

An aerial photograph of a residential neighborhood with several houses, green lawns, and trees. A blue diagonal banner is overlaid on the left side of the image, containing the main text.

# HaMMR Digest

Stay current with economic and mortgage market trends.

August 26, 2024

**Parker Ross** — Global Chief Economist  
pross@archgroup.com | 914 216 7270 | [@econ\\_parker](#) on X and [Threads](#)

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

### Ready to (Re)Act

- **Key Takeaway:** Light data week put focus on Fed Chairman Jerome Powell’s Jackson Hole speech where he clearly signaled a Sept. rate cut was on the way.
- **Macro Implications:** Powell’s emphasis that the Fed will not “welcome further labor market cooling” firmly shifts emphasis away from inflation.
- **Housing Implications:** Mortgage rates have mostly adjusted lower to forthcoming Fed rate cuts, only modest upside for home sales over rest of 2024.

### Macro: Waiting for Next Jobs Report (Sept. 6)

- July PCE inflation expected to remain well-behaved this week.
- Rate cut path will be determined by trajectory of unemployment rate.
- Preliminary August PMIs show manufacturing sector losing momentum.

### Rates: Come on Down!

- 10-yr UST down 10bps w/w including a 6bps drop during Powell’s speech.
- Yields unlikely to head notably lower unless economy weakens materially.
- Markets now see neutral Fed rate closer to 3% after clarity about Sept.

### Housing: Mortgage Rates Still in Narrow Band around 6.5%

- Mortgage rates remained range-bound after weeks of trending lower.
- Refi applications pulled back sharply after prior week’s spike.
- Purchase applications were down -8% y/y in the week ending Aug. 16.

### Existing Home Sales: Small Uptick in July

- Sales rose 1.3% m/m in July but were down -2.5% annually.
- Inventory declined for the fourth straight month, by -4.4% (sa) in July.
- Months’ supply up 22% y/y to just 3.5 (sa), par with 2019.

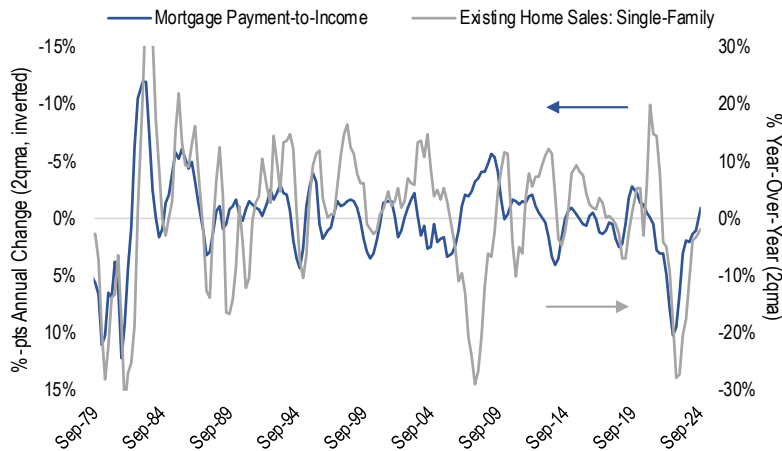
### New Home Sales: Still Hoovering up Market Share

- New home sales surged 10.6% in July, fastest pace since May ‘23.
- Completed inventory months’ supply was flat at 3.6 months.
- Builders remain focused on managing affordability with incentives.

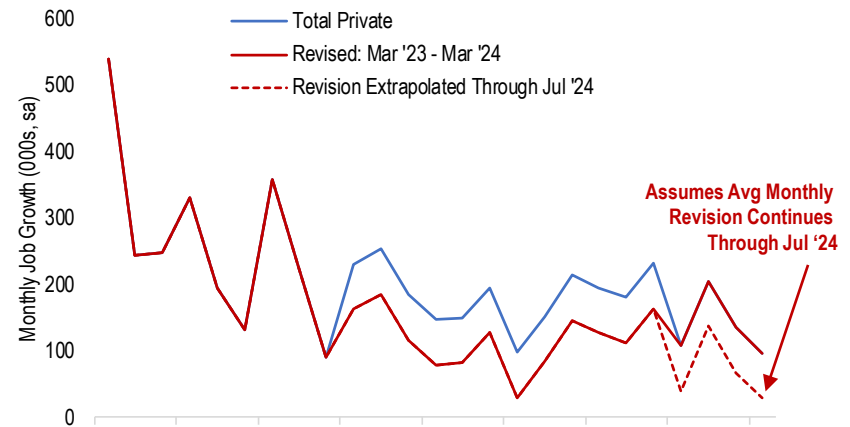
### Benchmark Revisions: Strong Job Growth Downgraded to Solid

- Job growth revised down -819k through Mar ‘24, narrative unchanged.
- Disconnect remains between household and establishment surveys.
- Truth likely somewhere in middle. Either way, labor market is cooling.

