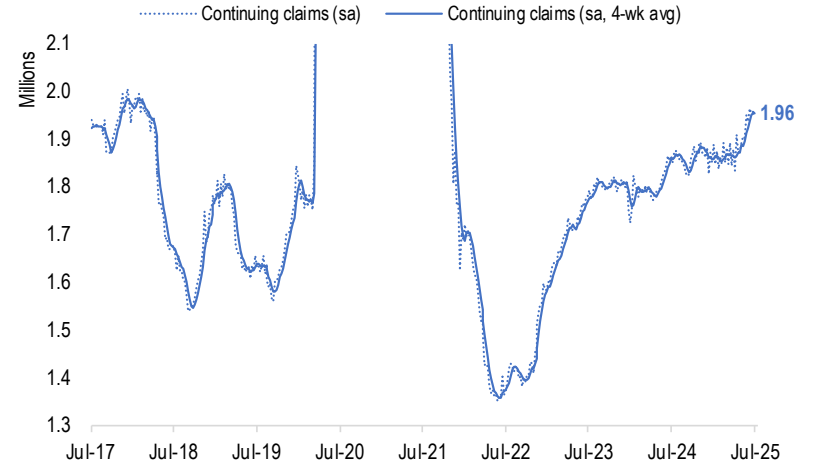
Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	1.0%	-0.2%	3.1%	0.3%	7.0%	1.4%	99.0%	-0.5%	-4.5	-10.0	11%	3%	-5%
Atlanta	-2.3%	-1.3%	1.9%	0.5%	8.2%	2.5%	98.3%	-0.4%	19.8	4.6	11%	16%	0%
Austin	-4.4%	-1.5%	3.1%	5.7%	9.3%	1.0%	97.1%	-0.4%	43.6	30.4	13%	136%	93%
Baltimore	3.3%	0.1%	2.8%	-0.7%	7.1%	1.2%	100.6%	-1.0%	-0.3	-7.3	19%	-21%	-30%
Boston	2.7%	-0.8%	2.3%	-4.1%	6.0%	1.5%	101.8%	-1.2%	9.8	8.9	19%	-7%	-8%
Chicago	4.9%	0.6%	6.1%	1.9%	4.0%	1.5%	100.4%	-0.2%	11.8	11.5	-1%	-20%	-16%
Dallas	-3.1%	-0.4%	-0.3%	2.0%	9.6%	0.8%	97.7%	-0.4%	18.0	4.5	28%	53%	32%
Denver	-2.5%	-0.4%	-0.3%	0.2%	10.4%	0.9%	98.9%	-0.3%	18.4	7.8	27%	101%	66%
Houston	-0.8%	0.0%	1.6%	1.6%	8.7%	2.9%	97.0%	-0.7%	16.4	0.6	7%	8%	14%
Los Angeles	-0.2%	-0.1%	1.8%	0.5%	9.8%	6.4%	99.7%	-1.6%	5.8	-3.3	-17%	-5%	15%
Miami	1.1%	0.8%	4.0%	1.6%	4.4%	1.1%	95.3%	-0.8%	27.7	5.4	21%	52%	-2%
Minneapolis	0.4%	-0.6%	2.6%	2.3%	7.6%	2.5%	100.4%	-0.1%	-0.4	-1.9	5%	-5%	0%
Nashville	1.3%	0.8%	5.1%	2.5%	5.8%	1.1%	98.1%	-0.3%	9.0	-2.3	4%	23%	17%
New York	5.5%	-0.3%	6.7%	0.9%	3.8%	0.5%	101.1%	0.3%	-33.2	-37.5	8%	-23%	-30%
Phoenix	-3.3%	-1.8%	0.0%	0.0%	6.9%	0.2%	97.9%	-0.4%	22.8	9.3	26%	68%	47%
Portland	0.0%	-0.5%	1.5%	1.0%	8.8%	1.4%	99.7%	-0.1%	8.7	4.7	12%	42%	29%
Riverside	-0.3%	-1.9%	1.8%	0.9%	9.5%	5.2%	98.9%	-0.6%	2.5	-10.9	-11%	-8%	7%
San Diego	-1.4%	-1.0%	-0.5%	1.7%	9.1%	3.9%	99.0%	-1.0%	14.4	-0.9	7%	26%	7%
Seattle	-0.4%	-0.9%	1.3%	-0.9%	8.0%	1.4%	99.4%	-1.5%	4.1	-1.9	33%	54%	16%
Tampa	-3.2%	0.0%	5.6%	5.1%	9.3%	0.2%	96.9%	-0.4%	15.3	4.5	8%	63%	45%
Washington DC	2.3%	-0.1%	4.7%	2.3%	6.0%	1.4%	99.7%	-1.0%	17.3	7.1	27%	20%	-2%

Data as of July 20, 2025, and reflects 4-week averages.

