

# HaMMR Digest

Stay current with economic and mortgage market trends.

August 11, 2025

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### Inside Man

- **Key Takeaway:** Trump taps CEA Chair Miran to finish Fed Governor Kugler's term to exert pressure on Fed Chair Powell and direction of rate policy.
- **Macro Implications:** Fed's objectivity will be politicized even more, but we still expect data to drive the ultimate decision at the Sept. FOMC meeting.
- **Housing Implications:** Mortgage rates slid to a multi-month low, but buyers unlikely to come rushing back until rates are meaningfully lower.

### Macro: Country-Specific Tariffs Over? Not Quite

- Finalized Aug. 1 bilateral tariffs lack detail that leave door open for escalation.
- Remains unclear how purchase and investment agreements will be tracked.
- Sectoral tariffs and legality of bilateral tariffs still to be concluded.

### Rates: Course Correction

- 10Y yield up 10bps to 4.29%, reversing part of last week's compression.
- Focus shifts to inflation and Fed remarks for clues on a September cut.
- Sept. rate cut odds ~90%; markets see nearly 3 cuts by Dec.

### Housing: Buyer Opportunism Set to Take Shape?

- Mortgage rates still near multi-month low, but purchase applications muted.
- Confluence of factors coalescing for buyers to pull trigger on purchasing.
- Pending sales remain low but coming weeks will show if buyers re-engage.

### ISM PMI: Waiting for the Import Substitution Bump

- Manufacturing production and new orders remained lackluster.
- Services employment remained in contraction, suggesting weak hiring.
- Firms concerned about future, citing inability to plan and hire.

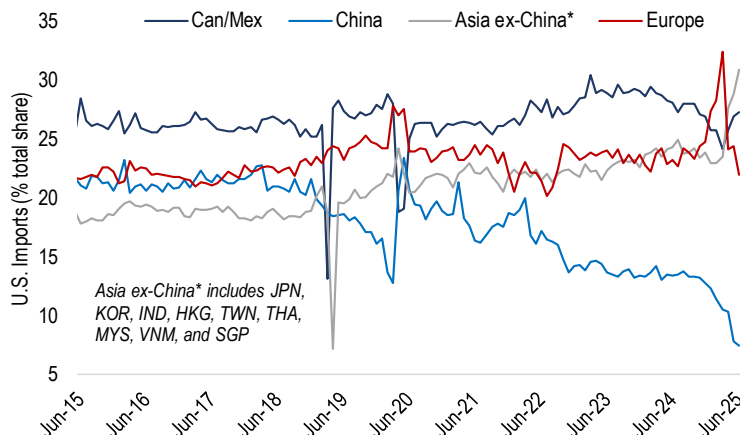
### Consumer Credit: Nothing to See Here

- Consumer credit declined -5.4% annualized in the second quarter.
- Revolving credit fell -0.7% annualized in 2Q25 after a -8% drop in 1Q25.
- Consumer debt burden remains low despite pockets of stress.

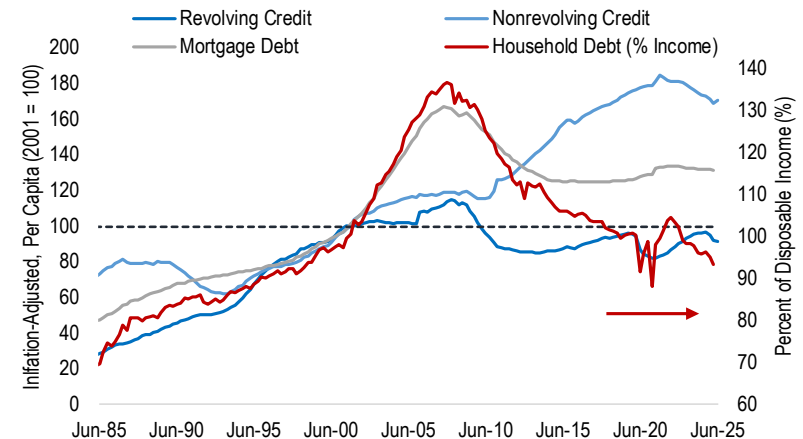
### Banking and Credit: Risk Aversion Prevails

- Banks keep credit tight, especially for small firms and credit cards.
- Household credit demand for mortgages and revolving credit weakened.
- Banks cite weaker conditions and economic uncertainty for caution.

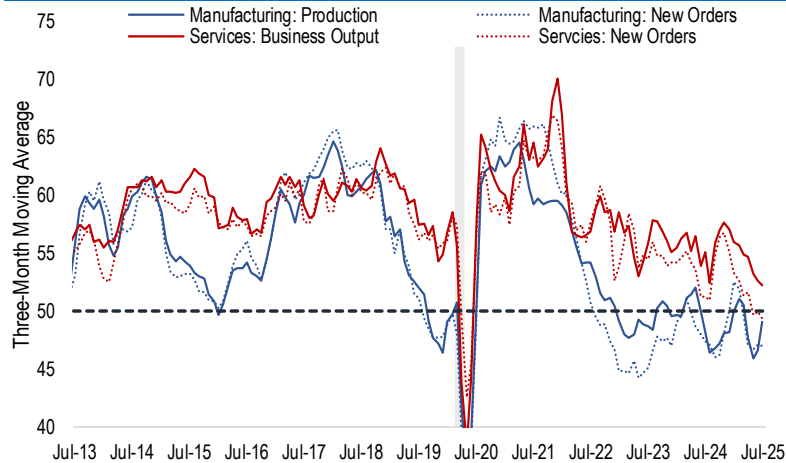
### Tariffs Reshape Global Trade Flows, Reflected by Plunging China Share of U.S. Imports