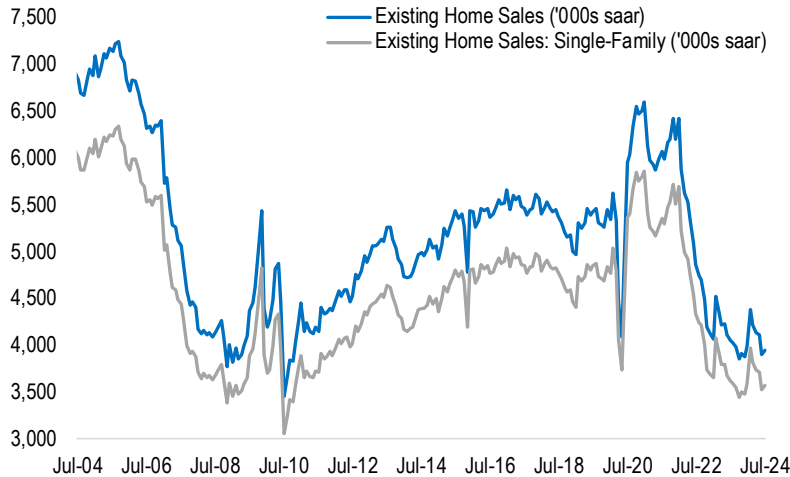
#### Existing Home Sales Have Likely Bottomed Given Improvement in Affordability



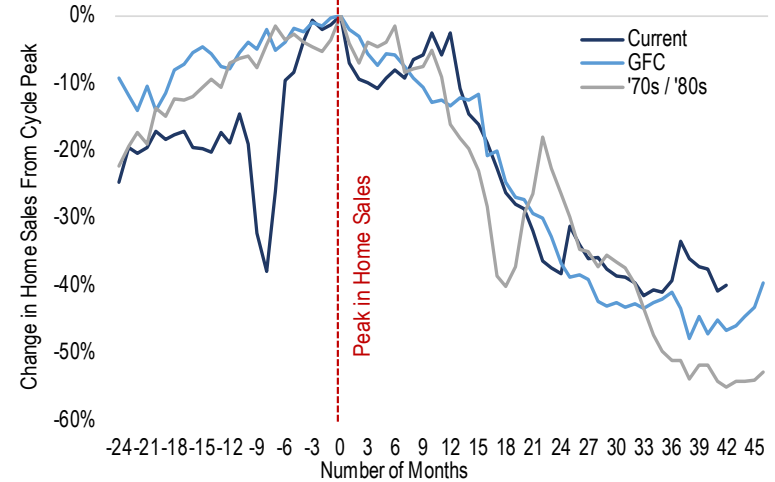
#### Private Job Growth Revised Down by Total of -819k; Recent Trend Notably Weaker If Revisions Extrapolated



**Existing Home Sales Muddling Along at Below-Trend Pace with Only Modest Upside Near-Term**



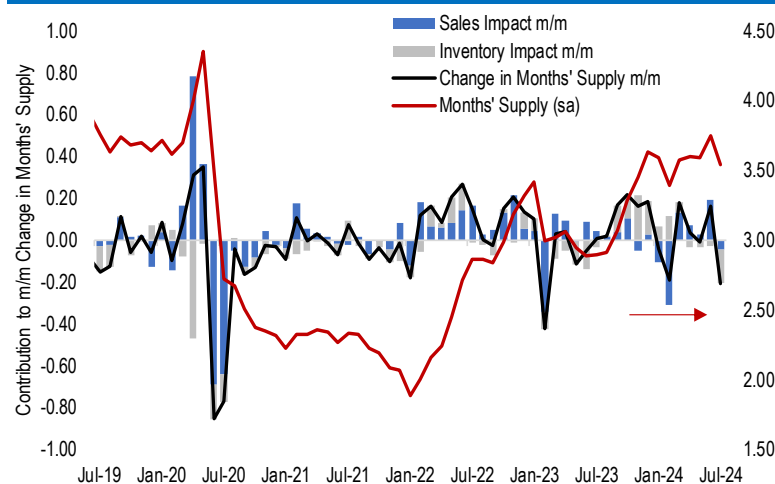
**Existing Home Sales Double-Dipped Lower as More Buyers Sit on the Sidelines**