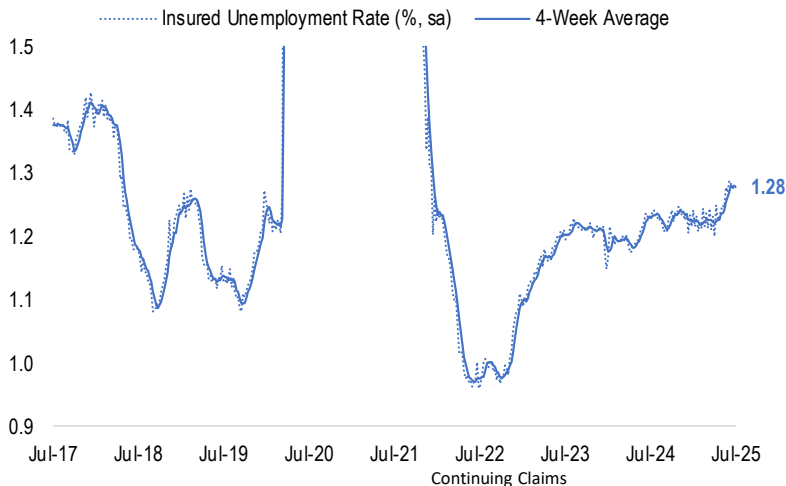
Initial Claims Inched Down to 217k (SA) in Week Ending July 19, back in Line with Post-Pandemic Average



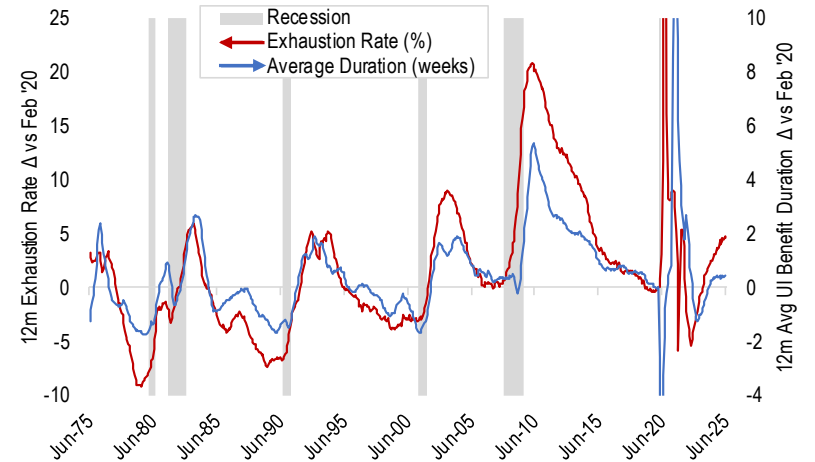
Continuing Claims Also Ticked down to (1,95k SA) in Week Ending July 12, just below recent Cycle High ...



... Which Pulled Insured Unemployment Down slightly from Recent Post-Pandemic High



