

# HaMMR Digest

Stay current with economic and mortgage market trends.

August 4, 2025

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### Plenty of 'Stag,' 'Flation' Is Building

- **Key Takeaway:** July employment report showed hiring slowed precipitously over prior three months, mimicking pullback in real household spending.
- **Macro Implications:** Labor market and broader economy suddenly reflect a consistent and notable cooling trend, just after Fed called both "solid."
- **Housing Implications:** Lower mortgage rates will be no saving grace if weak labor demand shifts to outright layoffs.

### Macro: Downside Risks Transpiring

- Broad-based downshift in activity, spanning labor, spending and investment.
- Trend real GDP growth in 1H25 is less than half the average pace from 2024.
- Recession risks remain uncomfortably high in the near-term.

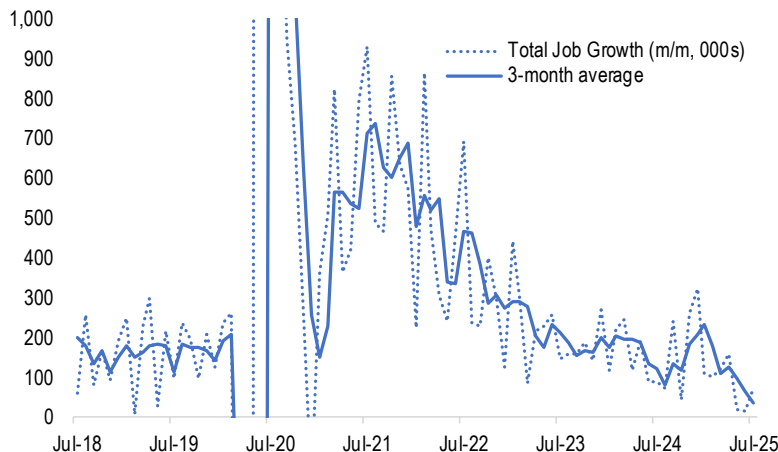
### Jobs Report: Flesh Wound No More

- Unemployment rate surged to 4.25% in July, a new post-pandemic high.
- 3-month job growth averaged just 35k compared to 232k at start of year.
- Even without mass layoffs, the slow pace of hiring risks negative job growth.

### Labor Market Turnover: Firms Hold the Line on Hiring and Firing

- Net hiring remained positive, even as prior driver (small firms) faded.
- Job openings retrenched in June despite surge in retail trade vacancies.
- Hires hit lowest since June '24, led by weak professional & business services.

#### Total Job Growth Has Slowed to a Crawl, Averaging Just 35k over Three Months Ending July



### Housing: Holding Pattern

- Mortgage rates lowest since early April amid UST yield compression.
- List prices eased further as motivated sellers price to softer market.
- Annual home price growth has slowed to half the pace of early 2025.

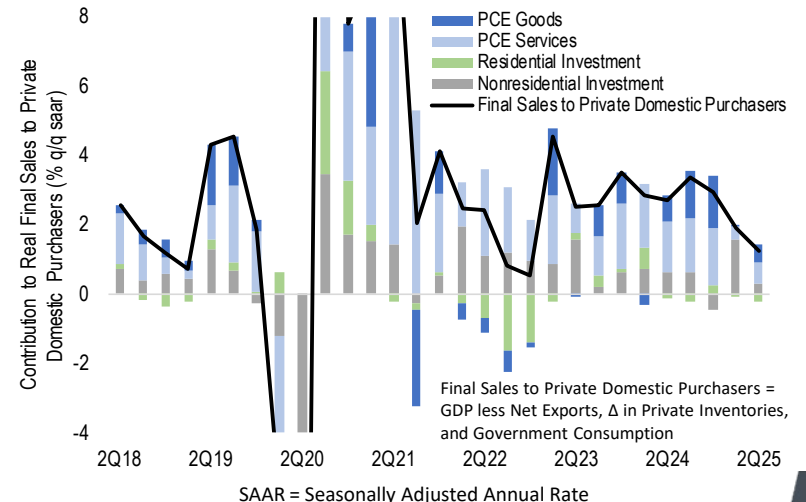
### Rates: Fading the Tail Risks No More

- 10Y yield dropped 18bps on jobs report, catching markets offside.
- Yield curve bull steepens as 2Y yield plunged ~30bps.
- Sep. rate cut odds jump over 90%; markets now see nearly 3 cuts by Dec.

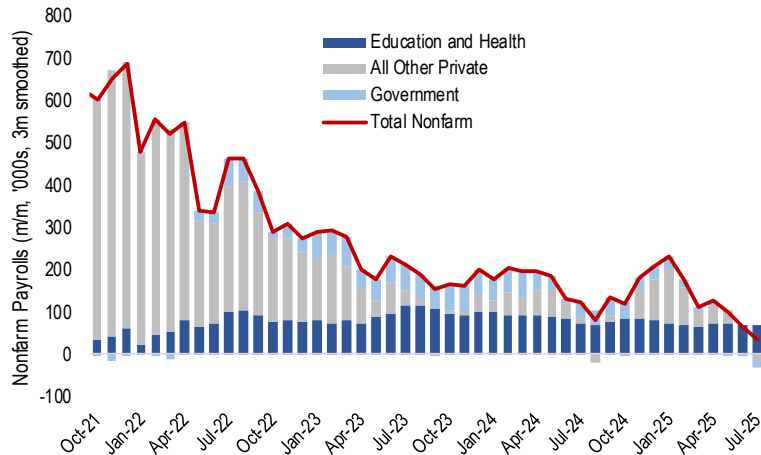
### Personal Income and Spending: Uninspiring First Half

- June real disposable income was flat, declining -0.1% SAAR in 2Q25.
- Real spending up just 0.1% m/m and grew at a modest 1.4% SAAR in 2Q25.
- Households pulling back discretionary spending as labor market cools.