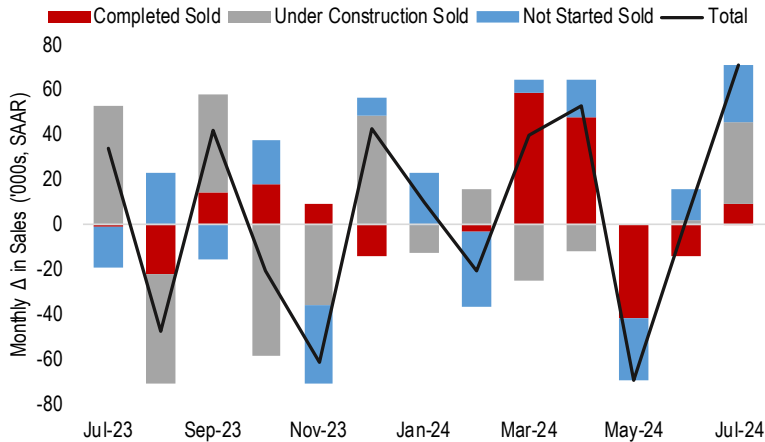
**Inventory Stemmed Its String of Acceleration on an Annual Basis with Overall Level Still Tight Historically**



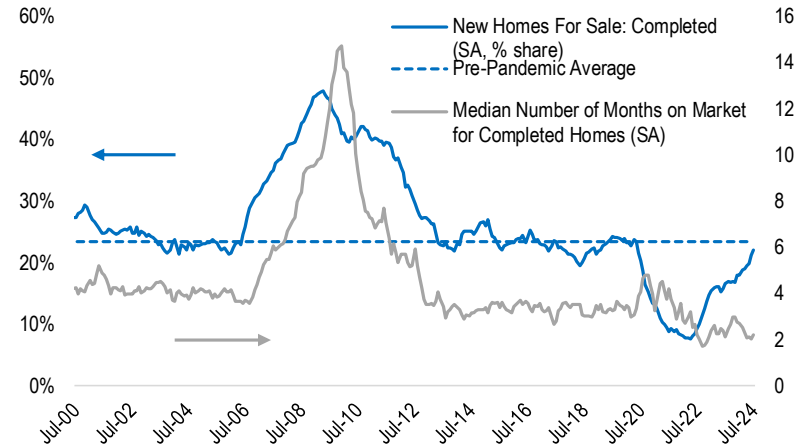
**Pace of Inventory Build Has Lost Momentum, Pulling Down Months' Supply in July**



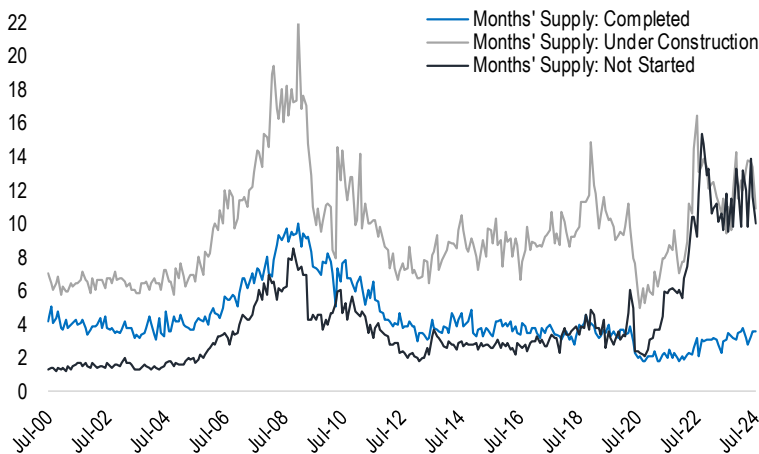
**New Home Sales Rebounded in July Mostly Due to Units "Under Construction"**



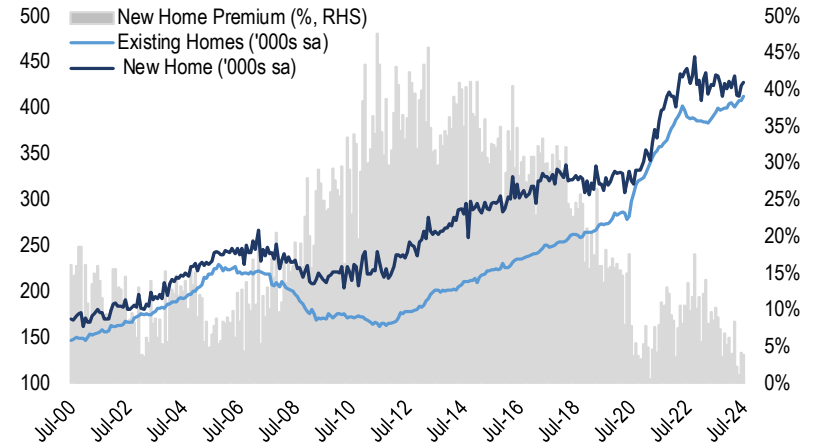
**Completed Homes Rising as Share of New Homes for Sale, but Still Selling Quickly Once Completed**



