

HaMMR Digest

Stay current with economic and mortgage market trends.

September 8, 2025

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Weirdonomics

- **Key Takeaway:** August employment report retained the soft trend that has been in place since May, but slack is accumulating at a gradual pace.
- **Macro Implications:** Downside risks dominate, making Fed Sept. rate cut a lock, with inclination toward sequential rather than quarterly moves.
- **Housing Implications:** Mortgage rates fell to near 12-month-low amid lower U.S. Treasury yields and additional help from spread compression.

Macro: Welcome to Oz

- Economy is uncomfortably gliding toward slower pace of growth.
- Odd mix: negative payrolls prints, solid income growth, capped unemployment.
- Recession still requires a catalyst that jolts private sector into retrenchment.

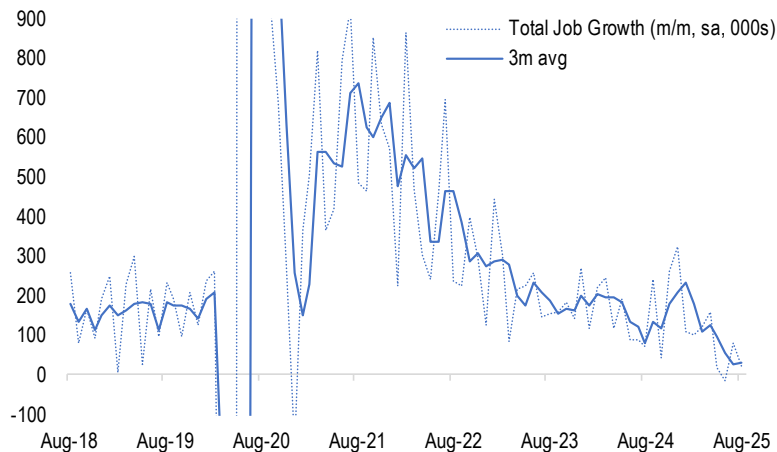
Jobs Report: Not What Bulls Are Made Of

- Unemployment rate climbed to 4.32% in Aug., a new post-pandemic high.
- 3-month job growth averaged just 29k compared to 232k at start of year.
- Even without mass layoffs, the slow pace of hiring risks negative job growth.

Labor Market Turnover: Beveridge Curve Getting Tippy

- Net hiring remained barely positive but prior impulse from smaller firms fading.
- Breadth of hiring across sectors cooled to a multi-month low.
- Cycle-low vacancy rate has historically aligned with rising unemployment.

Job Growth Trend Has Cooled to Barely Positive Territory, a Sharp Deceleration from April's Pace



Housing: Bull-Steepening + Recession Averted = Best Scenario

- Steady Fed cuts + modest growth delivers greatest mortgage rate relief.
- Pending sales show signs of stabilizing, albeit at low levels.
- Inventory continues to pull back, which should put a floor under prices.

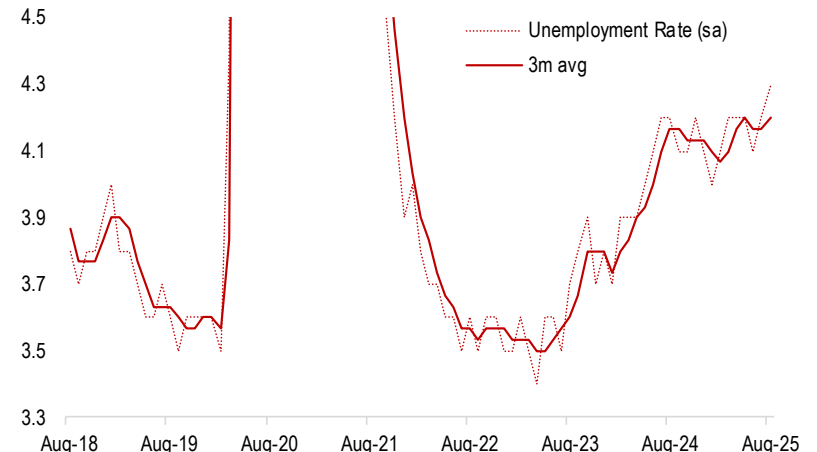
Rates: Nosedive

- 10y UST yields down -16bps to 4.07%; largest drop after jobs report.
- 2y UST yields lowest since Sep '22 as easier monetary policy priced in.
- Markets odds of a 50bps Sept. rate cut surged; terminal rate priced lower.