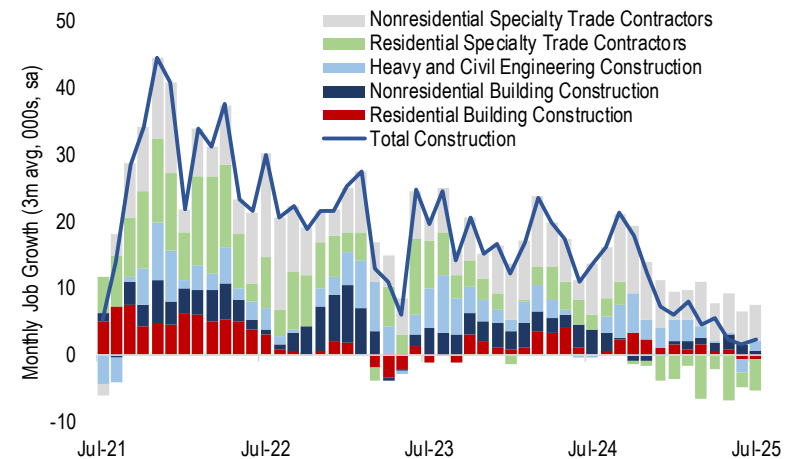
#### Underlying Economic Growth Has Clearly Downshifted over 1H25 as Consumers Pulled Back Sharply



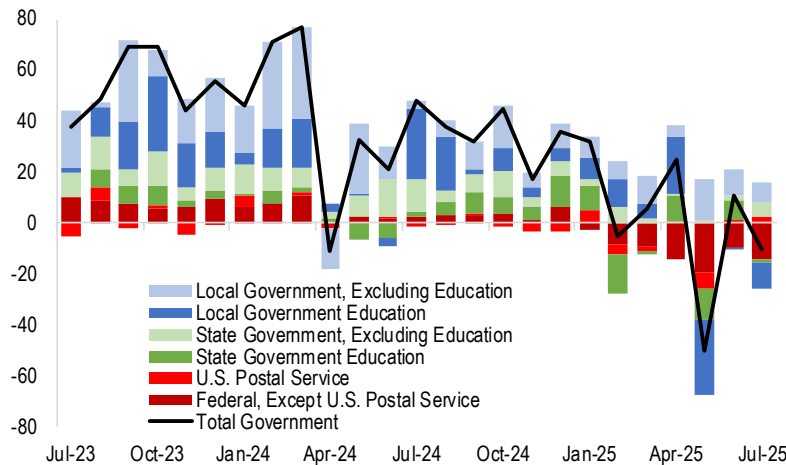
### Job Growth Driven by Private Education and Health Services, Accounting for 80% of Payrolls Gains YTD



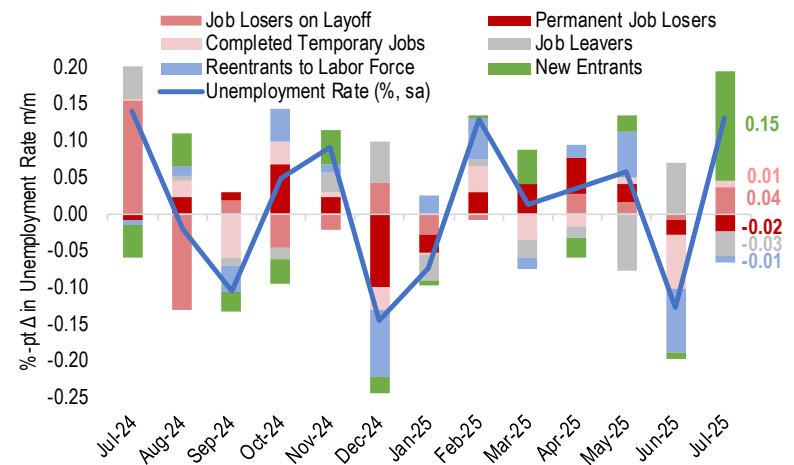
### Construction Job Growth Flat-Lining with a Rebound Unlikely Given Housing Weakness



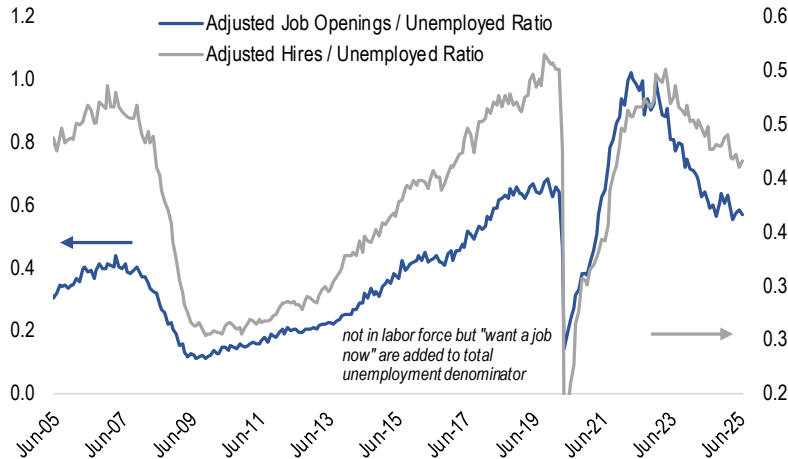
### Prior Tailwind from Government Job Growth Has Now Flipped to a Notable Drag



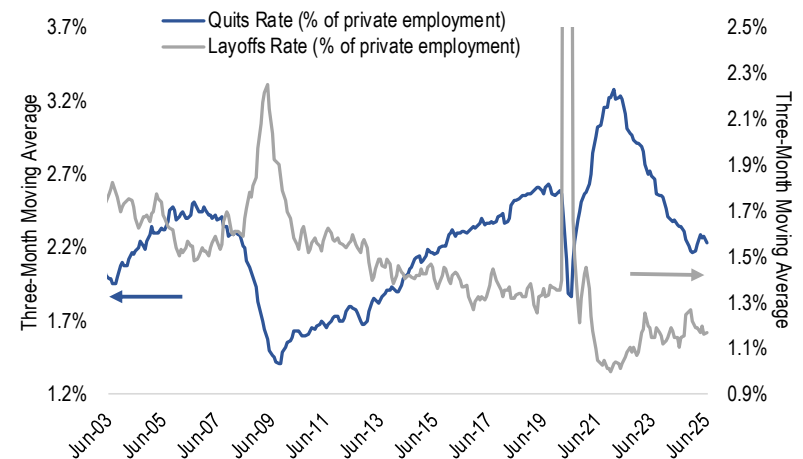
### Unemployment Rate Stepped Up in July Amid Surge in New Entrants Unable to Immediately Secure a Job



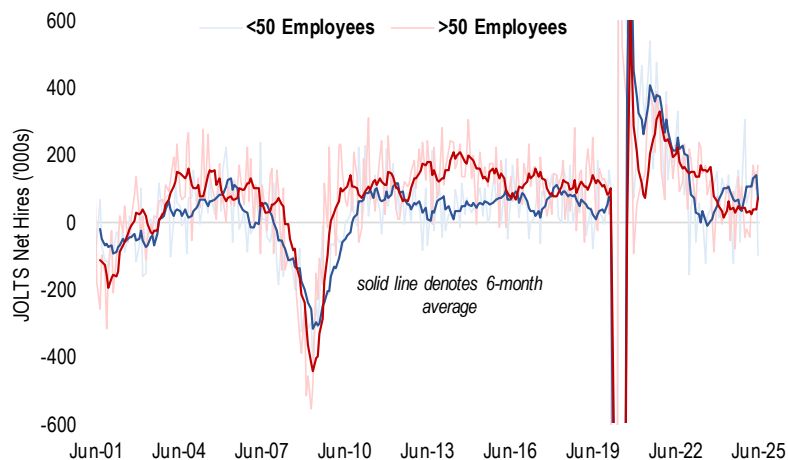
### Job Market Reflects Demand Moderation against a Backdrop of an Uncertain Outlook



