

HaMMR Digest

Stay current with economic and mortgage market trends.

August 25, 2025

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The Chair Has Spoken

- **Key Takeaway:** A September rate cut is all but assured; extremely compelling data in the interim would be needed to justify for a hold.
- **Macro Implications:** Cutting pace to be measured despite downside labor risks taking priority over upside inflationary pressure from tariffs.
- **Housing Implications:** Near 10-month low for mortgage rates is having limited stimulative impact on sales and refinancing activity.

Macro: Taking Out an Insurance Policy

- “Balance of risks” to the labor market have tilted to the downside.
- Tariffs seen as unlikely to induce inflationary price resetting behavior.
- Jobless claims spike overshadowed stabilization in other activity measures.

Rates: Down We Go

- 10y yield down -8bps to 4.25% with largest drop after Powell’s speech.
- Yield curve bull steepened as markets priced in easier monetary policy.
- Sept. rate cut odds back to ~90%; markets on the fence about 3 cuts by Dec.

Housing: Potential Buyers Need to Make a Decision

- Mortgage rates inched lower w/w alongside rising Fed rate cut expectations.
- Buyers have a decision to make as inventory continues to shrink.
- If current trends sustain, price growth likely to firm into year-end.

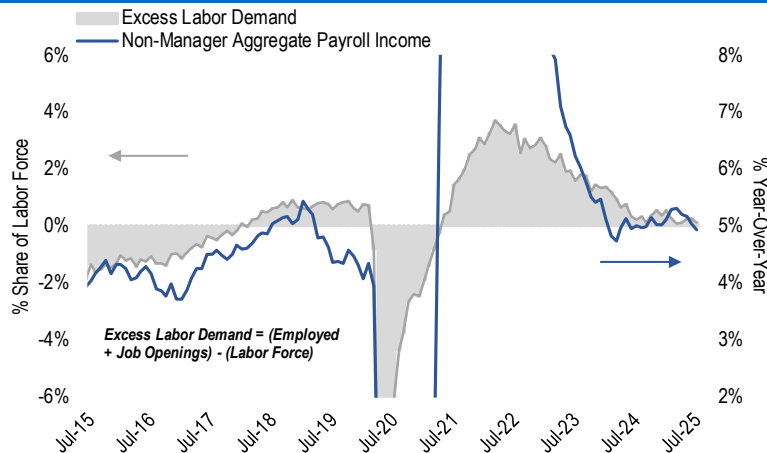
Existing Home Sales: Stabilization? In This Economy?

- Existing home sales rose 2% m/m in July, the strongest gain since February.
- Inventory eased further and is down -6% in the three months to July.
- Month’s supply edged lower in June to 4.16 from 4.35 in June.

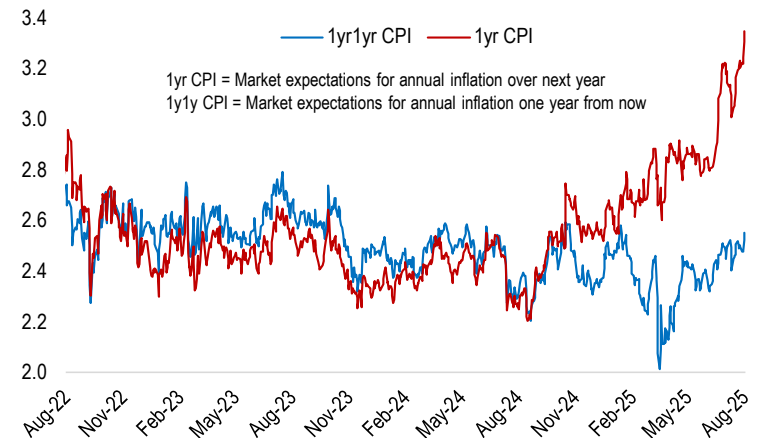
Home Construction: Could Be Worse

- Single-family starts rose 3% in July; prior months revised upward.
- Permitting also increased in July — at best an early sign of stabilization.
- Builder sentiment still depressed, but future expectations held steady.