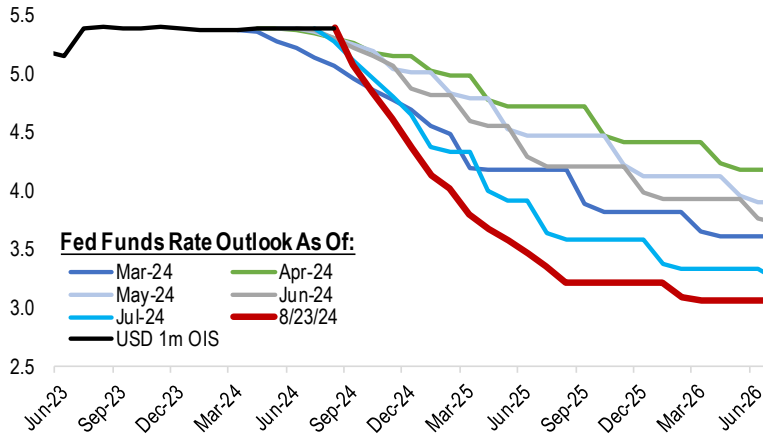
**Months' Supply Fell Across the Board Apart from a "Completed" Segment Remaining Flat**



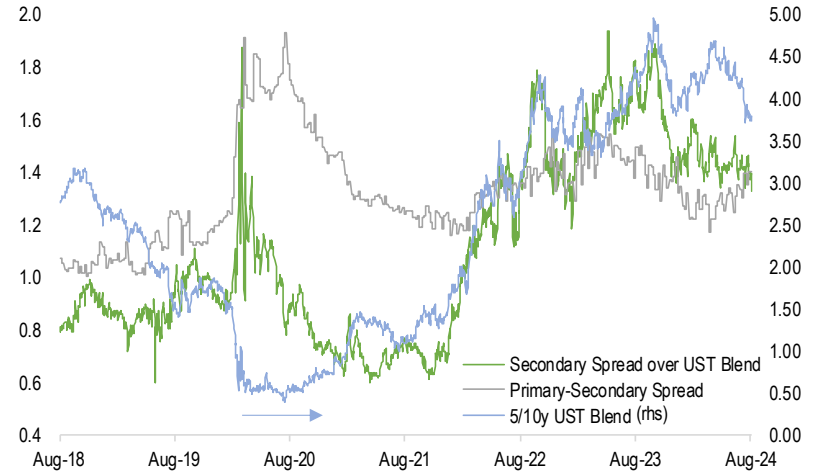
**National New Home Premium Still Under 5% in July Amid Builder Incentives and Shrinking New Home Size**



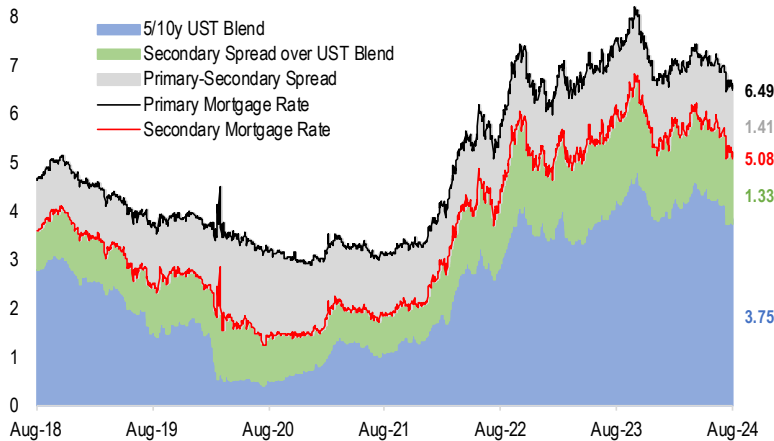
**Powell Clarity Increased Odds of Reaching 3% in '25;  
Less Impact on Magnitude of Sept. Rate Cut**



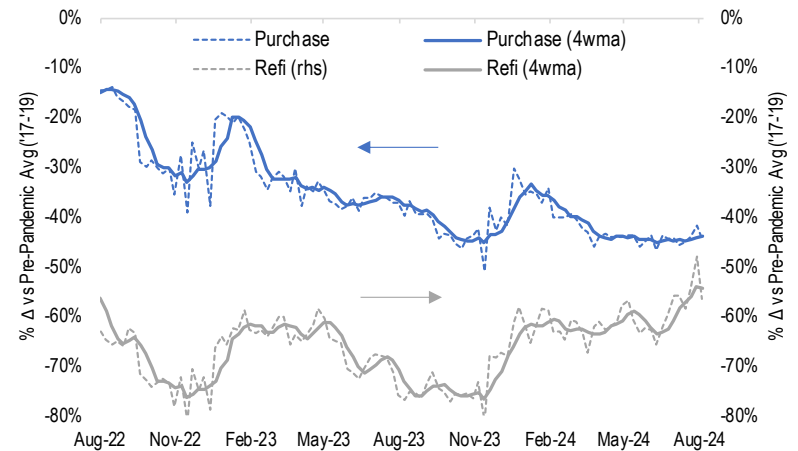
**U.S. Treasury Yields Down Another ~10bps Last Week  
While Combined Mortgage Spreads Narrowed 7bps ...**