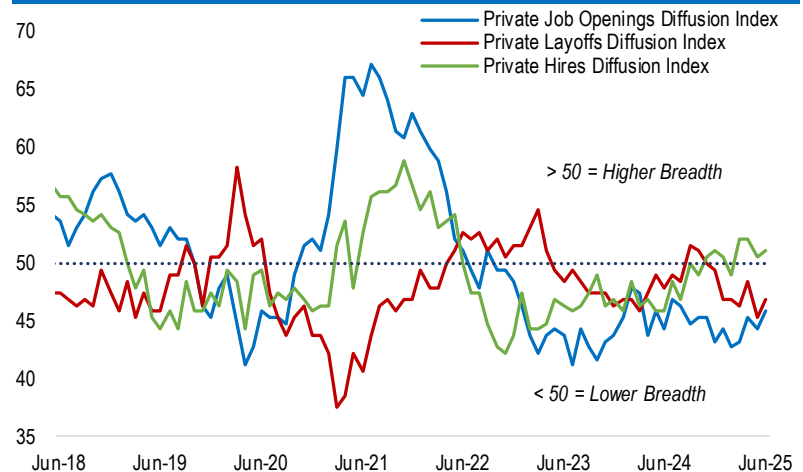
### Quits Have Been Roughly Flat While Layoffs Downtrend Has Seemingly Stabilized



### Recent Job Growth Had Been Driven by Smaller Firms, until Big Step Down in June

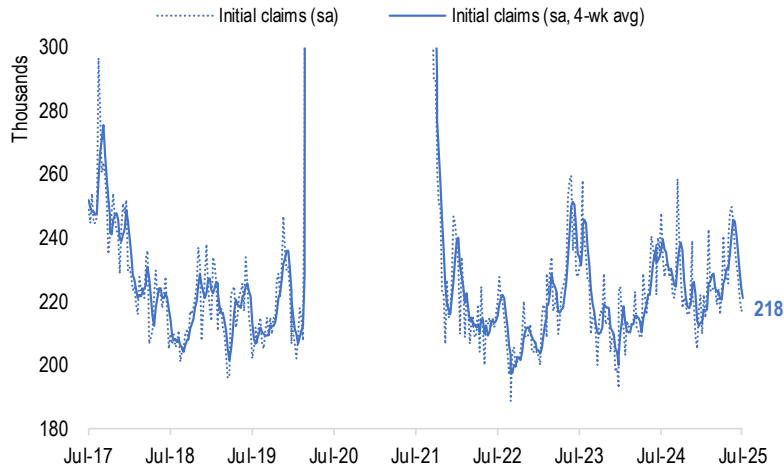


### Despite Weak Overall Hiring Rate, More Industries Expanding Hiring Pace Than Cooling

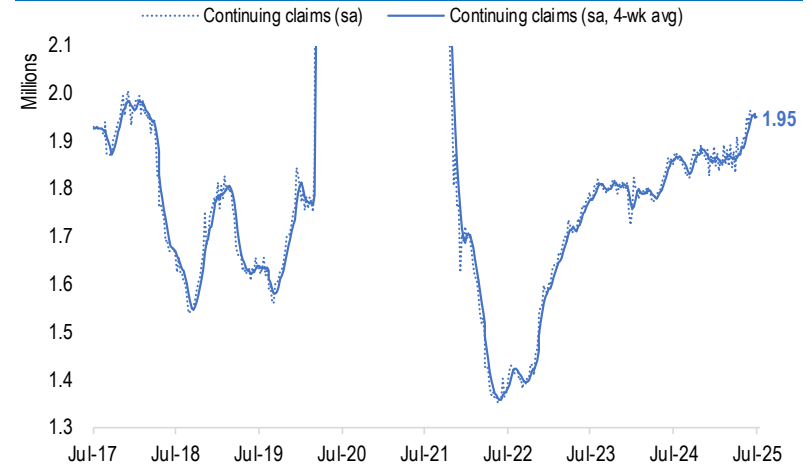




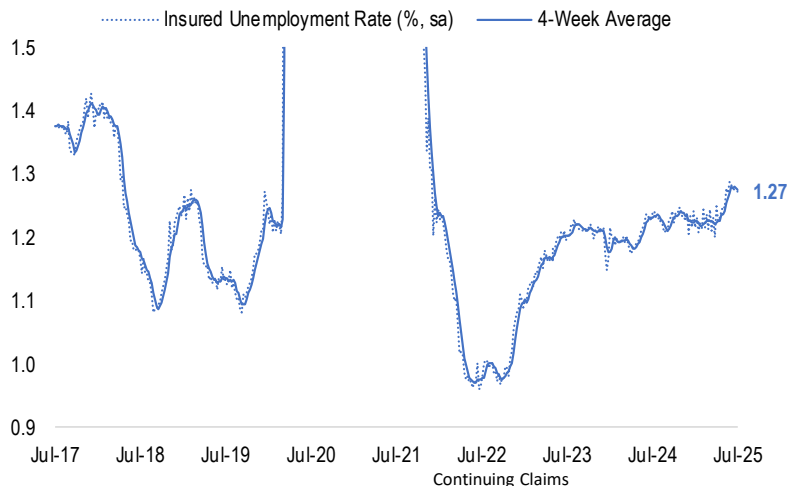
### Initial Claims Inched up to 218k (SA) in Week Ending July 26, Still in Line with Post-Pandemic Average



### Continuing Claims Unchanged (1,946k SA) during Week Ending July 19, Just below Recent Cycle High ...



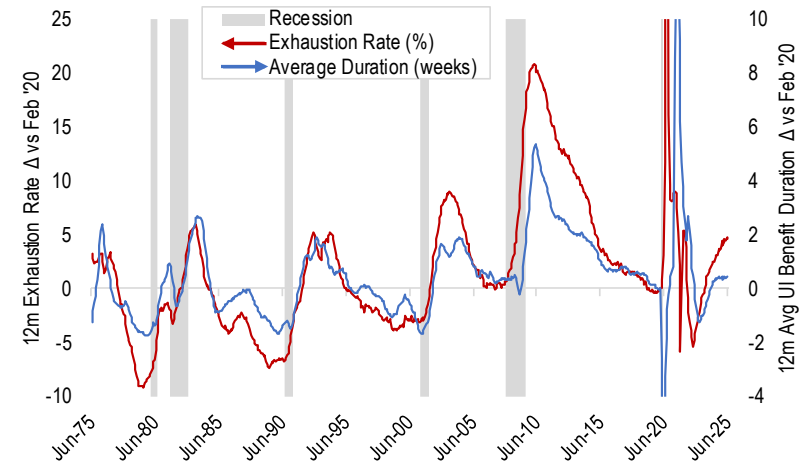
### ... Which Kept Insured Unemployment Just below Recent Post-Pandemic High