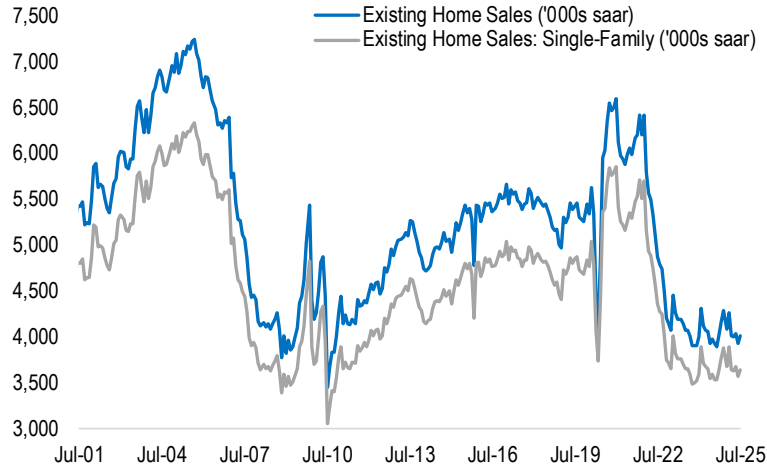
Preventing Further Slide in the Labor Market Conditions Has Taken Prominence



Fed Chair Coming Around to Market View That Tariff Inflation Will Be “Transitory”



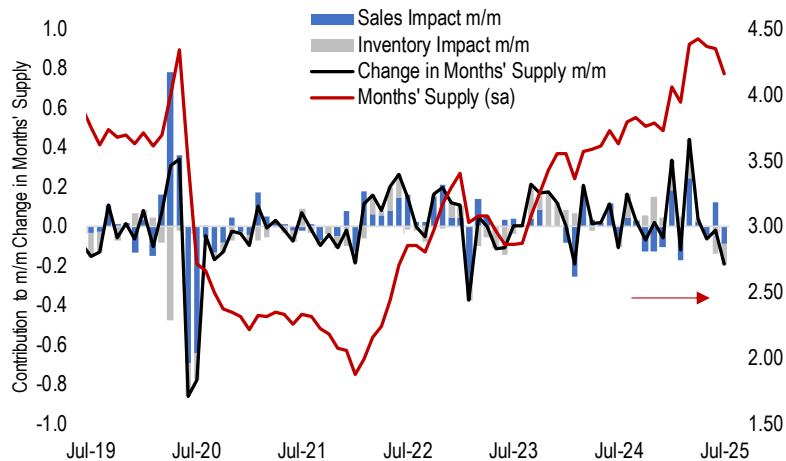
Pullback in Mortgage Rates Will Put a Floor under Home Sales, at a Minimum



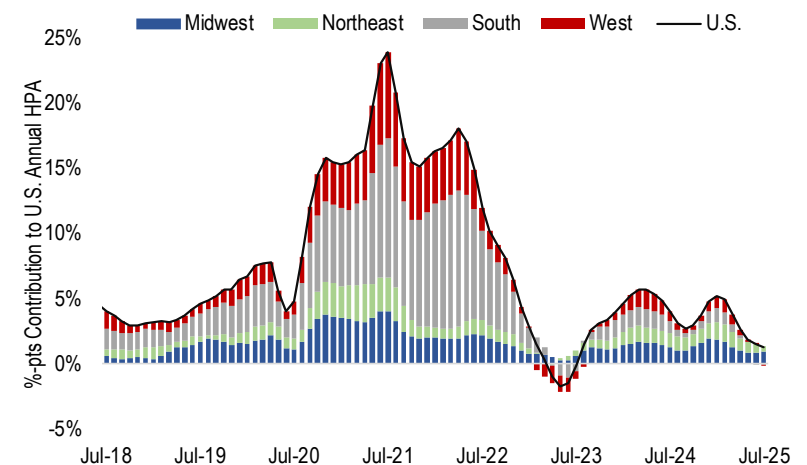
Inventory Declined for Third Straight Month, Bringing Total Listings Back Below 1.4m Units



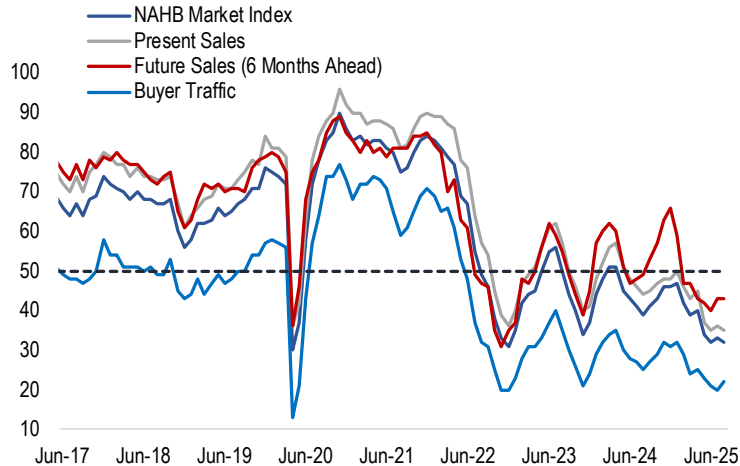
Monthly Change in Months' Supply Retrenched as New Listings Fell below Sales Pace