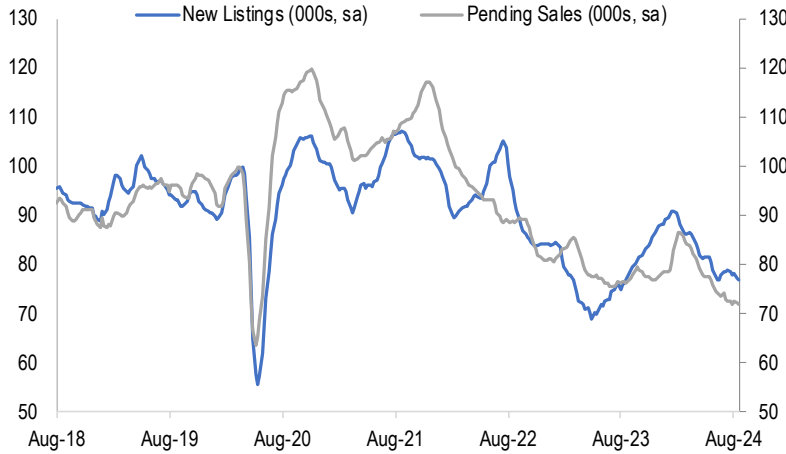
**... Which Pulled Mortgage Rates  
Closer Back Below 6.50%**



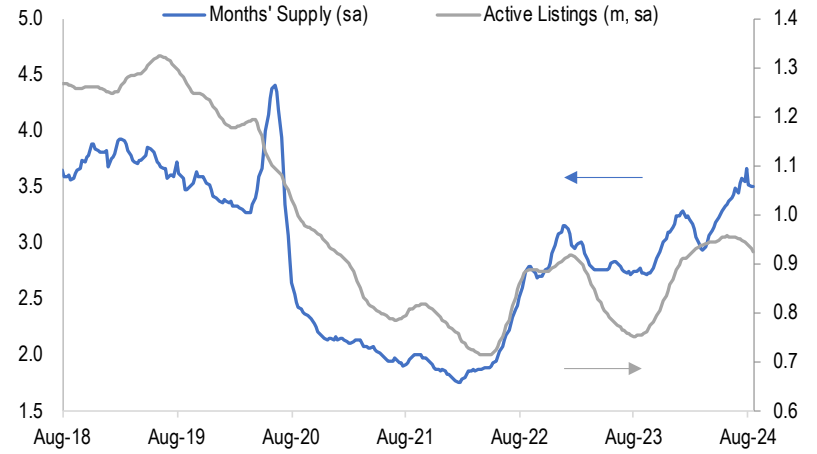
**Mortgage Purchase Applications Cooled After  
Briefly Perking up the Prior Week**



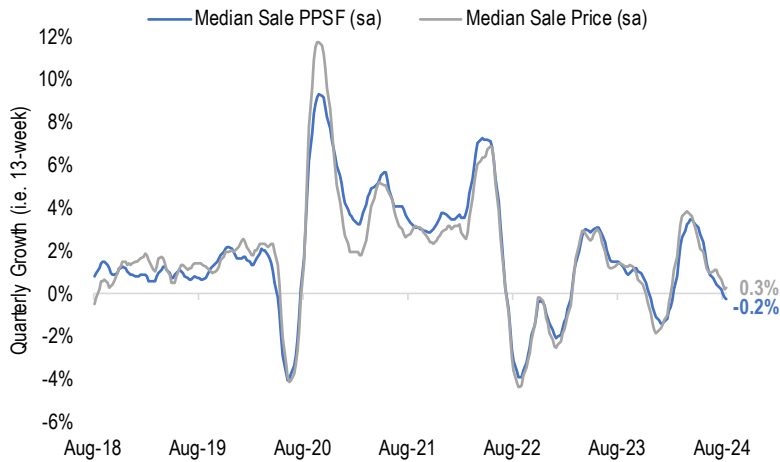
**Pending Home Sales Tentatively Started to Level Off as New Listings Renewed Decline ...**