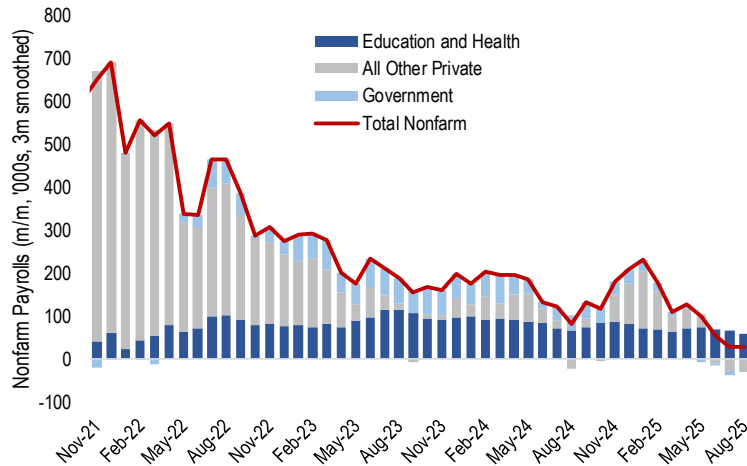
Personal Income and Spending: Households Prioritize Goods

- July real disposable income up 0.2% m/m and 2.0% y/y.
- Real spending rebounded 0.3% m/m driven by outlays for autos.
- Spending to remain choppy; trend will be soft as income growth cools.

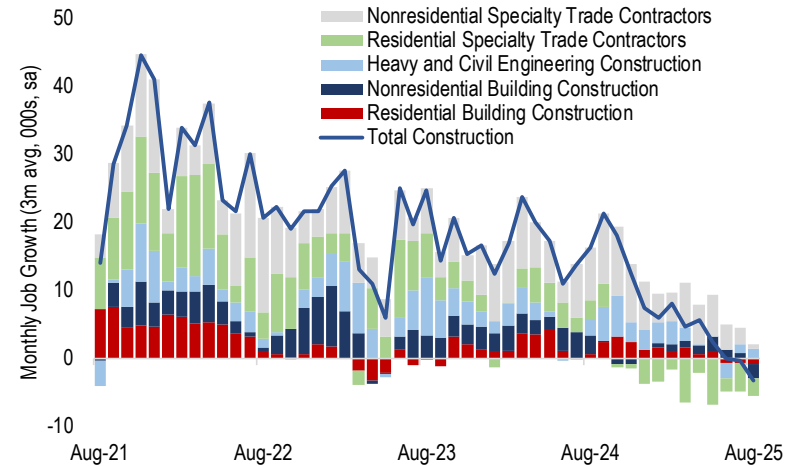
Unemployment Rate Has Resumed Uptrend; Clearly Not All Supply Driven, Which the Fed Will Not Ignore



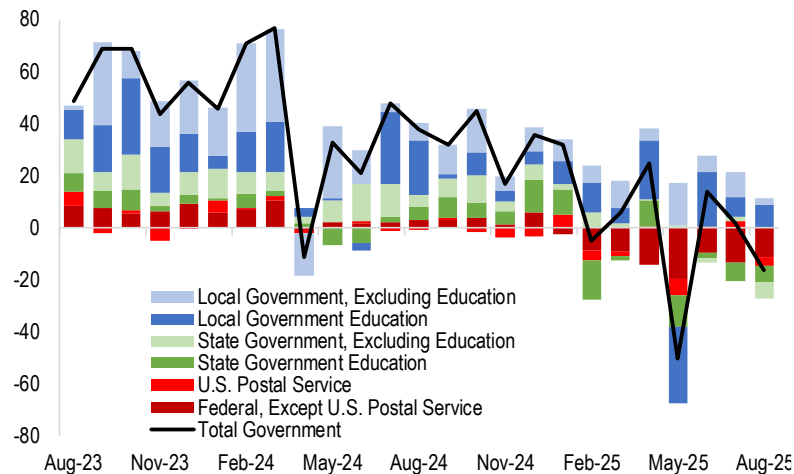
Payrolls Have Declined over Past 3 Months outside of Private Education and Health Services