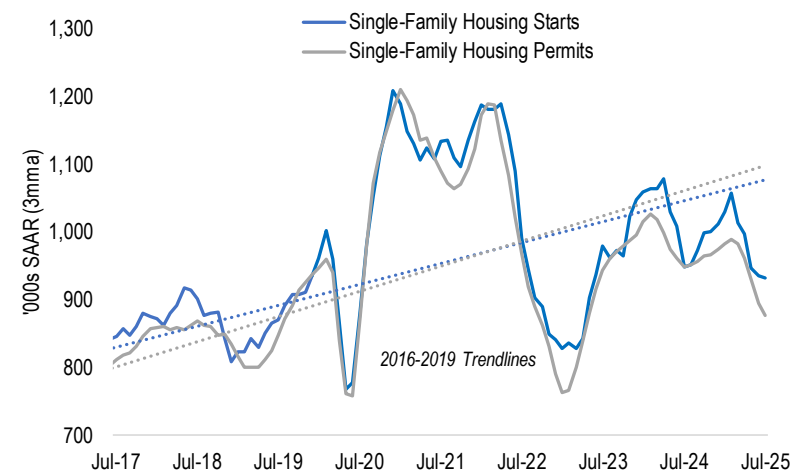
Near-Term Trajectory of Annual Median Sale Price Growth Looking More Balanced



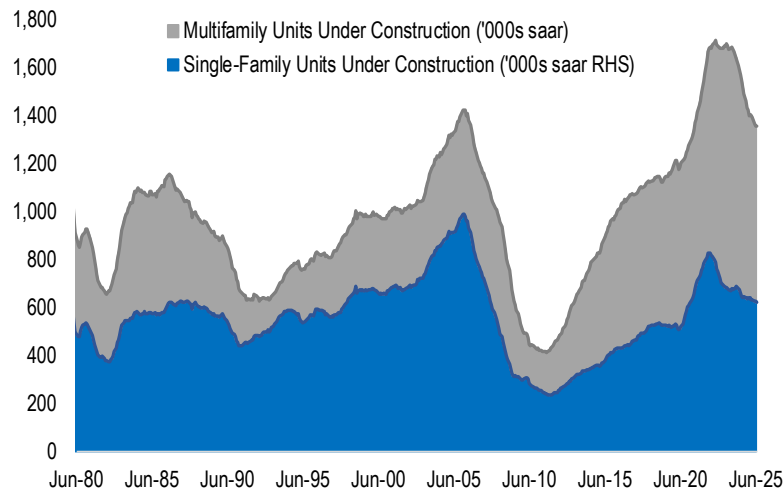
Builder Optimism Remains Low, but Early Signs of Stabilization



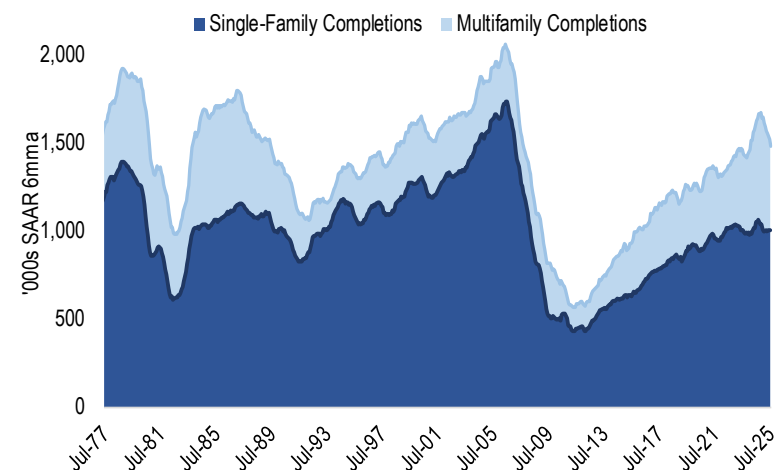
Gain in Starts and Permits for July Fails to Offset Recent Downtrend That Will Remain in Place Near-Term



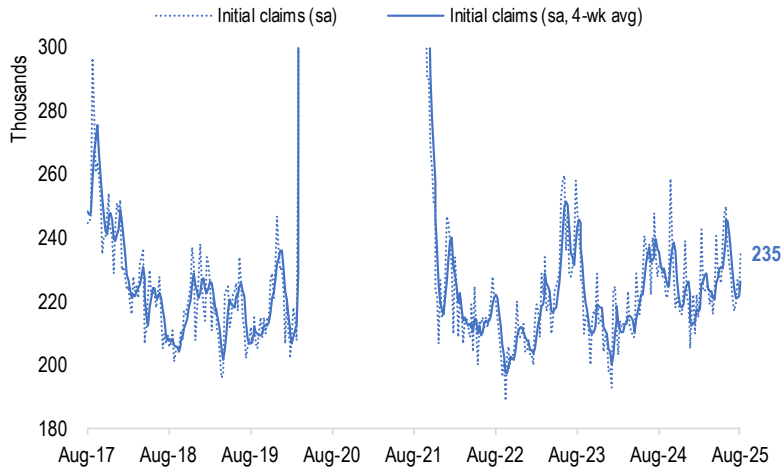
Single-Family Units in the Pipeline Trending Lower as Starts Activity Remained Weak