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

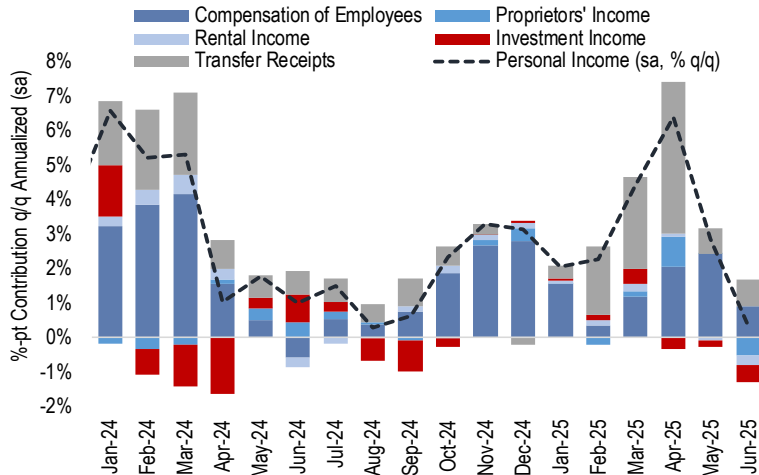
Sources: U.S. Department of Labor, Arch Global Economics

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

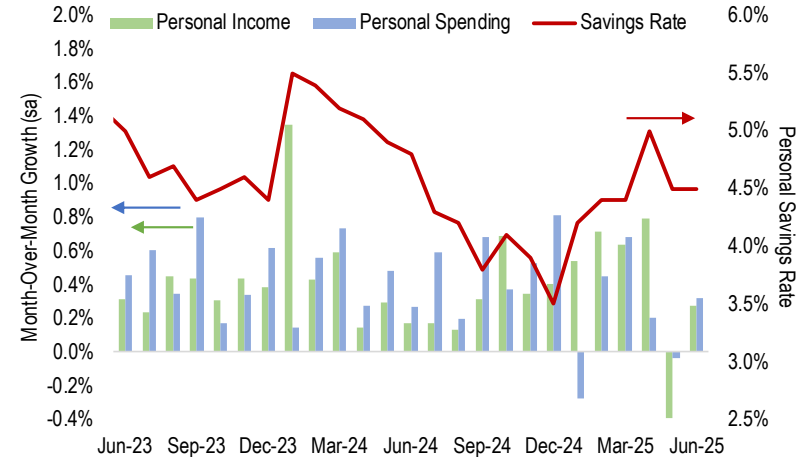


SA = Seasonally Adjusted  
NSA = Not Seasonally Adjusted

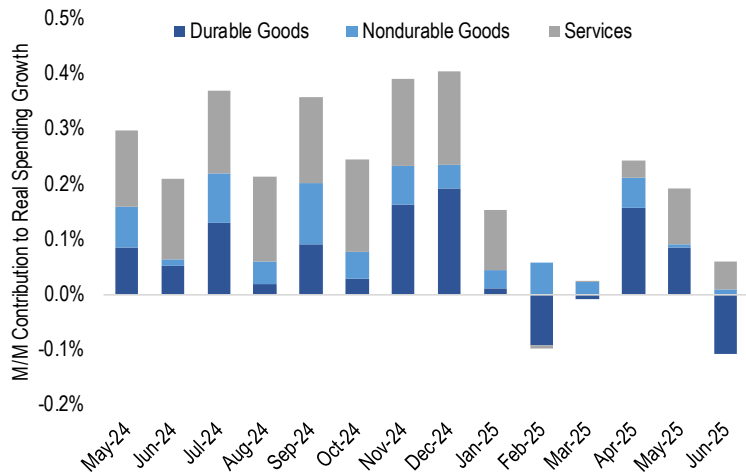
### Real Labor Income Growth Plunged in July Reflecting the Pullback in Overall Hiring and Total Hours Worked



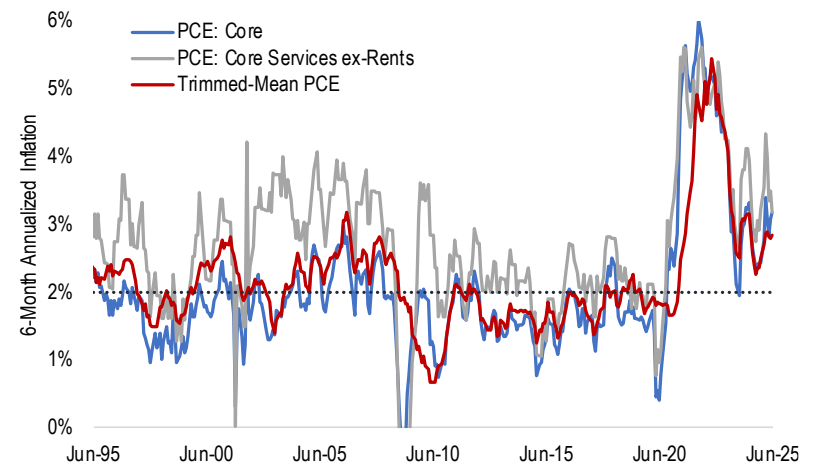
### Balanced Spending and Income Growth Left the Savings Rate Steady at 4.5% in June



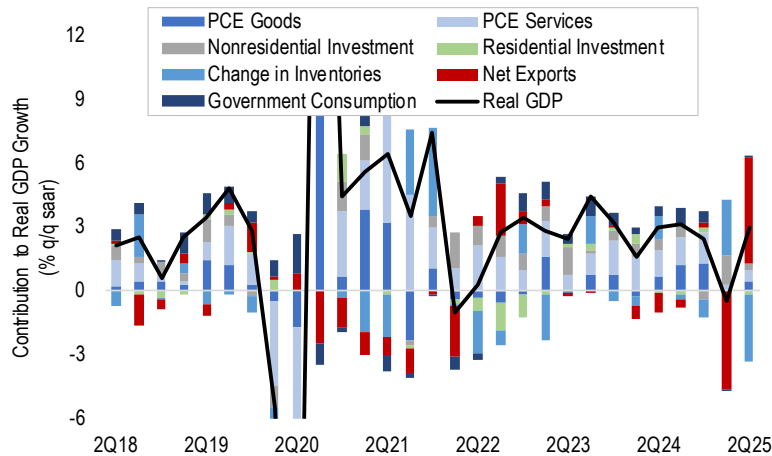
### Goods Spending Has Slowed Notably in 2025 with Services Outlays Also Downshifting