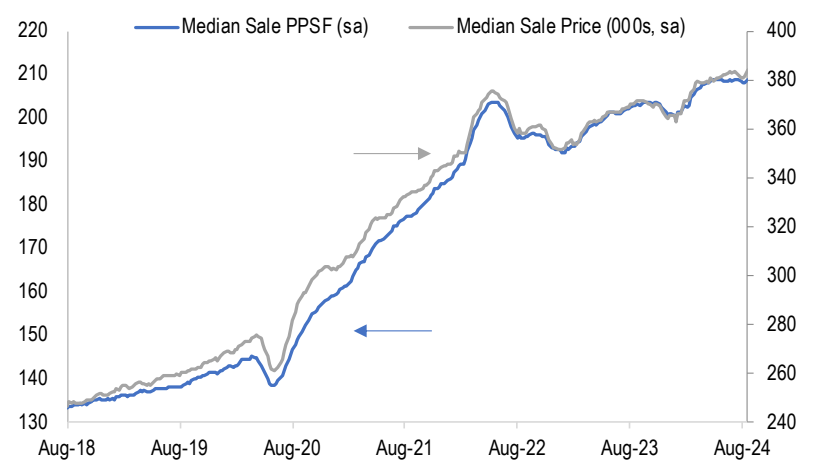
**... Which Pulled Months' Supply Down From Post-Pandemic Peak, in Line with Mid-2019 Market Balance**



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



**... and the Seasonally Adjusted National Median Sales Price/SF Has Turned Modestly Lower Since Early July**

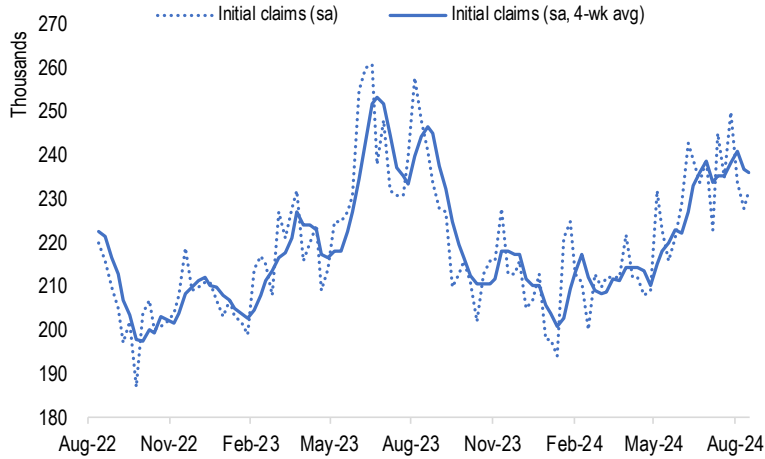


## National Home Price Growth Has Cooled to 3% y/y, with Some Markets Still Declining Outright

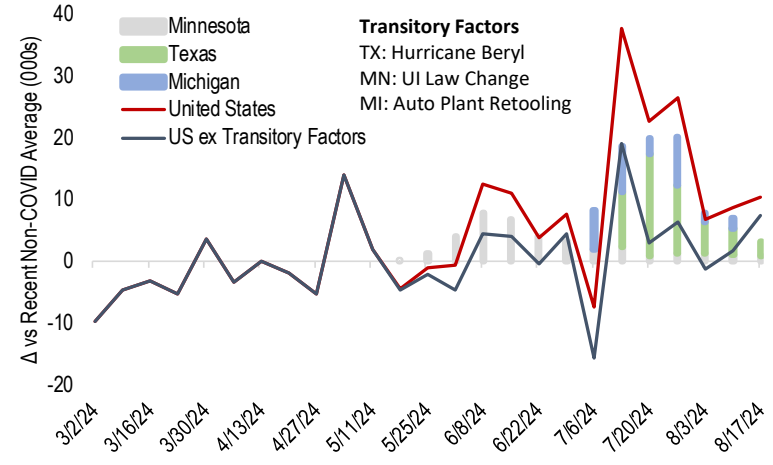
Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	3.0%	-0.8%	5.7%	0.7%	6.9%	1.7%	99.2%	-0.5%	-9.8	-15.3	18%	-3%	-23%
Atlanta	1.3%	-2.6%	4.1%	1.2%	8.0%	2.5%	98.3%	-0.7%	7.5	-5.0	1%	-7%	-15%
Austin	-2.3%	-0.5%	-1.1%	0.5%	9.1%	0.3%	97.4%	-0.3%	34.5	25.8	14%	91%	49%
Baltimore	3.5%	-1.5%	5.0%	0.9%	6.9%	1.6%	100.8%	-0.7%	-8.0	-12.5	17%	-27%	-40%
Boston	2.7%	-3.7%	6.2%	1.8%	5.2%	1.4%	101.9%	-0.9%	5.9	5.4	16%	-4%	-14%
Chicago	5.4%	-2.8%	6.6%	-0.5%	3.9%	1.1%	100.2%	-0.1%	17.8	17.7	-8%	-19%	-16%
Dallas	-0.3%	-1.6%	2.9%	1.4%	9.6%	1.9%	97.9%	-0.8%	7.4	-3.2	33%	30%	-6%
Denver	-0.7%	-2.6%	3.4%	2.6%	10.3%	0.6%	98.9%	-0.8%	10.3	0.3	39%	60%	5%
Houston	0.7%	-2.1%	3.8%	1.5%	8.0%	1.9%	97.4%	-0.7%	2.3	-7.9	17%	9%	-17%
Los Angeles	3.0%	-5.2%	6.3%	-0.6%	4.7%	1.3%	100.7%	-1.1%	-3.1	-7.7	21%	11%	-10%
Miami	4.1%	-2.7%	3.0%	-2.1%	4.4%	1.7%	96.2%	-0.7%	5.7	-7.5	35%	10%	-35%
Minneapolis	2.1%	-0.5%	3.1%	0.9%	7.6%	2.1%	100.0%	-1.2%	-1.7	-6.4	6%	0%	-14%
Nashville	2.2%	-1.2%	4.0%	2.1%	6.6%	1.8%	98.3%	-0.3%	1.1	-4.6	13%	26%	0%
New York	6.4%	-0.4%	10.5%	1.1%	3.6%	0.4%	100.9%	0.5%	-37.0	-32.4	-8%	-22%	-25%
Phoenix	-0.6%	-5.3%	3.1%	0.5%	7.1%	1.1%	98.3%	-0.2%	12.5	-1.0	33%	48%	4%
Portland	0.3%	-0.8%	2.4%	1.8%	9.1%	2.4%	99.5%	-0.5%	4.4	-0.1	13%	23%	1%
Riverside	4.7%	-1.0%	6.9%	0.4%	5.6%	1.3%	99.6%	-0.4%	-11.8	-15.9	17%	1%	-15%
San Diego	5.2%	-3.2%	4.1%	-2.0%	7.0%	2.5%	99.8%	-1.1%	-0.8	-8.5	49%	-2%	-36%
Seattle	4.5%	-4.0%	5.4%	-0.5%	7.7%	1.3%	100.4%	-0.2%	-1.5	-2.8	28%	18%	-11%
Tampa	-0.7%	-1.1%	3.1%	0.7%	10.0%	1.7%	97.4%	-0.7%	6.1	-10.4	59%	47%	-15%
Washington DC	3.8%	-0.8%	4.8%	-1.4%	5.4%	1.2%	100.3%	-0.2%	7.5	3.8	10%	-1%	-16%