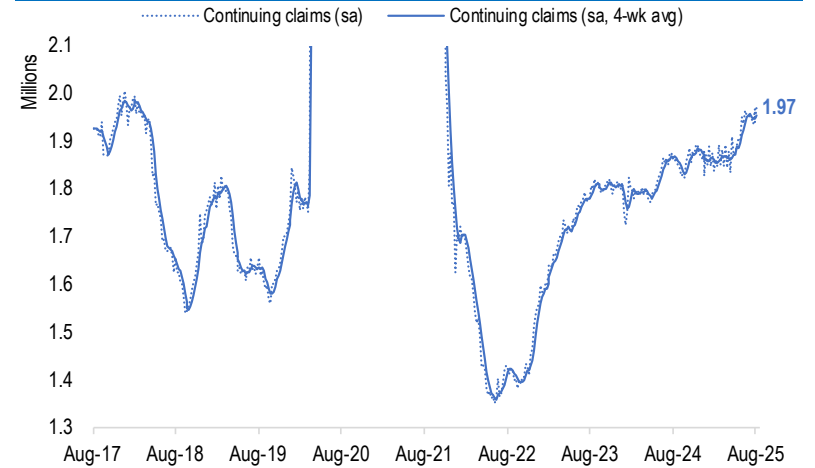
Pace of Completions Set to Slow as Starts and Units under Construction Trend Lower



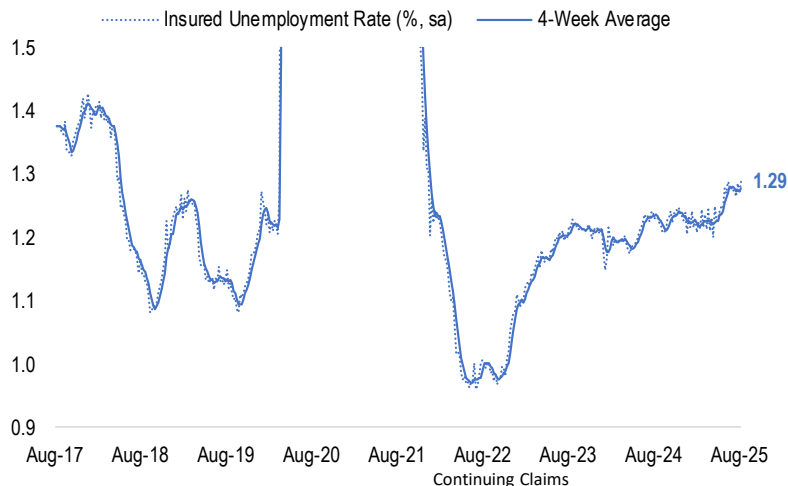
Initial Claims Bounced Back up to 235k (SA) in Week Ending Aug. 16, Turning 4-Week Average Solidly Higher



Continuing Claims Ticked Up to 1,972k SA during Week Ending Aug. 9, Another New Cycle High ...



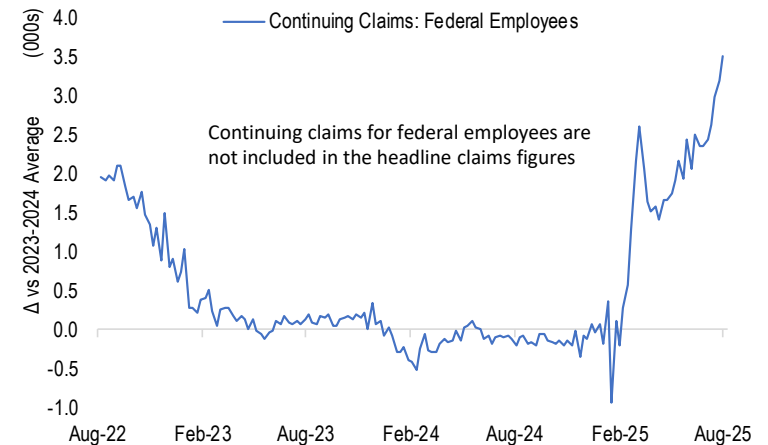
... Which Also Lifted Insured Unemployment to a New Post-Pandemic High As Well