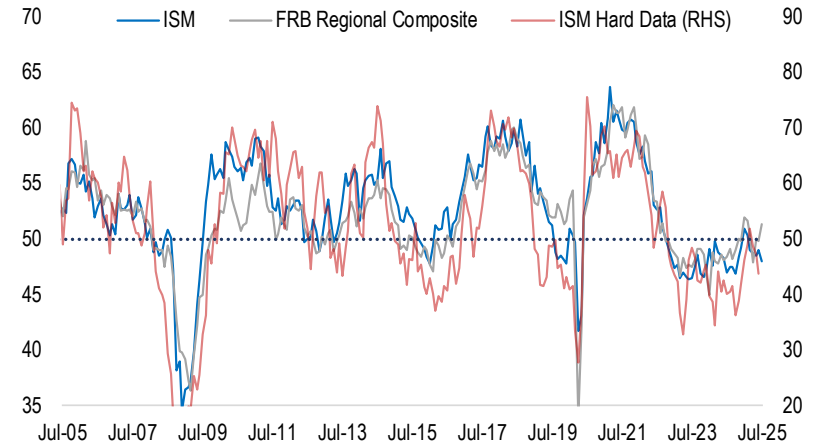
### While Some Households Are Struggling, Broader Consumer Leverage Isn't a Cause for Concern



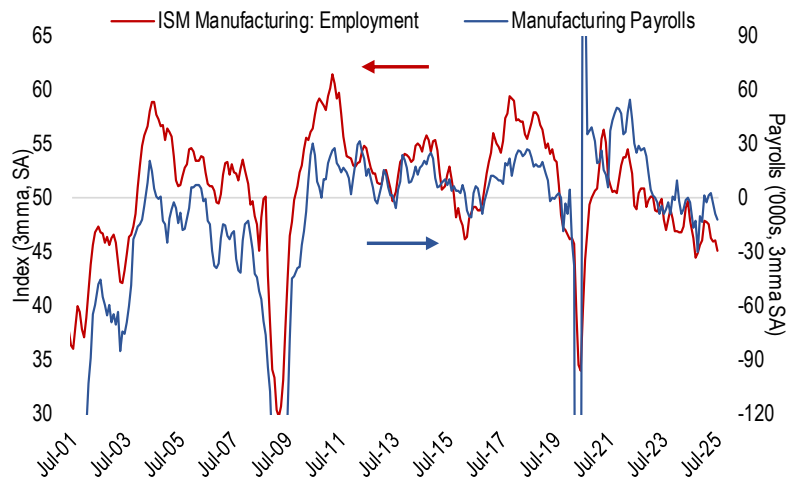
### Manufacturing PMI Feeling Overhang of Frontloading While Services New Orders Found Another Leg Lower



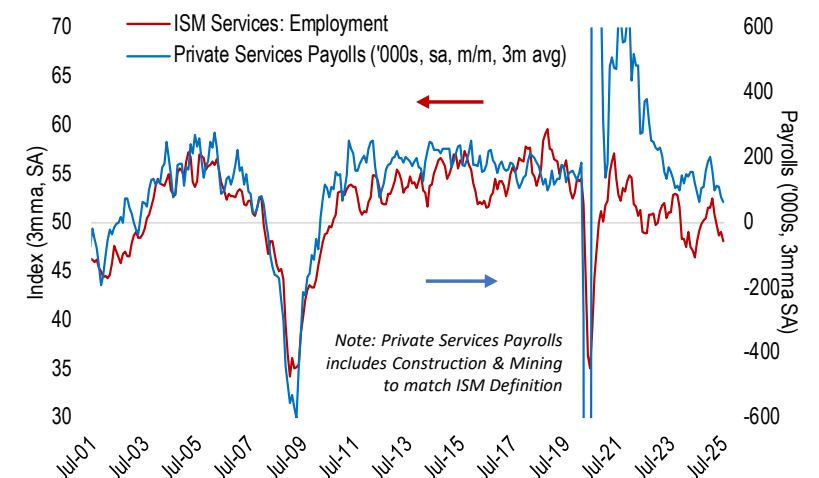
### ISM "Hard Data" Dragged Lower amid Reductions in Inventory, Orders and Employment Components



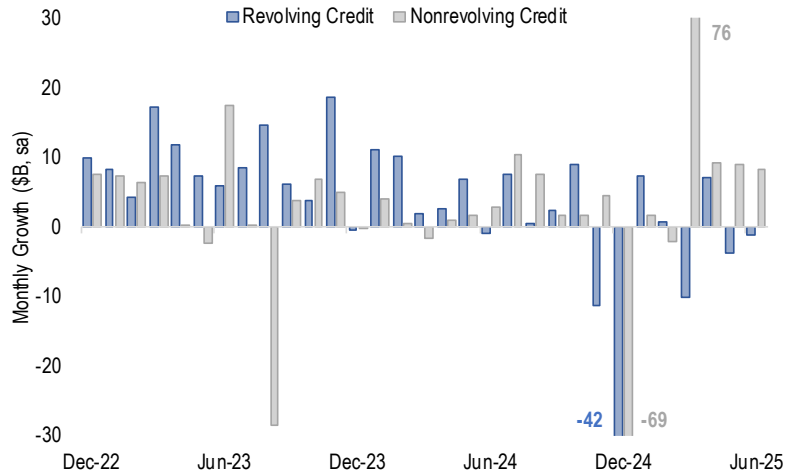
### Manufacturing Payrolls Following the Pivot Lower in ISM Employment Index with More Pain Likely Ahead



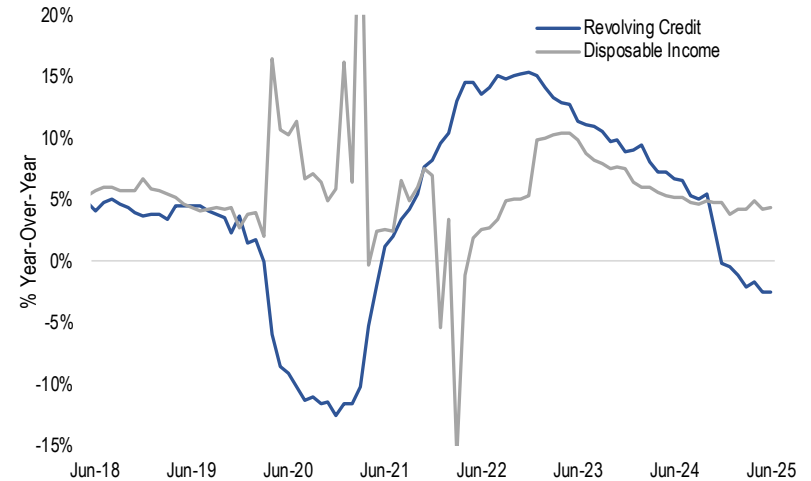
### ISM Services Employment Shows More Weakness Than Actual Services Payrolls, but Trends Are Disconcerting