Data as of August 18, 2024, and reflects 4-week averages.

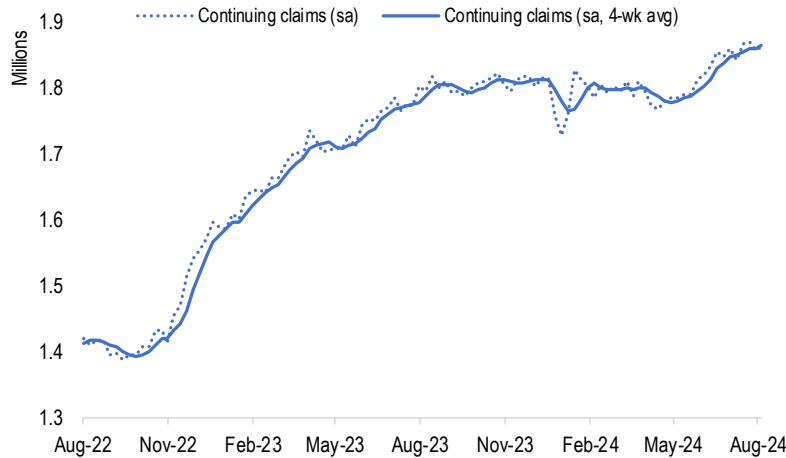
**Initial Claims (SA) Inched Higher as Transitory Factors Have Mostly Faded, Most Notably in Michigan**



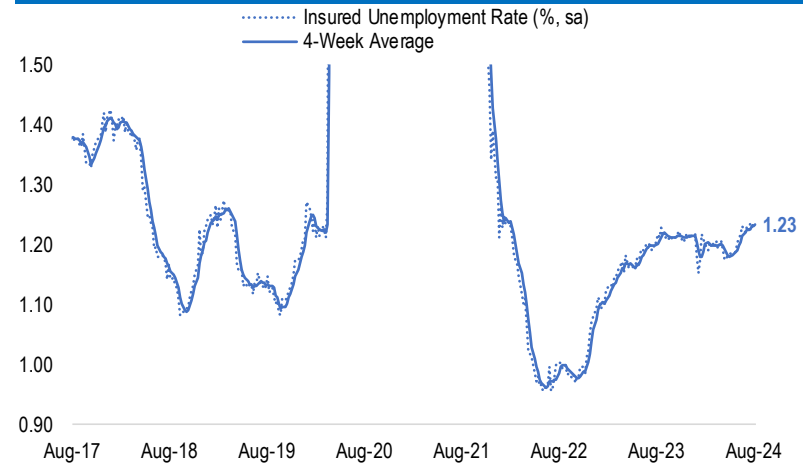
**Excluding Transitory Factors, Jobless Claims Have Increased Only Modestly Since March**