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

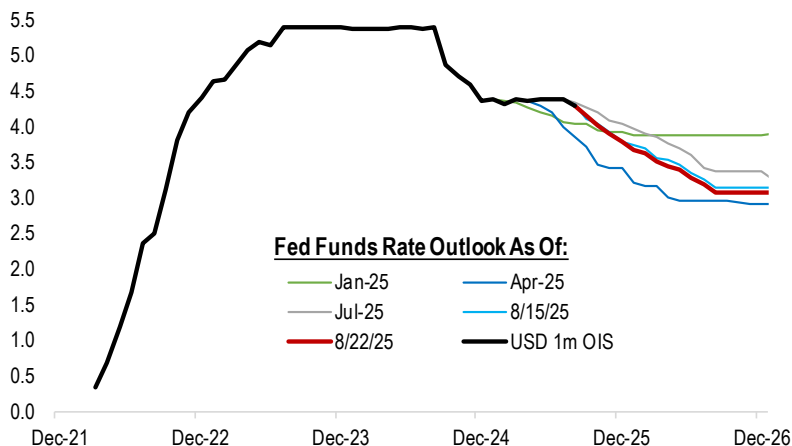
Sources: U.S. Department of Labor, Arch Global Economics

Continuing Claims for Federal Employees Surged to a New Multi-Year High during Week Ending Aug 2

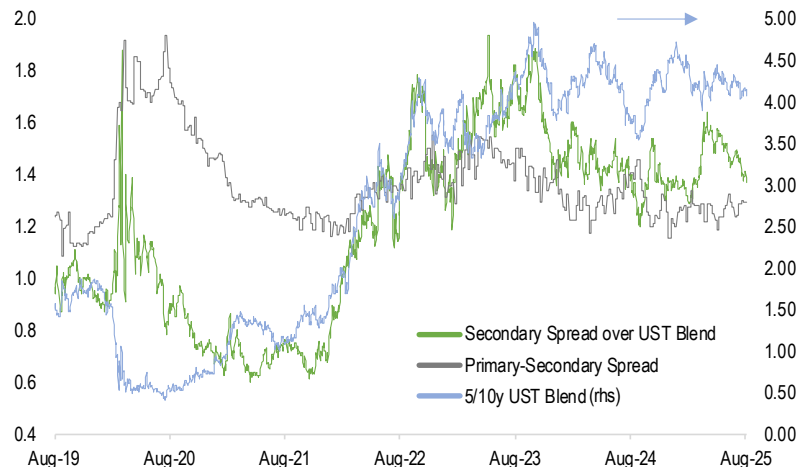


SA = Seasonally Adjusted

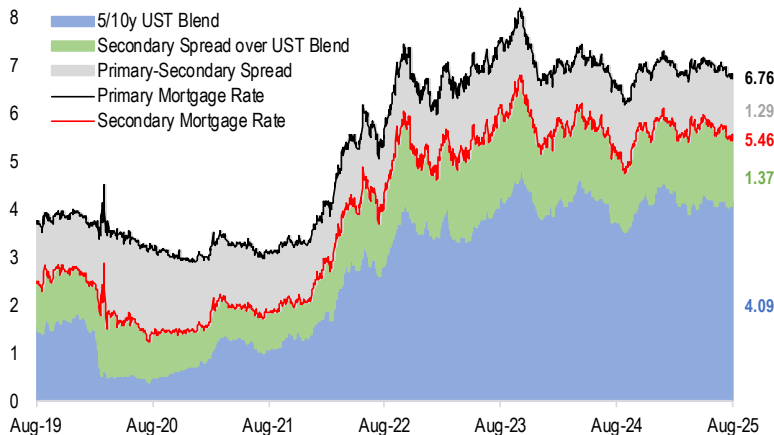
Little Change on the Week with Two Rate Cuts Priced in for '25, Followed by Three More in '26



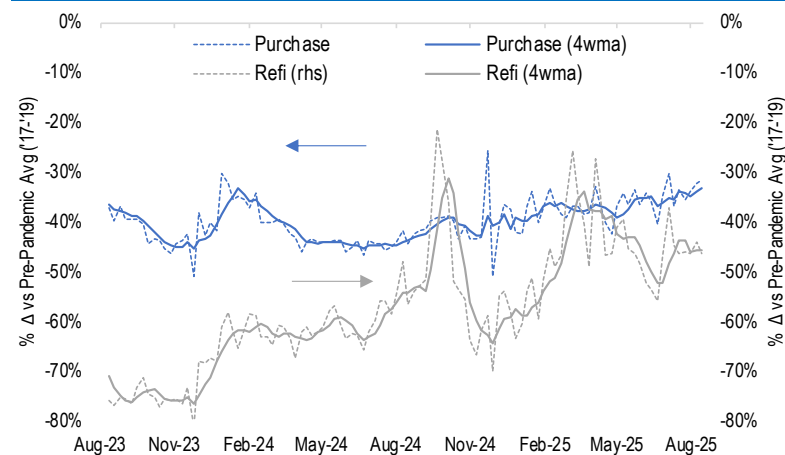
U.S. Treasury Yields Declined -7bps Last Week and Mortgage Spreads Narrowed -1bps...