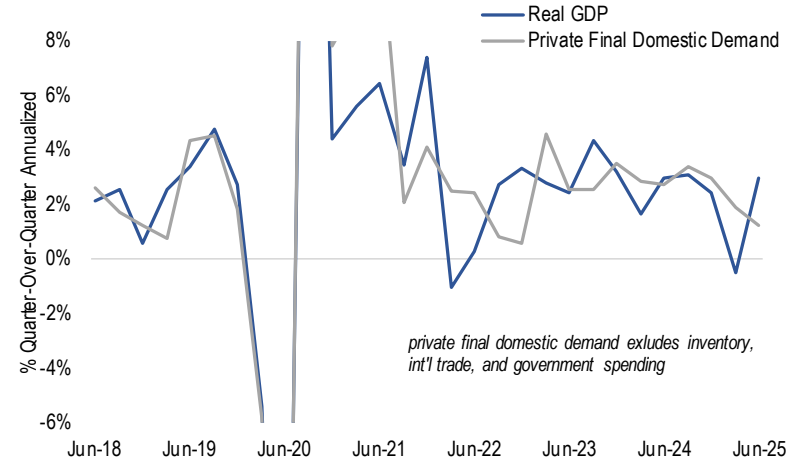
### Fed's Preferred Measure of Underlying Inflation (Core Core) Remained Elevated in Part Due to Tariffs



### Trade War Whipsaw of Imports and Inventories Greatly Distorted 1H25 GDP Growth



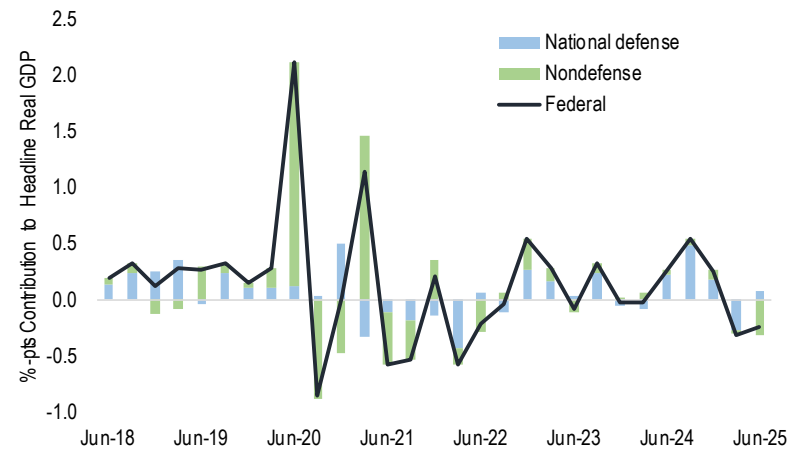
### Underlying Trend Growth Moderating as Consumers Pulled Back and Businesses Curtailed Investment



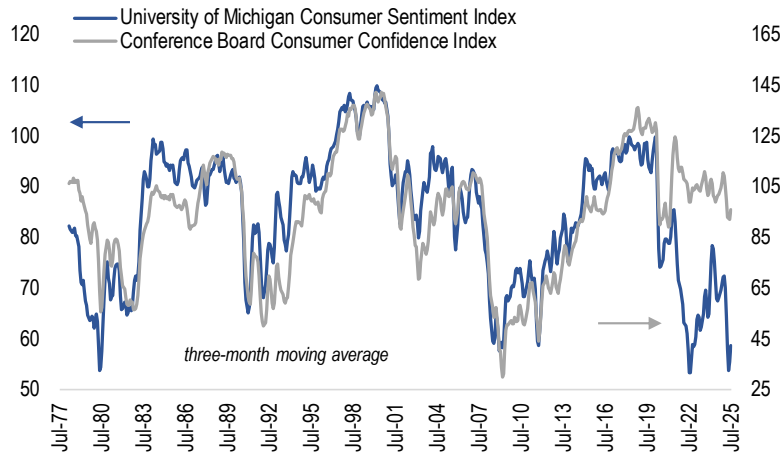
### Full Tariff Pass Through Has Been Limited Due to Inventory Drawdowns in 2Q25



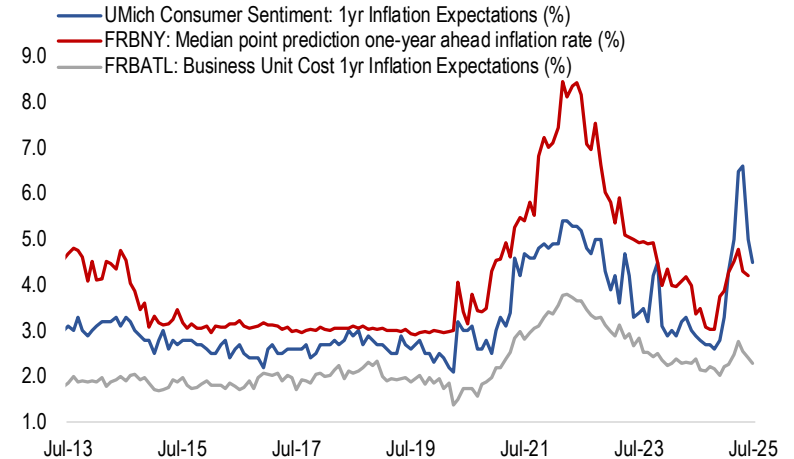
### Federal Consumption Remained a Drag on GDP in 2Q25, Led by Non-Defense Linked to Staff Reductions



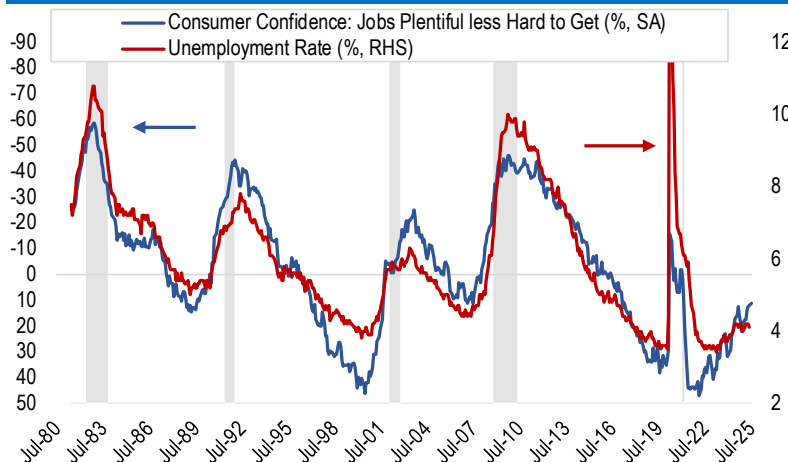
### Consumer Sentiment Still Weak as Present Conditions Lag Expectations across Both Surveys