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



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

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

SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
7/29/25	9:00 AM	FHFA House Price Index m/m	May	--	-0.2	--	-0.4	%, sa
7/29/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	May	--	-0.2	--	-0.3	%, sa
7/29/25	10:00 AM	JOLTS Job Openings	Jun	--	7,500	--	7,769	k, sa
7/29/25	10:00 AM	Conf. Board Consumer Confidence	Jul	--	96.0	--	93.0	index, sa
7/30/25	7:00 AM	MBA Mortgage Applications w/w	Jul 25	--	--	--	0.8	%, sa
7/30/25	8:15 AM	ADP Employment m/m	Jul	--	75	--	-33	k, sa
7/30/25	8:30 AM	GDP Annualized q/q	2Q A	--	2.5	--	-0.5	%, saar
7/30/25	8:30 AM	Personal Consumption q/q	2Q A	--	1.5	--	0.5	%, saar
7/30/25	8:30 AM	Core PCE Deflator q/q	2Q A	--	2.3	--	3.5	%, saar
7/30/25	10:00 AM	Pending Home Sales m/m	Jun	--	0.3	--	1.8	%, sa
7/30/25	2:00 PM	FOMC Rate Decision (Upper Bound)	Jul 30	--	4.5	--	4.5	%
7/31/25	8:30 AM	Personal Income m/m	Jun	--	0.2	--	-0.4	%, sa
7/31/25	8:30 AM	Personal Spending m/m	Jun	--	0.4	--	-0.1	%, sa
7/31/25	8:30 AM	Real Personal Spending m/m	Jun	--	0.1	--	-0.3	%, sa
7/31/25	8:30 AM	PCE Inflation m/m	Jun	--	0.3	--	0.1	%, sa
7/31/25	8:30 AM	PCE Inflation y/y	Jun	--	2.5	--	2.3	%, nsa
7/31/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Jun	--	0.3	--	0.2	%, sa
7/31/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Jun	--	2.7	--	2.7	%, nsa
7/31/25	8:30 AM	Initial Jobless Claims	Jul 26	--	224	--	217	k, sa
7/31/25	8:30 AM	Continuing Claims	Jul 19	--	1,953	--	1,955	k, sa
8/1/25	11:00 AM	Wards Total Vehicle Sales	Jul	--	16.0	--	15.3	m, saar
8/1/25	8:30 AM	Nonfarm Payrolls m/m	Jul	--	107	--	147	k, sa
8/1/25	8:30 AM	Private Payrolls m/m	Jul	--	100	--	74	k, sa
8/1/25	8:30 AM	Average Hourly Earnings m/m	Jul	--	0.3	--	0.2	%, sa
8/1/25	8:30 AM	Average Hourly Earnings y/y	Jul	--	3.8	--	3.7	%, nsa
8/1/25	8:30 AM	Average Weekly Hours All Employees	Jul	--	34.2	--	34.2	sa
8/1/25	8:30 AM	Unemployment Rate	Jul	--	4.2	--	4.1	%, sa
8/1/25	8:30 AM	Labor Force Participation Rate	Jul	--	62.3	--	62.3	%, sa
8/1/25	10:00 AM	U. of Mich. Sentiment	Jul F	--	61.9	--	61.8	index, nsa
8/1/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jul F	--	4.4	--	4.4	nsa
8/1/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jul F	--	3.6	--	3.6	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
7/21/25	10:00 AM	Conference Board Leading Index m/m	Jun	-0.3	-0.3	0.0	-0.1	%, sa
7/22/25	10:00 AM	Richmond Fed Manufact. Index	Jul	-20.0	-2.0	-8.0	-7.0	index, sa
7/23/25	7:00 AM	MBA Mortgage Applications w/w	Jul 18	0.8	--	--	-10.0	%, sa
7/23/25	10:00 AM	Existing Home Sales	Jun	3.9	4.0	4.0	4.0	m, saar
7/23/25	10:00 AM	Existing Home Sales m/m	Jun	-2.7	-0.7	1.0	0.8	%, sa
7/24/25	7:50 AM	Building Permits	Jun F	1,393	--	--	1,397	k, saar
7/24/25	8:23 AM	Building Permits m/m	Jun F	-0.1	--	--	0.2	%, sa
7/24/25	8:30 AM	Initial Jobless Claims	Jul 19	217	226	--	221	k, sa
7/24/25	8:30 AM	Chicago Fed Nat Activity Index	Jun	-0.1	-0.2	-0.2	-0.3	index, nsa
7/24/25	8:30 AM	Continuing Claims	Jul 12	1,955	1,954	1,951	1,956	k, sa
7/24/25	9:45 AM	S&P Global US Manufacturing PMI	Jul P	49.5	52.7	--	52.9	index, sa
7/24/25	9:45 AM	S&P Global US Services PMI	Jul P	55.2	53.0	--	52.9	index, sa
7/24/25	9:45 AM	S&P Global US Composite PMI	Jul P	54.6	52.8	--	52.9	index, sa
7/24/25	10:00 AM	New Home Sales	Jun	627	650	--	623	k, saar
7/24/25	10:00 AM	New Home Sales m/m	Jun	0.6	4.3	-11.6	-13.7	%, sa
7/24/25	11:00 AM	Kansas City Fed Manf. Activity	Jul	1.0	0.0	--	-2.0	sa, index
7/25/25	8:30 AM	Durable Goods Orders m/m	Jun P	-9.3	-10.7	16.5	16.4	%, sa
7/25/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Jun P	-0.7	0.1	2.0	1.7	%, sa
7/25/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Jun P	0.4	0.2	0.5	0.4	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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