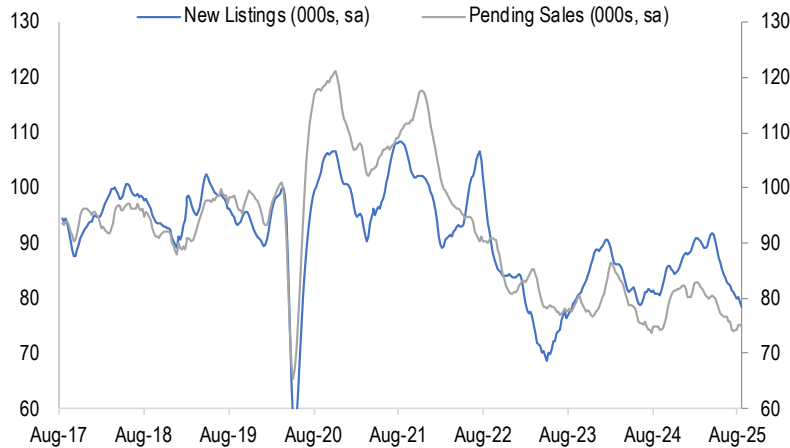
... Which Pulled Mortgage Rates Further below the Average Level for 2025 (~7%), Closer to Mid-6% Range



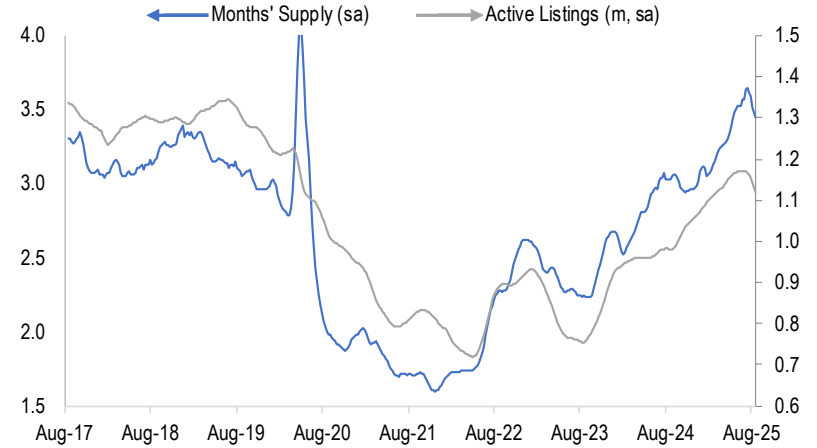
Mortgage Purchase and Refi Applications Continued to Inch Higher as Rates Trended Lower



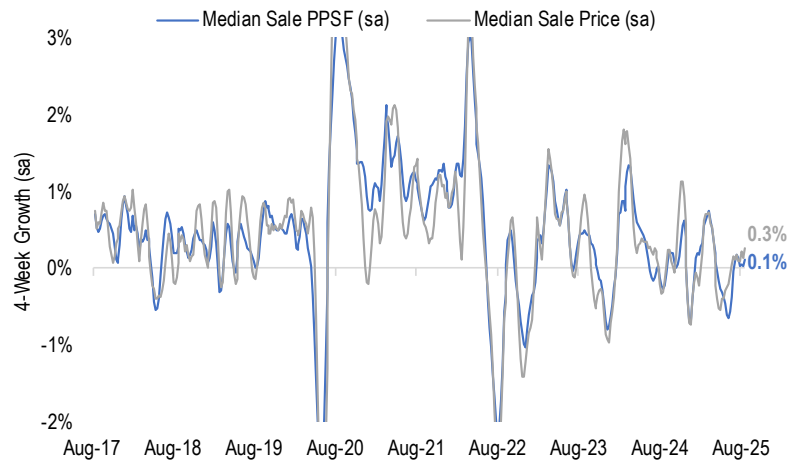
Pending Sales Have Turned Modestly Higher as New Listings Cooled Further ...