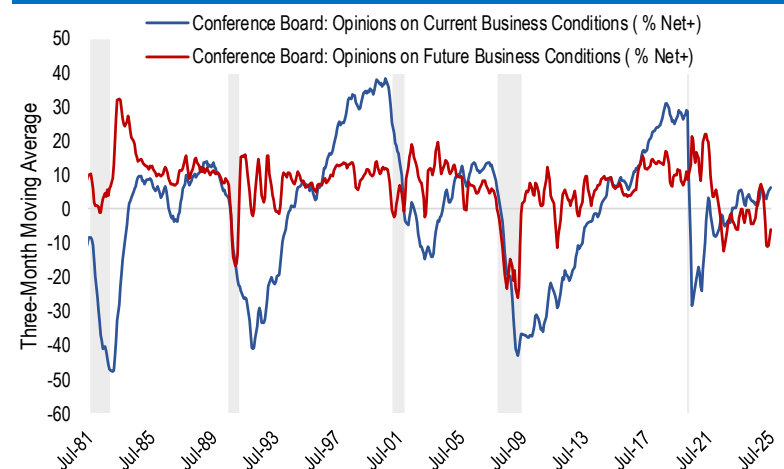
### Consumer Expectations for a Drastic Inflation Surge Has Receded but Remains Elevated



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

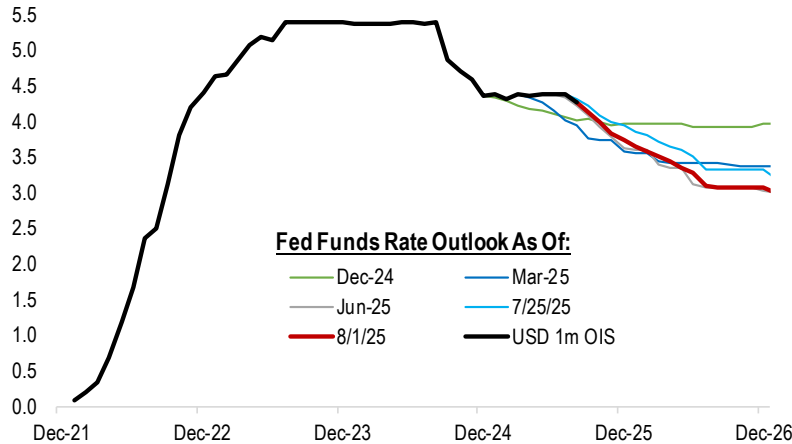


### Consumer Outlook on Future Business Conditions Remains Downbeat

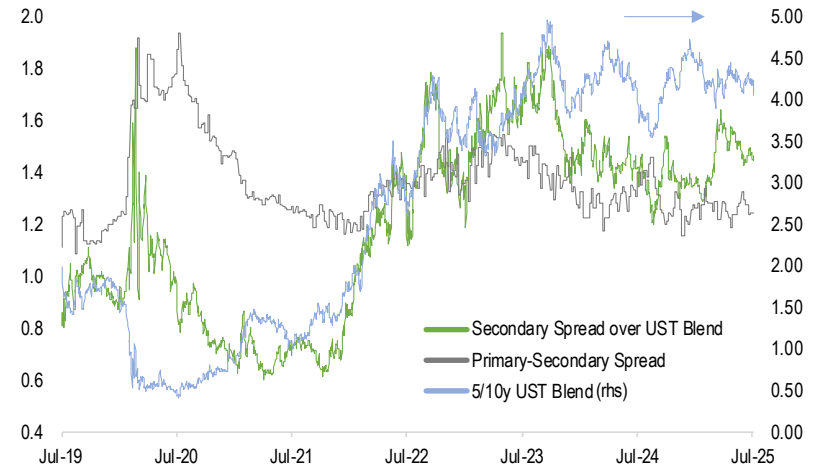




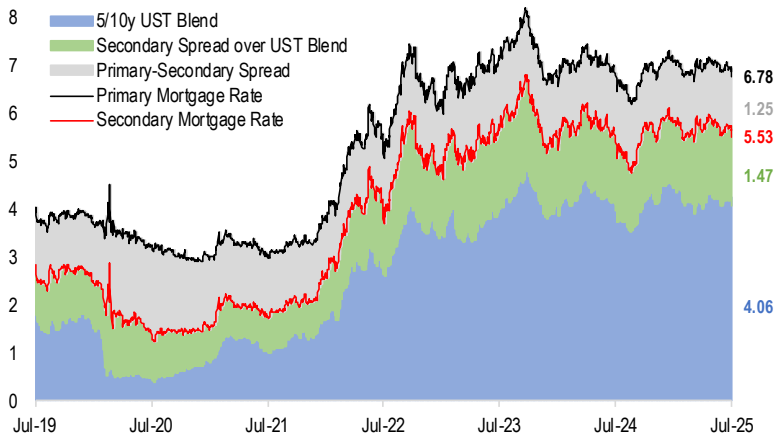
### Nearly Three Rate Cuts Now Priced in for '25 after Weak Jobs Report, Followed by Three More in '26



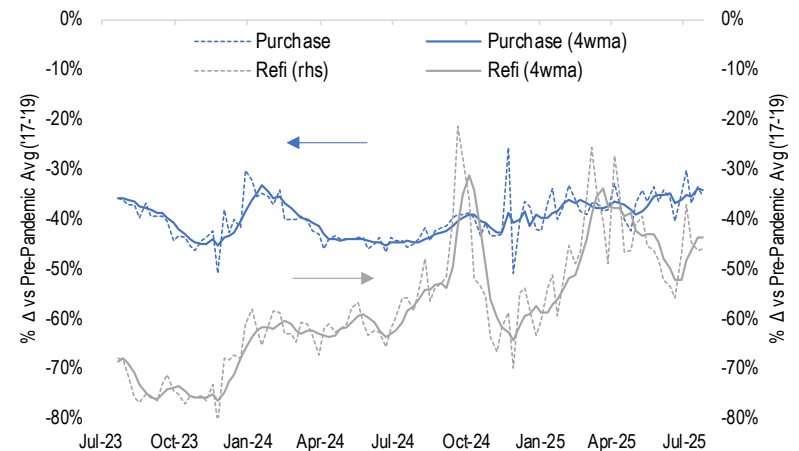
### U.S. Treasury Yields Plunged -18bps Last Week and Mortgage Spreads Were Unchanged ...