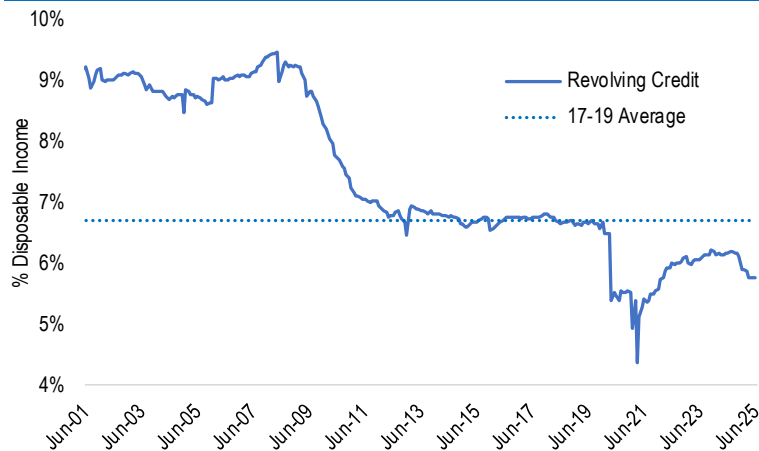
### Nonrevolving Credit Increase Supported by Rising Student Loans and Auto Loans



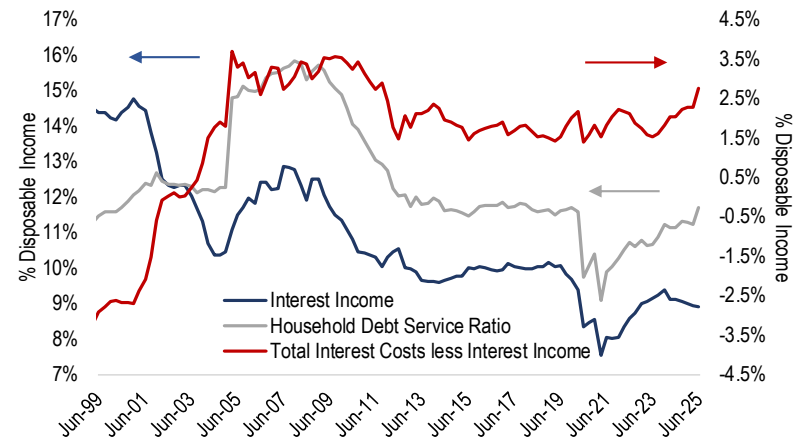
### Downshift in Revolving Consumer Credit Will Remain in Place as Consumer Spending Set to Remain Tepid



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

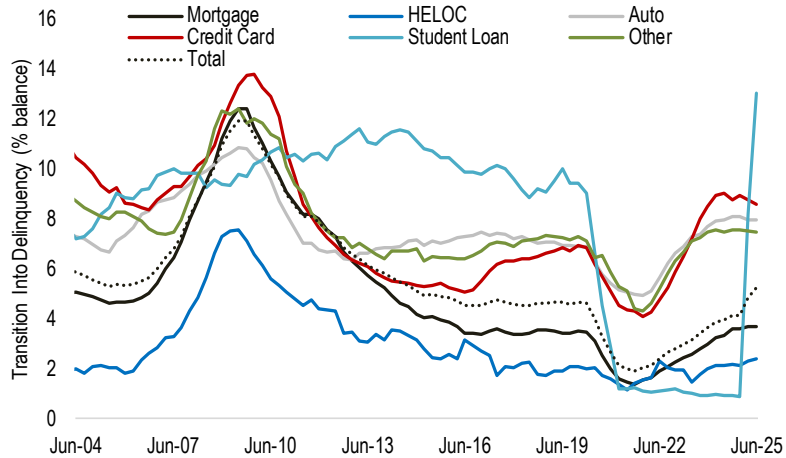


### Household Interest Costs Still Rising While Interest Income Earned Has Downshifted, Widening Spread

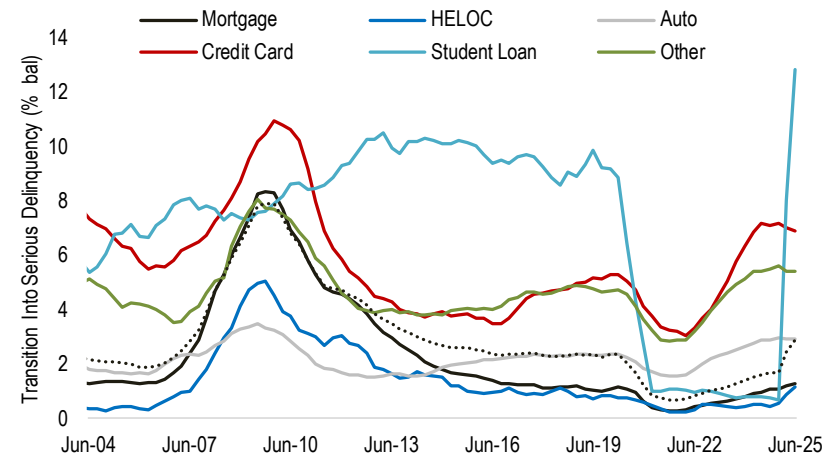




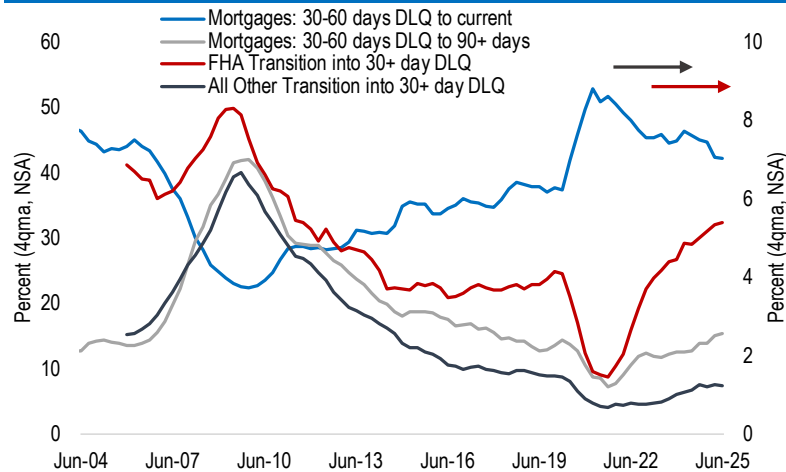
### 30-Day Delinquency Transition Rate Trends Have Stabilized across Segments apart from Student Loans