**Continuing Claims Remained in a Multi-Month Uptrend, Boosted Only Modestly by Transitory Factors**



**Insured Unemployment Rate (% of Eligible Workers Claiming Benefits) Has Pivoted Higher as Well**





### UPCOMING DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
8/26/24	8:30 AM	Durable Goods Orders m/m	Jul P	--	5.0	--	-6.7	%, sa
8/26/24	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Jul P	--	0.0	--	0.9	%, sa
8/27/24	9:00 AM	FHFA House Price Index m/m	Jun	--	0.1	--	0.0	%, sa
8/27/24	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jun	--	0.3	--	0.3	%, sa
8/27/24	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jun	--	6.1	--	6.8	%, nsa
8/27/24	10:00 AM	Conf. Board Consumer Confidence	Aug	--	100.9	--	100.3	index, sa
8/28/24	7:00 AM	MBA Mortgage Applications w/w	Aug 23	--	--	--	-10.1	%, sa
8/29/24	8:30 AM	GDP Annualized q/q	2Q S	--	2.8	--	2.8	%, saar
8/29/24	8:30 AM	Personal Consumption q/q	2Q S	--	2.2	--	2.3	%, saar
8/29/24	8:30 AM	Core PCE Deflator q/q	2Q S	--	2.9	--	2.9	%, saar
8/29/24	8:30 AM	Initial Jobless Claims	Aug 24	--	233	--	232	k, sa
8/29/24	8:30 AM	Continuing Claims	Aug 17	--	1,870	--	1,863	k, sa
8/29/24	10:00 AM	Pending Home Sales m/m	Jul	--	0.3	--	4.8	%, sa
8/29/24	10:00 AM	Pending Home Sales y/y	Jul	--	--	--	-7.8	%, nsa
8/30/24	8:30 AM	Personal Income m/m	Jul	--	0.2	--	0.2	%, sa
8/30/24	8:30 AM	Personal Spending m/m	Jul	--	0.5	--	0.3	%, sa
8/30/24	8:30 AM	Real Personal Spending m/m	Jul	--	0.3	--	0.2	%, sa
8/30/24	8:30 AM	PCE Inflation m/m	Jul	--	0.2	--	0.1	%, sa
8/30/24	8:30 AM	PCE Inflation y/y	Jul	--	2.6	--	2.5	%, nsa
8/30/24	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Jul	--	0.2	--	0.2	%, sa
8/30/24	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Jul	--	2.7	--	2.6	%, nsa
8/30/24	10:00 AM	U. of Mich. Sentiment	Aug F	--	68.0	--	67.8	index, nsa
8/30/24	10:00 AM	U. of Mich. 1 Yr Inflation	Aug F	--	--	--	2.9	nsa
8/30/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Aug F	--	--	--	3.0	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
8/19/24	10:00 AM	Conference Board Leading Index m/m	Jul	<b>-0.60</b>	-0.4	--	-0.20	%, sa
8/21/24	7:00 AM	MBA Mortgage Applications w/w	Aug 16	<b>-10.1</b>	--	--	16.8	%, sa
8/21/24	2:00 PM	FOMC Meeting Minutes	Jul 31	--	--	--	--	
8/22/24	8:30 AM	Chicago Fed Nat Activity Index	Jul	<b>-0.3</b>	0.0	-0.1	0.1	index, nsa
8/22/24	8:30 AM	Initial Jobless Claims	Aug 17	232	232	228	227	k, sa
8/22/24	8:30 AM	Continuing Claims	Aug 10	<b>1,863</b>	1,870	1,859	1,864	k, sa
8/22/24	9:45 AM	S&P Global US Manufacturing PMI	Aug P	<b>48.0</b>	49.5	--	49.6	index, sa
8/22/24	9:45 AM	S&P Global US Services PMI	Aug P	<b>55.2</b>	54.0	--	55.0	index, sa
8/22/24	9:45 AM	S&P Global US Composite PMI	Aug P	<b>54.1</b>	53.2	--	54.3	index, sa
8/22/24	10:00 AM	Existing Home Sales	Jul	<b>3.95</b>	3.94	3.90	3.89	m, saar
8/22/24	10:00 AM	Existing Home Sales m/m	Jul	<b>1.3</b>	1.3	-5.1	-5.4	%, sa
8/22/24	11:00 AM	Kansas City Fed Manf. Activity	Aug	<b>-3.0</b>	-9.0	--	-13.0	sa, index
8/23/24	10:00 AM	New Home Sales	Jul	<b>739</b>	623	668	617	k, saar
8/23/24	10:00 AM	New Home Sales m/m	Jul	<b>10.6</b>	1.0	0.3	-0.6	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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