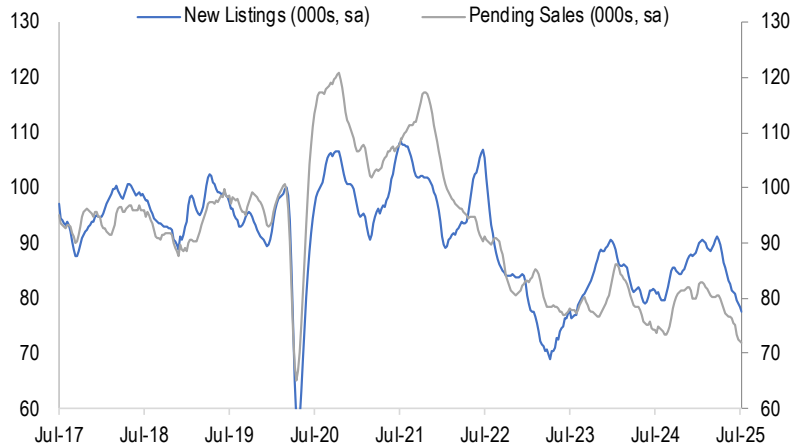
### ... Which Pulled Mortgage Rates Further below the Average Level for 2025 (~7%)



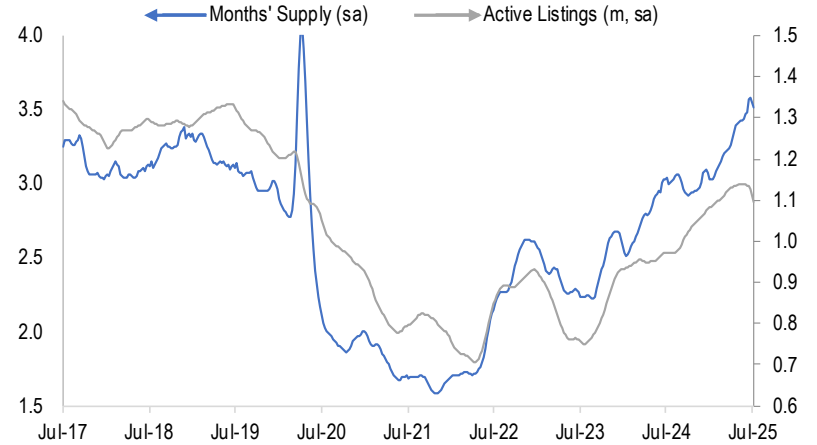
### Mortgage Purchase and Refi Applications Held Steady As Rates Inched Lower a Week Ago



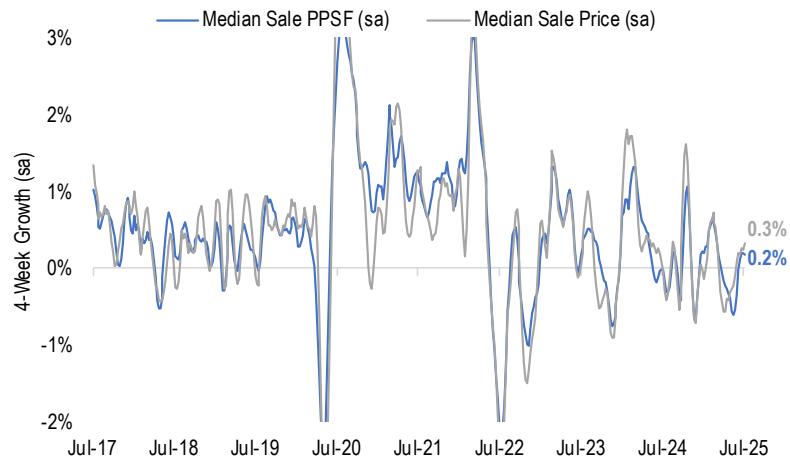
## New Listings Have Cooled but Still Outpacing Pending Sales, Which Have Shown Initial Signs of Stabilizing ...



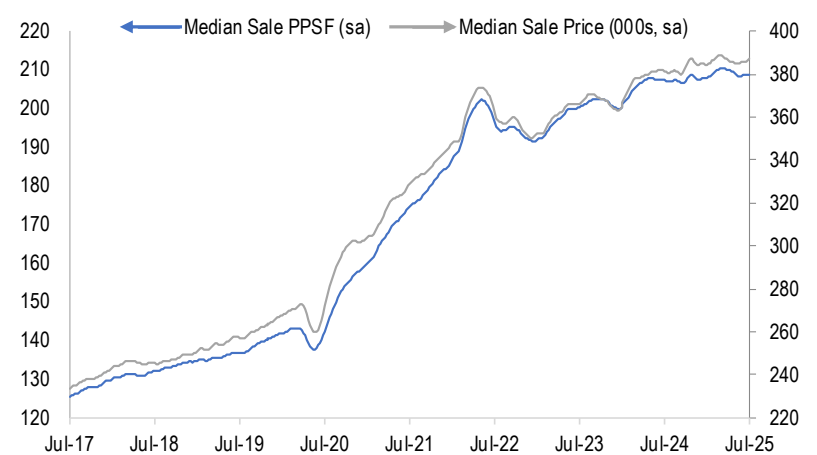
## ... Which Tentatively Reversed the Prior Rise in Months' Supply as Inventory Growth Turned Negative



## Pace of Seasonally Adjusted Home-Price Growth Rebounded Modestly over the month of 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	1.1%	0.0%	3.5%	0.5%	7.0%	1.4%	98.9%	-0.5%	-4.1	-10.1	9%	-1%	-5%
Atlanta	-1.4%	-0.3%	1.6%	0.8%	8.2%	2.5%	98.2%	-0.4%	20.5	4.8	12%	8%	0%
Austin	-5.4%	-1.9%	2.2%	5.4%	9.3%	1.2%	97.1%	-0.5%	43.8	31.9	15%	138%	97%
Baltimore	3.5%	0.9%	3.4%	-0.7%	7.1%	1.1%	100.4%	-0.9%	-0.1	-8.5	19%	-22%	-31%
Boston	2.6%	-0.6%	2.8%	-2.6%	5.7%	1.3%	101.5%	-1.2%	9.3	8.1	19%	-6%	-10%
Chicago	4.2%	-0.3%	6.1%	2.1%	4.1%	1.5%	100.3%	-0.3%	11.4	10.5	-1%	-21%	-16%
Dallas	-2.6%	0.2%	-0.3%	1.9%	9.5%	0.7%	97.6%	-0.4%	18.4	4.8	26%	52%	32%
Denver	-2.8%	-0.5%	1.0%	0.7%	10.2%	0.8%	98.9%	-0.3%	19.0	7.5	26%	97%	67%
Houston	-1.1%	-0.1%	1.9%	1.7%	10.5%	4.5%	97.0%	-0.6%	16.5	0.3	-51%	-53%	6%
Los Angeles	-0.4%	-0.7%	1.3%	-0.7%	10.6%	7.1%	99.6%	-1.6%	6.0	-3.6	-30%	-20%	14%
Miami	-0.2%	-1.3%	4.2%	2.8%	4.3%	1.0%	95.4%	-0.7%	27.1	4.8	20%	43%	-2%
Minneapolis	-0.1%	-1.5%	2.9%	2.3%	7.7%	2.5%	100.3%	0.0%	-0.1	-2.1	4%	-3%	1%
Nashville	1.7%	2.2%	5.1%	2.3%	6.3%	1.7%	98.1%	-0.3%	10.1	-1.0	15%	33%	22%
New York	4.8%	-1.0%	6.9%	1.2%	3.7%	0.4%	100.9%	0.2%	-30.8	-37.8	9%	-25%	-31%
Phoenix	-2.5%	-0.3%	0.4%	1.6%	6.8%	0.1%	97.9%	-0.5%	24.5	9.8	26%	70%	51%
Portland	-0.6%	-0.2%	0.8%	0.9%	8.5%	1.1%	99.5%	-0.4%	10.2	4.2	5%	29%	29%
Riverside	-1.0%	-2.4%	1.4%	1.2%	10.3%	5.9%	98.7%	-0.7%	2.3	-11.0	-23%	-21%	5%
San Diego	-1.3%	-1.2%	-0.2%	0.2%	9.4%	4.2%	98.9%	-1.1%	13.1	-1.3	0%	13%	5%
Seattle	-1.5%	-2.4%	0.8%	-2.9%	7.9%	1.5%	99.3%	-1.5%	4.8	-2.3	52%	52%	2%
Tampa	-3.1%	-0.1%	3.7%	4.8%	9.0%	0.0%	96.9%	-0.4%	16.4	4.9	7%	59%	46%
Washington DC	1.9%	-0.1%	4.1%	2.2%	6.0%	1.4%	99.7%	-0.9%	16.2	7.3	26%	17%	-1%