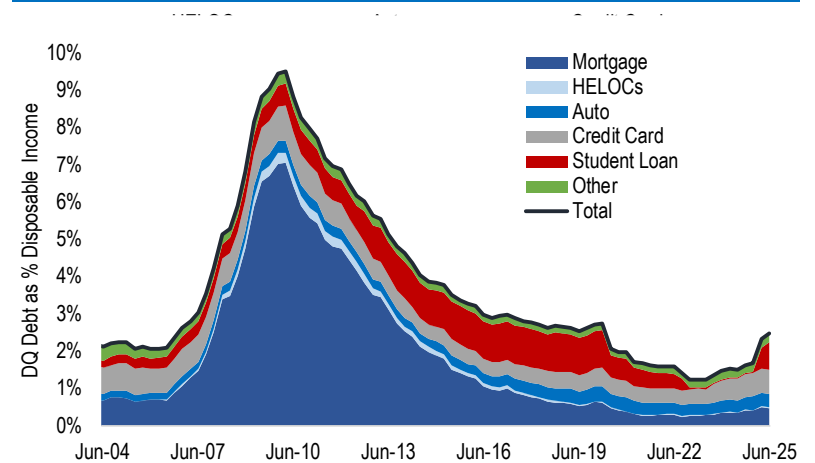
### Student Loans an Outlier for Serious Delinquency (90+ Days) Transition Rates aside from Rise in Mortgages



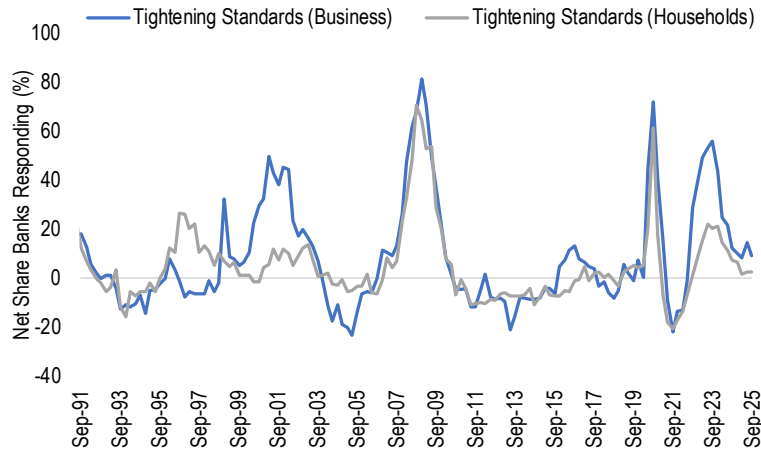
### Mortgage Delinquencies Concentrated in FHA/VA Loans: 19% of Total Balances, but 80% of Delinquency Flow



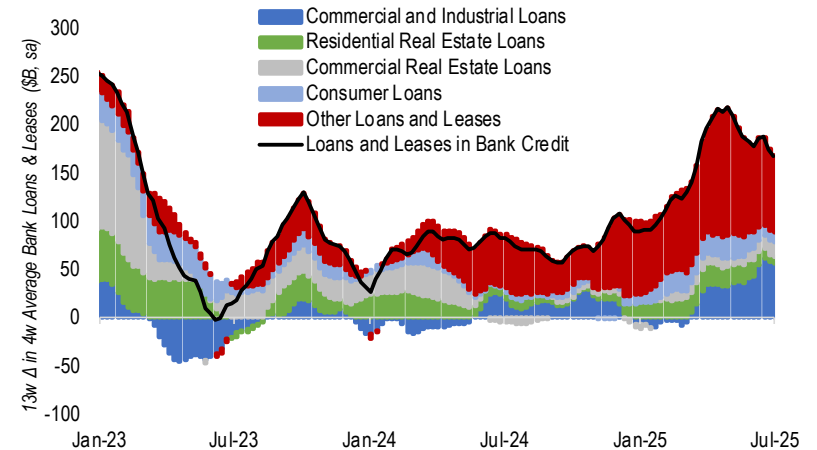
### Total Delinquent Consumer and Mortgage Debt Remains Small Share of Income



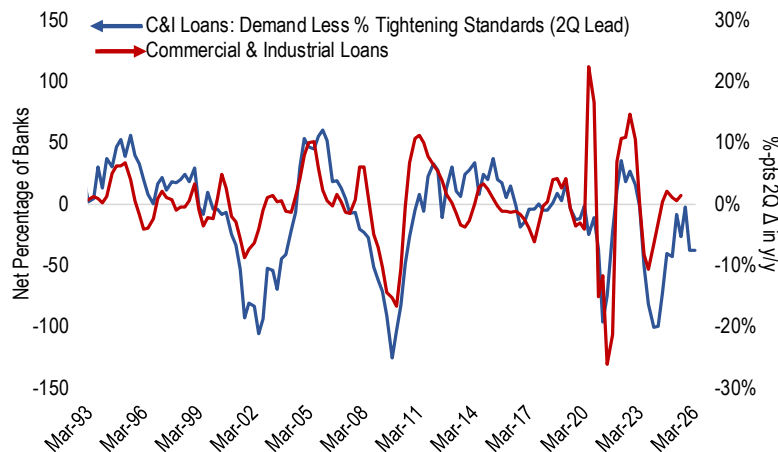
### "Risk Aversion" Cited as Most Prevalent Reason by Banks in Keeping Credit Standards Tight