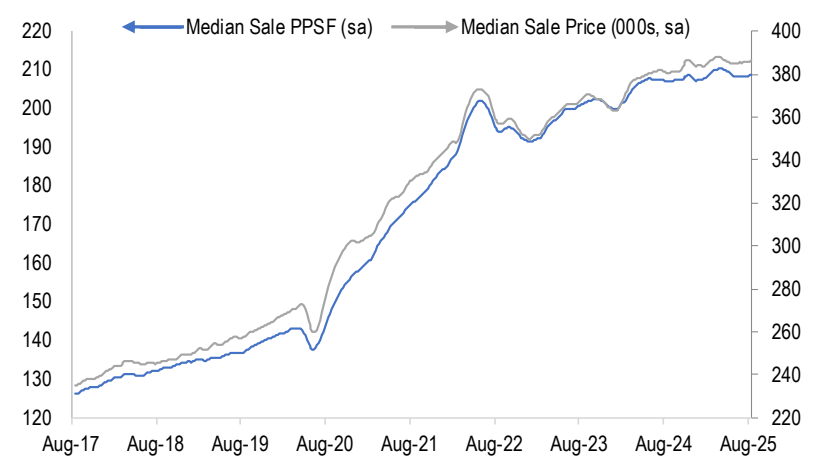
... Causing Market Balance to Tighten Notably over the Past Month as Inventory Continued to Shrink



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	1.1%	0.7%	2.7%	0.4%	6.9%	1.2%	98.7%	-0.5%	-3.9	-10.7	11%	13%	-3%
Atlanta	0.2%	1.4%	1.9%	2.1%	7.9%	2.0%	98.0%	-0.3%	20.0	7.8	10%	20%	-1%
Austin	-3.4%	1.9%	2.6%	3.8%	9.3%	0.9%	97.1%	-0.2%	45.7	31.6	13%	124%	87%
Baltimore	2.2%	0.4%	3.0%	-2.1%	7.2%	1.2%	100.4%	-0.4%	1.0	-8.5	19%	-8%	-28%
Boston	2.2%	-1.8%	4.6%	-0.9%	5.7%	1.1%	101.0%	-0.9%	7.3	5.8	16%	17%	-4%
Chicago	5.8%	1.3%	5.4%	1.4%	4.4%	1.6%	100.1%	-0.2%	5.5	4.5	-3%	-17%	-19%
Dallas	-3.0%	1.2%	-0.6%	1.1%	9.4%	1.3%	97.5%	-0.4%	21.3	8.4	21%	70%	35%
Denver	-1.7%	2.1%	0.0%	-0.3%	10.6%	1.3%	98.6%	-0.4%	21.2	9.9	20%	109%	66%
Houston	-1.6%	-0.5%	2.1%	0.9%	8.6%	2.5%	96.7%	-0.6%	15.8	2.8	6%	21%	13%
Los Angeles	-0.2%	-1.1%	2.8%	1.9%	5.4%	1.7%	99.4%	-1.3%	11.4	-3.8	16%	44%	19%
Miami	0.5%	-3.1%	2.5%	1.0%	4.3%	0.9%	95.3%	-0.9%	24.1	5.3	16%	48%	2%
Minneapolis	0.6%	-1.4%	3.5%	2.4%	8.0%	2.3%	100.1%	0.2%	1.7	-0.9	2%	12%	6%
Nashville	1.9%	2.7%	6.0%	5.3%	5.8%	1.1%	97.8%	-0.6%	11.8	1.1	15%	47%	28%
New York	2.3%	-5.7%	6.3%	1.7%	3.6%	0.4%	100.7%	0.0%	-35.5	-40.5	9%	-18%	-26%
Phoenix	-0.5%	1.9%	1.1%	2.9%	7.2%	0.9%	97.9%	-0.4%	26.9	12.9	21%	82%	58%
Portland	-1.0%	-1.2%	0.9%	0.5%	8.6%	0.6%	99.1%	-0.4%	15.2	4.4	12%	53%	32%
Riverside	-0.9%	-0.7%	0.7%	-0.2%	5.9%	1.6%	98.7%	-0.8%	10.2	-11.5	16%	34%	11%
San Diego	-3.4%	-1.8%	0.9%	0.5%	7.1%	2.0%	98.8%	-1.1%	15.0	-1.2	19%	33%	3%
Seattle	1.3%	1.3%	4.3%	0.0%	7.8%	1.2%	99.3%	-1.0%	8.4	-2.1	24%	54%	21%
Tampa	-1.6%	0.2%	3.1%	4.7%	8.9%	0.1%	96.9%	-0.5%	18.4	4.3	4%	68%	48%
Washington DC	1.4%	0.7%	-0.7%	-2.4%	4.9%	0.7%	99.4%	-0.8%	23.0	8.0	-7%	39%	-1%