Data as of July 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
8/4/25	10:00 AM	Durable Goods Orders m/m	Jun F	-9.4	-9.3	--	-9.3	%, sa
8/4/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Jun F	-0.8	--	--	-0.7	%, sa
8/4/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Jun F	0.3	--	--	0.4	%, sa
8/5/25	9:45 AM	S&P Global US Services PMI	Jul F	--	55.2	--	55.2	index, sa
8/5/25	9:45 AM	S&P Global US Composite PMI	Jul F	--	54.6	--	54.6	index, sa
8/5/25	10:00 AM	ISM Services Index	Jul	--	51.5	--	50.8	index, nsa
8/6/25	7:00 AM	MBA Mortgage Applications w/w	Aug 1	--	--	--	-3.8	%, sa
8/7/25	8:30 AM	Nonfarm Productivity q/q	2Q P	--	2.0	--	-1.5	%, saar
8/7/25	8:30 AM	Unit Labor Costs q/q	2Q P	--	1.5	--	6.6	%, saar
8/7/25	8:30 AM	Initial Jobless Claims	Aug 2	--	222	--	218	k, sa
8/7/25	8:30 AM	Continuing Claims	Jul 26	--	1,950	--	1,946	k, sa
8/7/25	10:00 AM	Wholesale Trade Sales m/m	Jun	--	0.2	--	-0.3	%, sa
8/7/25	10:00 AM	Wholesale Inventories m/m	Jun F	--	0.2	--	0.2	%, sa
8/7/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Jul	--	--	--	3.0	%
8/7/25	3:00 PM	Consumer Credit m/m	Jun	--	7.4	--	5.1	\$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
7/29/25	9:00 AM	FHFA House Price Index m/m	May	-0.2	-0.2	-0.3	-0.4	%, sa
7/29/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	May	-0.3	-0.2	-0.3	-0.3	%, sa
7/29/25	10:00 AM	JOLTS Job Openings	Jun	7,437	7,500	7,712	7,769	k, sa
7/29/25	10:00 AM	Conf. Board Consumer Confidence	Jul	97.2	96.0	95.2	93.0	index, sa
7/30/25	7:00 AM	MBA Mortgage Applications w/w	Jul 25	-3.8	--	--	0.8	%, sa
7/30/25	8:15 AM	ADP Employment m/m	Jul	104	76	-23	-33	k, sa
7/30/25	8:30 AM	GDP Annualized q/q	2Q A	3.0	2.6	--	-0.5	%, saar
7/30/25	8:30 AM	Personal Consumption q/q	2Q A	1.4	1.5	--	0.5	%, saar
7/30/25	8:30 AM	Core PCE Deflator q/q	2Q A	2.5	2.3	--	3.5	%, saar
7/30/25	10:00 AM	Pending Home Sales m/m	Jun	-0.8	0.2	--	1.8	%, sa
7/30/25	2:00 PM	FOMC Rate Decision (Upper Bound)	Jul 30	4.5	4.5	--	4.5	%
7/31/25	8:30 AM	Personal Income m/m	Jun	0.3	0.2	--	-0.4	%, sa
7/31/25	8:30 AM	Personal Spending m/m	Jun	0.3	0.4	0.0	-0.1	%, sa
7/31/25	8:30 AM	Real Personal Spending m/m	Jun	0.1	0.1	-0.2	-0.3	%, sa
7/31/25	8:30 AM	PCE Inflation m/m	Jun	0.3	0.3	0.2	0.1	%, sa
7/31/25	8:30 AM	PCE Inflation y/y	Jun	2.6	2.5	2.4	2.3	%, nsa
7/31/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Jun	0.3	0.3	--	0.2	%, sa
7/31/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Jun	2.8	2.7	2.8	2.7	%, nsa
7/31/25	8:30 AM	Initial Jobless Claims	Jul 26	218	224	--	217	k, sa
7/31/25	8:30 AM	Continuing Claims	Jul 19	1,946	1,953	1,946	1,955	k, sa
8/1/25	11:00 AM	Wards Total Vehicle Sales	Jul	16.4	16.0	--	15.3	m, saar
8/1/25	8:30 AM	Nonfarm Payrolls m/m	Jul	73	105	14	147	k, sa
8/1/25	8:30 AM	Private Payrolls m/m	Jul	83	100	3	74	k, sa
8/1/25	8:30 AM	Average Hourly Earnings m/m	Jul	0.3	0.3	--	0.2	%, sa
8/1/25	8:30 AM	Average Hourly Earnings y/y	Jul	3.9	3.8	3.8	3.7	%, nsa
8/1/25	8:30 AM	Average Weekly Hours All Employees	Jul	34.3	34.2	--	34.2	sa
8/1/25	8:30 AM	Unemployment Rate	Jul	4.2	4.2	--	4.1	%, sa
8/1/25	8:30 AM	Labor Force Participation Rate	Jul	62.2	62.3	--	62.3	%, sa
8/1/25	10:00 AM	U. of Mich. Sentiment	Jul F	61.7	62.0	--	61.8	index, nsa
8/1/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jul F	4.5	4.4	--	4.4	nsa
8/1/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jul F	3.4	3.6	--	3.6	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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