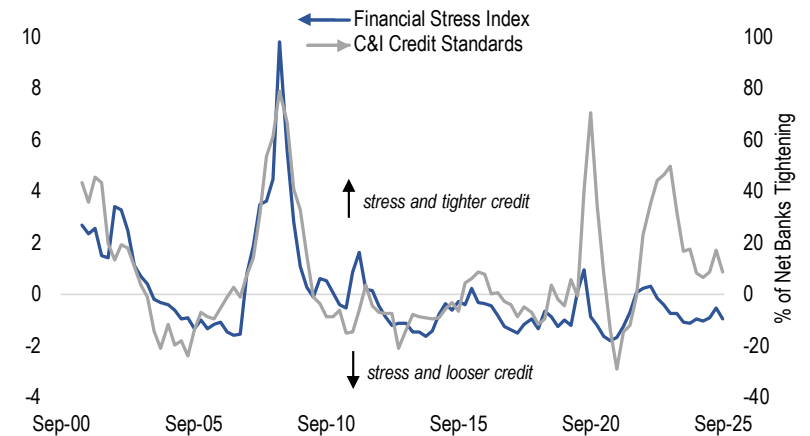
### Bank Credit Impulse Fading with Business Loan Rebound Cooling and Fewer Mortgages Originated



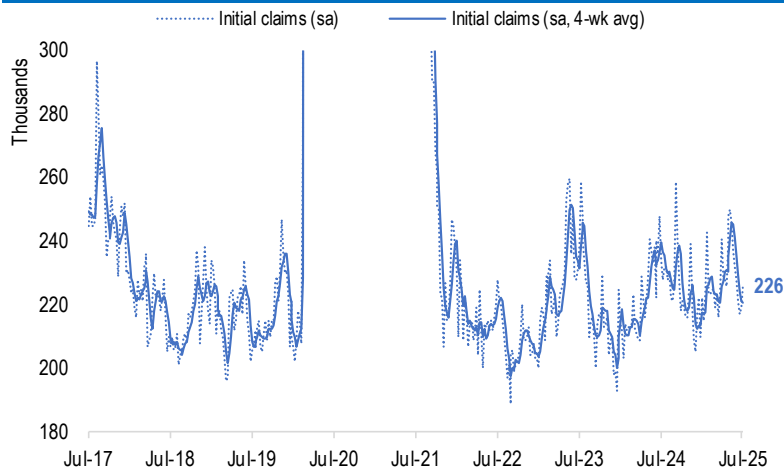
### Tighter Credit and Weaker Demand Will Keep a Lid on Business Loan Growth



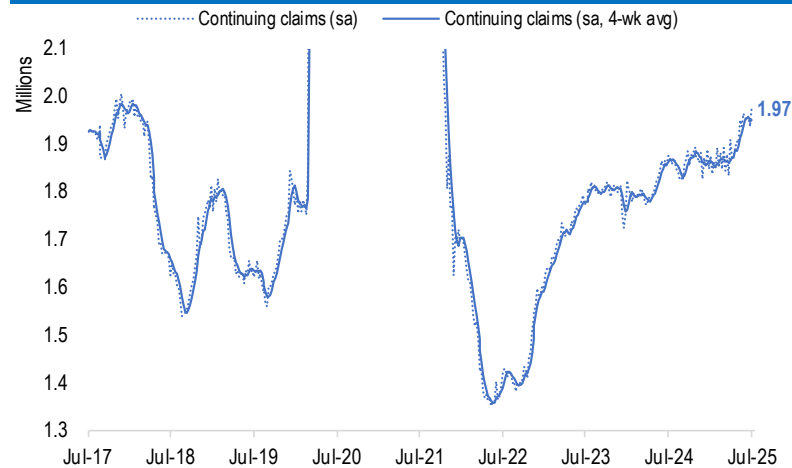
### Bank Credit Remaining Restrictive Juxtaposes against Minimal Evidence of Financial Stress



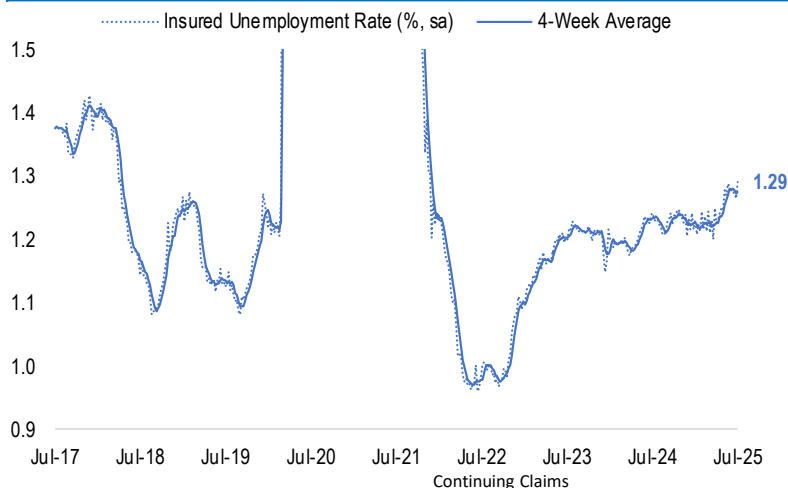
### Initial Claims Inched Up to 226k (SA) in Week Ending Aug. 2, Still in Line with Post-Pandemic Average



### Continuing Claims Surged to 1,974k SA during Week Ending July 26, a New Cycle High ...



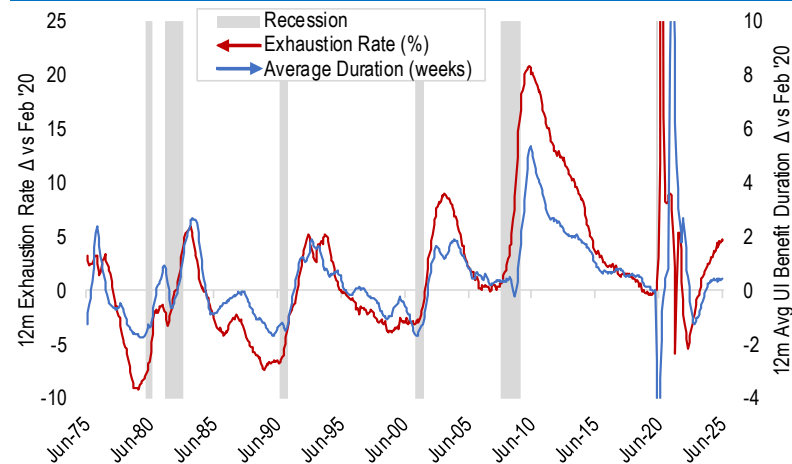
### ... Which Lifted Insured Unemployment to a New Post-Pandemic High As Well