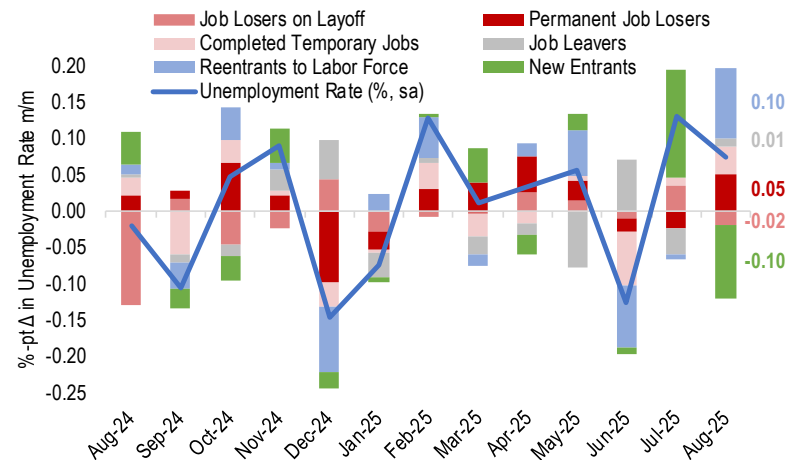
Construction Sector Fell Victim to Downward Revisions; Job Growth Trend Has Turned Solidly Negative



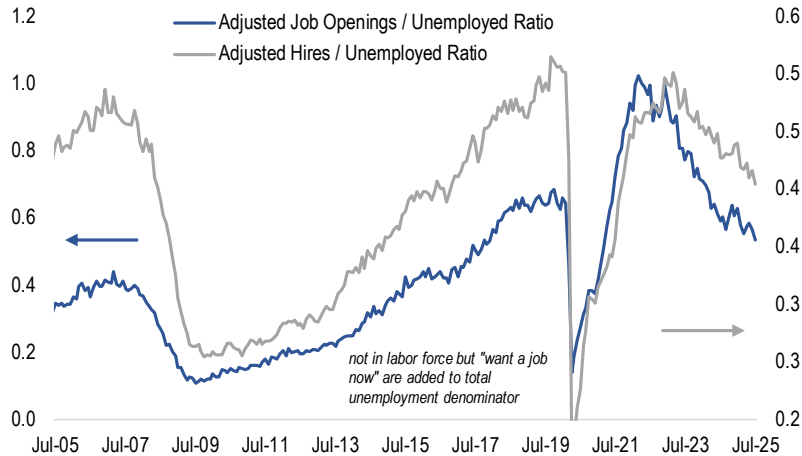
Government Job Growth Tailwind of '24 Has Now Flipped to a Notable Drag in '25



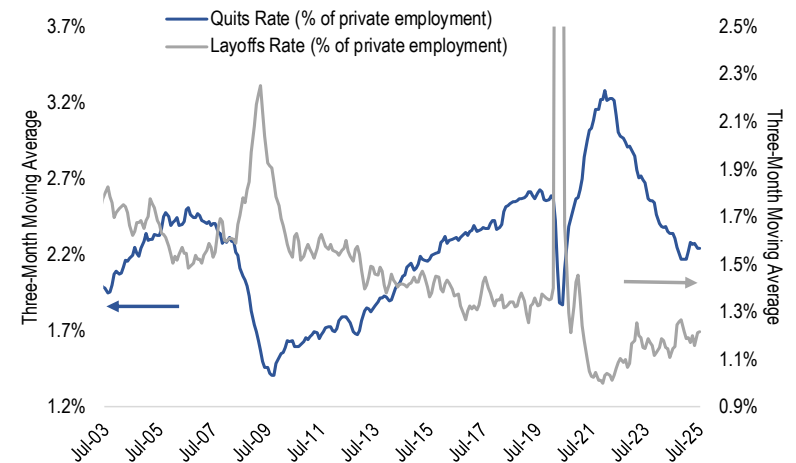
Unemployment Rate Stepped Up Again in August with Notable Upticks for Reentrants and Job Losers



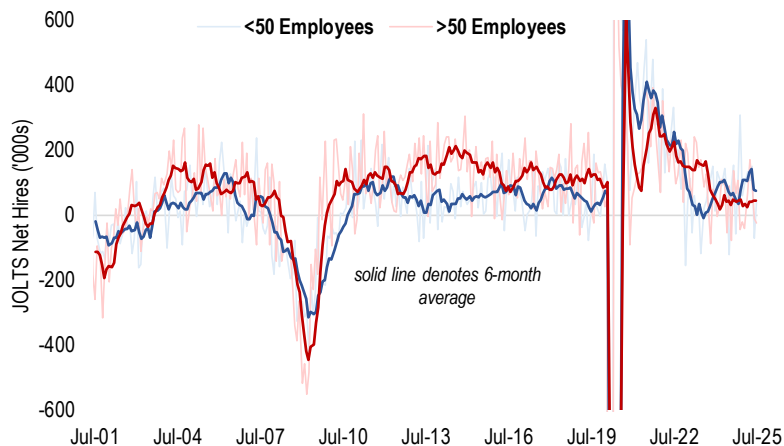
Job Market Reflects Demand Moderation against a Backdrop of an Uncertain Outlook