Data as of Aug. 17, 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
8/25/25	10:00 AM	New Home Sales	Jul	652	630	656	627	k, saar
8/25/25	10:00 AM	New Home Sales m/m	Jul	-0.6	0.5	4.1	0.6	%, sa
8/26/25	8:30 AM	Durable Goods Orders m/m	Jul P	--	-3.8	--	-9.4	%, sa
8/26/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Jul P	--	0.2	--	-0.8	%, sa
8/26/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Jul P	--	0.2	--	0.3	%, sa
8/26/25	9:00 AM	FHFA House Price Index m/m	Jun	--	-0.1	--	-0.2	%, sa
8/26/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jun	--	-0.2	--	-0.3	%, sa
8/26/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jun	--	2.1	--	2.8	%, nsa
8/26/25	10:00 AM	Conf. Board Consumer Confidence	Aug	--	96.5	--	97.2	index, sa
8/27/25	7:00 AM	MBA Mortgage Applications w/w	Aug 22	--	--	--	-1.4	%, sa
8/28/25	8:30 AM	GDP Annualized q/q	2Q S	--	3.1	--	3.0	%, saar
8/28/25	8:30 AM	Personal Consumption q/q	2Q S	--	1.6	--	1.4	%, saar
8/28/25	8:30 AM	Core PCE Deflator q/q	2Q S	--	2.5	--	2.5	%, saar
8/28/25	8:30 AM	Initial Jobless Claims	Aug 23	--	230	--	235	k, sa
8/28/25	8:30 AM	Continuing Claims	Aug 16	--	1,965	--	1,972	k, sa
8/28/25	10:00 AM	Pending Home Sales m/m	Jul	--	-0.2	--	-0.8	%, sa
8/28/25	10:00 AM	Pending Home Sales y/y	Jul	--	--	--	-0.3	%, nsa
8/29/25	8:30 AM	Personal Income m/m	Jul	--	0.4	--	0.3	%, sa
8/29/25	8:30 AM	Personal Spending m/m	Jul	--	0.5	--	0.3	%, sa
8/29/25	8:30 AM	Real Personal Spending m/m	Jul	--	0.3	--	0.1	%, sa
8/29/25	8:30 AM	PCE Inflation m/m	Jul	--	0.2	--	0.3	%, sa
8/29/25	8:30 AM	PCE Inflation y/y	Jul	--	2.6	--	2.6	%, nsa
8/29/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Jul	--	0.3	--	0.3	%, sa
8/29/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Jul	--	2.9	--	2.8	%, nsa
8/29/25	8:30 AM	Wholesale Inventories m/m	Jul P	--	0.1	--	0.1	%, sa
8/29/25	8:30 AM	Retail Inventories m/m	Jul	--	0.2	--	0.3	%, sa
8/29/25	10:00 AM	U. of Mich. Sentiment	Aug F	--	58.6	--	58.6	index, nsa
8/29/25	10:00 AM	U. of Mich. 1 Yr Inflation	Aug F	--	--	--	4.9	nsa
8/29/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Aug F	--	3.9	--	3.9	nsa

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
8/18/25	10:00 AM	NAHB Housing Market Index	Aug	32	34	--	33	index, sa
8/19/25	8:30 AM	Housing Starts	Jul	1,428	1,297	1,358	1,321	k, saar
8/19/25	8:30 AM	Building Permits	Jul P	1,354	1,386	--	1,393	k, saar
8/19/25	8:30 AM	Housing Starts m/m	Jul	5.2	-1.8	5.9	4.6	%, sa
8/19/25	8:30 AM	Building Permits m/m	Jul P	-2.8	-0.5	--	-0.1	%, sa
8/20/25	7:00 AM	MBA Mortgage Applications w/w	Aug 15	-1.4	--	--	10.9	%, sa
8/20/25	2:00 PM	FOMC Meeting Minutes	Jul 30	--	--	--	--	
8/21/25	8:30 AM	Initial Jobless Claims	Aug 16	235	225	--	224	k, sa
8/21/25	8:30 AM	Continuing Claims	Aug 9	1,972	1,960	1,942	1,953	k, sa
8/21/25	8:30 AM	Philadelphia Fed Business Outlook	Aug	-0.3	6.5	--	15.9	index, sa
8/21/25	9:45 AM	S&P Global US Manufacturing PMI	Aug P	53.3	49.7	--	49.8	index, sa
8/21/25	9:45 AM	S&P Global US Services PMI	Aug P	55.4	54.2	--	55.7	index, sa
8/21/25	9:45 AM	S&P Global US Composite PMI	Aug P	55.4	53.5	--	55.1	index, sa
8/21/25	10:00 AM	Conference Board Leading Index m/m	Jul	-0.1	-0.1	--	-0.3	%, sa
8/21/25	10:00 AM	Existing Home Sales	Jul	4.0	3.9	--	3.9	m, saar
8/21/25	10:00 AM	Existing Home Sales m/m	Jul	2.0	-0.3	--	-2.7	%, sa

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