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

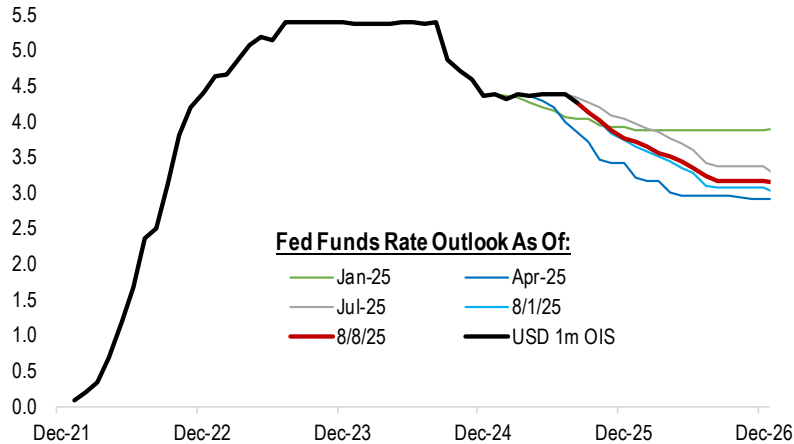
Sources: U.S. Department of Labor, Arch Global Economics

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

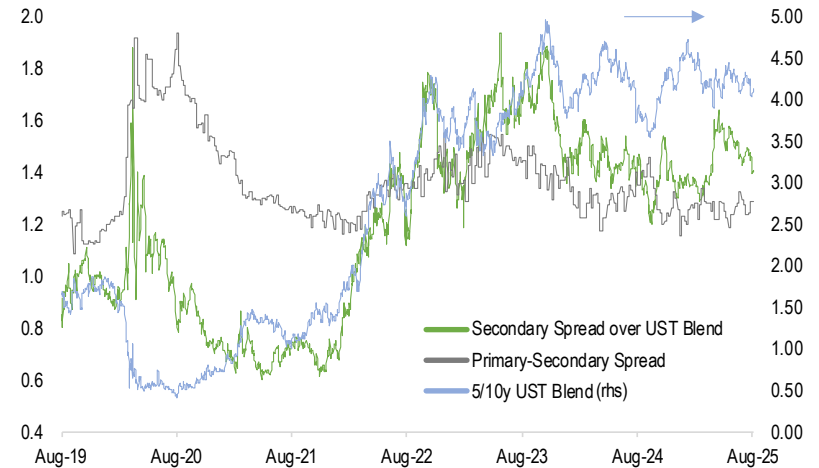


SA = Seasonally Adjusted

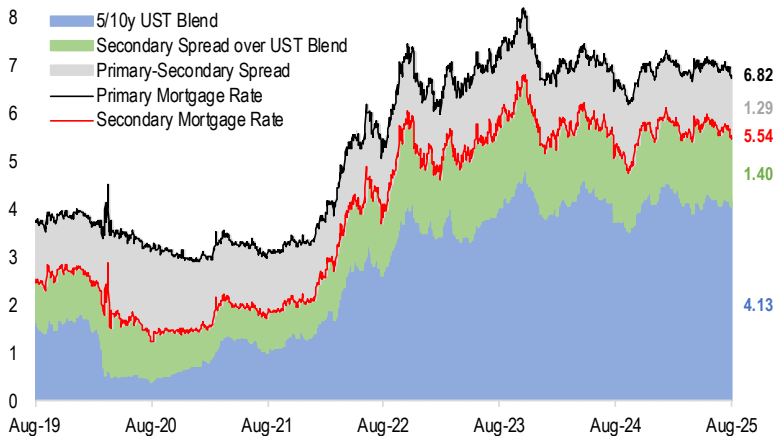
### Nearly Three Rate Cuts Now Priced in for '25 after Weak Jobs Report, Followed by Two More in '26



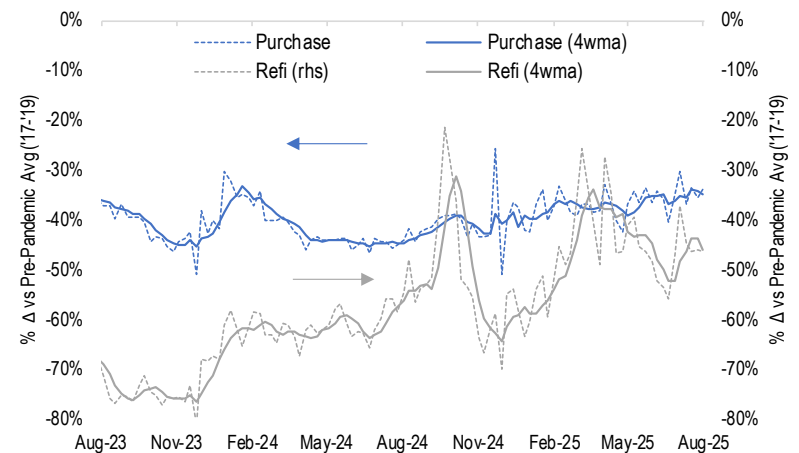
### U.S. Treasury Yields Rose 7bps Last Week, but Mortgage Spreads Narrowed 6bps...



### ... Which Left Mortgage Rates Relatively Unchanged, Just Below the Average Level for 2025 (~7%)

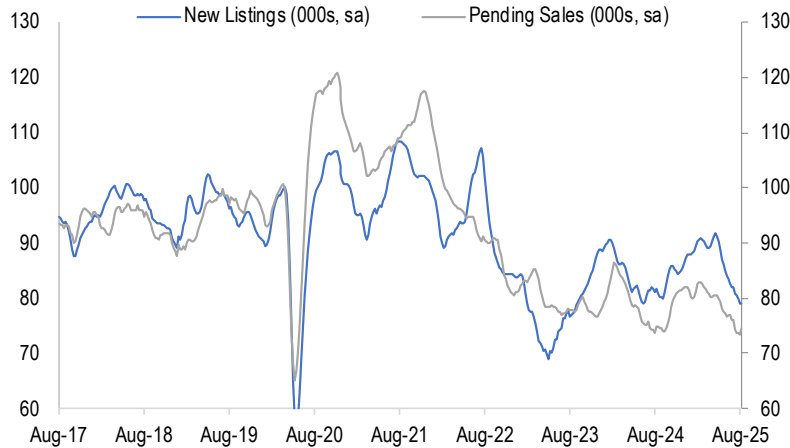


### Mortgage Purchase and Refi Applications Continued to Hold Steady Even as Rates Dipped Further Below 7%

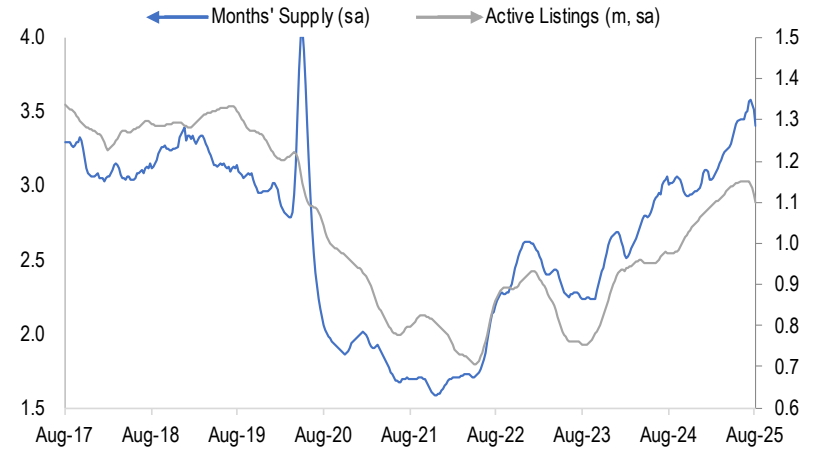




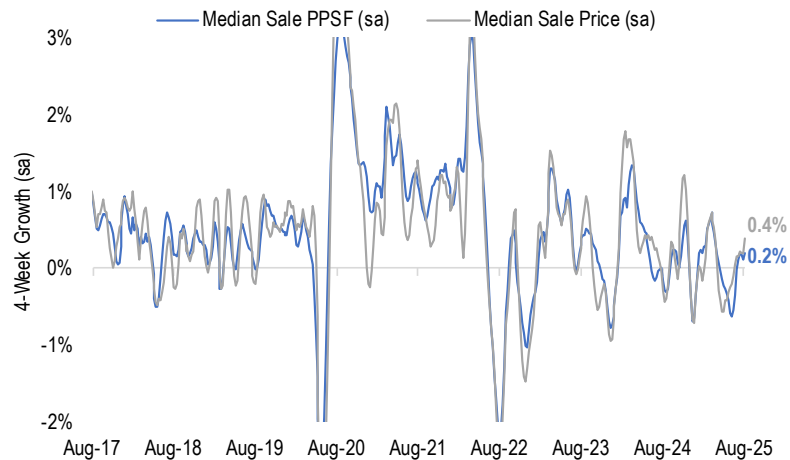
## New Listings Have Cooled but Still Outpacing Pending Sales, Which Have Shown Initial Signs of Stabilizing ...



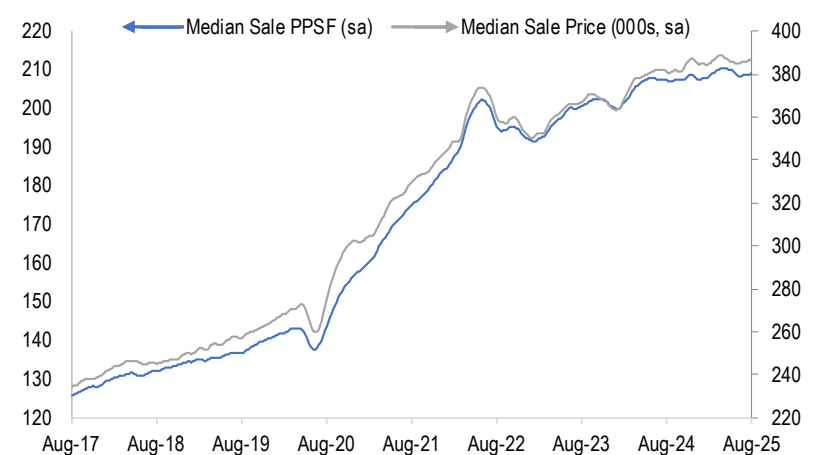
## ... Which Tentatively Reversed the Prior Rise in Months' Supply as Inventory Growth Turned Negative



## Pace of Seasonally Adjusted Home-Price Growth Rebounded Modestly to Start August



## 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	1.3%	0.3%	2.9%	0.1%	7.3%	1.4%	98.8%	-0.5%	-3.9	-10.2	8%	10%	-4%
Atlanta	-2.1%	-0.6%	2.3%	1.4%	8.6%	2.4%	98.2%	-0.3%	20.2	5.6	9%	28%	-2%
Austin	-4.9%	-1.2%	3.0%	4.3%	9.5%	0.8%	97.1%	-0.5%	44.3	30.1	11%	144%	94%
Baltimore	3.6%	1.2%	3.9%	-0.2%	7.5%	1.3%	100.4%	-1.0%	0.2	-9.3	18%	-8%	-28%
Boston	2.8%	-0.5%	3.0%	-3.1%	6.3%	1.3%	101.5%	-1.2%	8.9	7.9	16%	14%	-8%
Chicago	4.2%	0.2%	5.2%	1.2%	4.4%	1.6%	100.2%	-0.3%	7.3	6.3	-3%	-16%	-17%
Dallas	-2.6%	0.1%	-0.4%	2.1%	10.0%	0.9%	97.6%	-0.4%	19.2	4.4	23%	62%	31%
Denver	-2.2%	-0.4%	0.4%	-0.8%	10.9%	0.6%	98.7%	-0.4%	19.7	7.3	21%	117%	64%
Houston	-1.4%	-0.6%	1.9%	1.9%	8.8%	2.8%	96.8%	-0.8%	16.2	-0.3	8%	19%	15%
Los Angeles	-0.4%	-1.1%	1.3%	-0.1%	11.2%	7.3%	99.6%	-1.3%	6.2	-2.8	-42%	-28%	19%
Miami	-1.2%	-1.7%	1.5%	-0.1%	4.3%	0.9%	95.2%	-1.0%	24.1	5.1	19%	57%	1%
Minneapolis	0.3%	-1.5%	2.9%	1.9%	8.2%	2.4%	100.3%	0.1%	1.5	-1.5	3%	15%	5%
Nashville	1.3%	1.9%	5.2%	2.8%	6.6%	1.6%	98.0%	-0.5%	11.8	0.8	4%	28%	19%
New York	3.4%	-2.0%	6.4%	0.5%	4.0%	0.4%	100.9%	0.3%	-31.5	-37.1	9%	-18%	-27%
Phoenix	-1.1%	2.0%	0.8%	1.9%	7.3%	0.2%	97.9%	-0.5%	24.1	10.8	22%	80%	46%
Portland	-0.3%	-0.3%	1.6%	1.0%	8.9%	0.8%	99.3%	-0.4%	11.2	4.2	1%	38%	30%
Riverside	-0.2%	-0.9%	0.9%	0.2%	10.8%	6.3%	98.8%	-0.8%	2.6	-10.5	-33%	-26%	10%
San Diego	-2.1%	-0.8%	-0.4%	-1.6%	9.6%	4.1%	98.8%	-1.0%	11.7	-0.6	-5%	10%	8%
Seattle	-2.3%	-3.0%	2.6%	-1.3%	8.2%	1.4%	99.2%	-1.4%	6.5	-1.8	28%	62%	20%
Tampa	-2.9%	0.6%	4.0%	4.8%	9.2%	-0.3%	97.0%	-0.4%	16.8	4.2	6%	76%	45%
Washington DC	2.2%	0.4%	4.3%	2.1%	6.3%	1.4%	99.6%	-0.9%	16.8	8.1	24%	31%	-1%

Data as of Aug. 3, 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
8/12/25	6:00 AM	NFIB Small Business Optimism	Jul	--	98.9	--	98.6	index, sa
8/12/25	8:30 AM	CPI m/m	Jul	--	0.2	--	0.3	%, sa
8/12/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Jul	--	0.3	--	0.2	%, sa
8/12/25	8:30 AM	CPI y/y	Jul	--	2.8	--	2.7	%, nsa
8/12/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Jul	--	3.0	--	2.9	%, nsa
8/13/25	7:00 AM	MBA Mortgage Applications w/w	Aug 8	--	--	--	3.1	%, sa
8/14/25	8:30 AM	PPI Final Demand m/m	Jul	--	0.2	--	0.0	%, sa
8/14/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Jul	--	0.2	--	0.0	%, sa
8/14/25	8:30 AM	PPI Final Demand y/y	Jul	--	2.5	--	2.3	%, nsa
8/14/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Jul	--	2.9	--	2.6	%, nsa
8/14/25	8:30 AM	Initial Jobless Claims	Aug 9	--	225	--	226	k, sa
8/14/25	8:30 AM	Continuing Claims	Aug 2	--	1,965	--	1,974	k, sa
8/15/25	8:30 AM	Advance Retail Sales m/m	Jul	--	0.5	--	0.6	%, sa
8/15/25	8:30 AM	Empire Manufacturing	Aug	--	0.0	--	5.5	index, sa
8/15/25	8:30 AM	Retail Sales Control Group m/m	Jul	--	0.4	--	0.5	%, sa
8/15/25	8:30 AM	Import Price Index m/m	Jul	--	0.1	--	0.1	%, nsa
8/15/25	8:30 AM	Import Price Index y/y	Jul	--	-0.2	--	-0.2	%, nsa
8/15/25	9:15 AM	Industrial Production m/m	Jul	--	0.0	--	0.3	%, sa
8/15/25	9:15 AM	Capacity Utilization	Jul	--	77.6	--	77.6	sa
8/15/25	10:00 AM	Business Inventories m/m	Jun	--	0.2	--	0.0	%, sa
8/15/25	10:00 AM	U. of Mich. Sentiment	Aug P	--	62.0	--	61.7	index, nsa
8/15/25	10:00 AM	U. of Mich. 1 Yr Inflation	Aug P	--	4.3	--	4.5	nsa
8/15/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Aug P	--	3.3	--	3.4	nsa

## Recent Data Releases

Key economic and housing data releases over the prior 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	55.7	55.2	--	55.2	index, sa
8/5/25	9:45 AM	S&P Global US Composite PMI	Jul F	55.1	54.6	--	54.6	index, sa
8/5/25	10:00 AM	ISM Services Index	Jul	50.1	51.5	--	50.8	index, nsa
8/6/25	7:00 AM	MBA Mortgage Applications w/w	Aug 1	3.1	--	--	-3.8	%, sa
8/7/25	8:30 AM	Nonfarm Productivity q/q	2Q P	2.4	2.0	-1.8	-1.5	%, saar
8/7/25	8:30 AM	Unit Labor Costs q/q	2Q P	1.6	1.5	6.9	6.6	%, saar
8/7/25	8:30 AM	Initial Jobless Claims	Aug 2	226	222	219	218	k, sa
8/7/25	8:30 AM	Continuing Claims	Jul 26	1,974	1,950	1,936	1,946	k, sa
8/7/25	10:00 AM	Wholesale Trade Sales m/m	Jun	0.3	0.1	-0.4	-0.3	%, sa
8/7/25	10:00 AM	Wholesale Inventories m/m	Jun F	0.1	0.2	--	0.2	%, sa
8/7/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Jul	3.1	--	--	3.0	%
8/7/25	3:00 PM	Consumer Credit m/m	Jun	7.4	7.5	5.1	5.1	\$B, sa

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