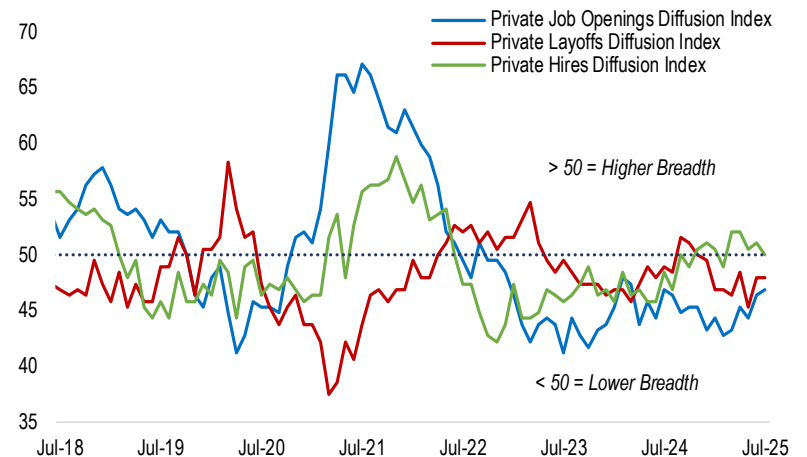
Quits Have Been Roughly Flat While Layoffs Downtrend Has Seemingly Turned Higher



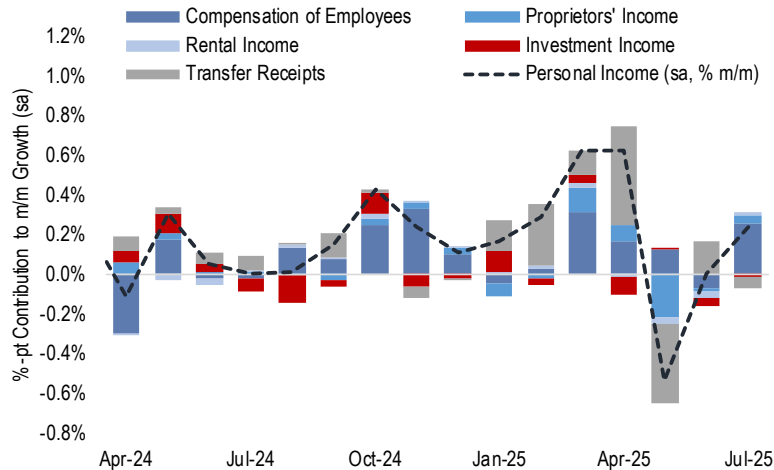
Smaller Firms Had Driven Recent Job Growth, Until Big Step Down in July



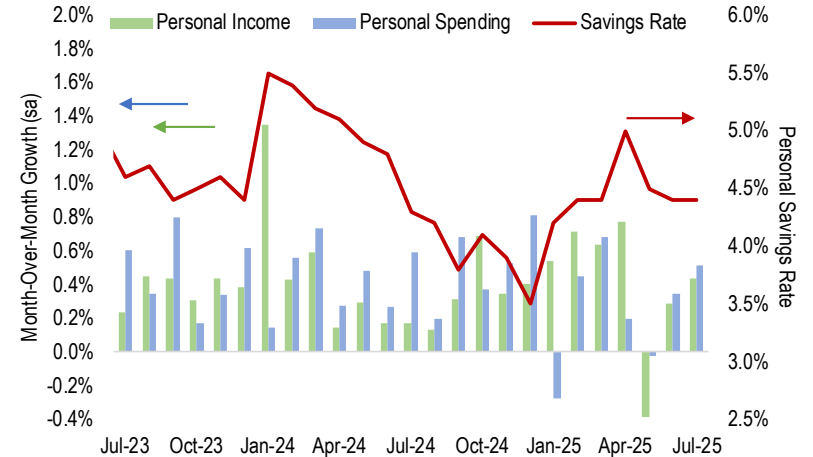
Breadth of Industries Hiring Continued to Shrink, a Key Signal of Cooling Labor Demand



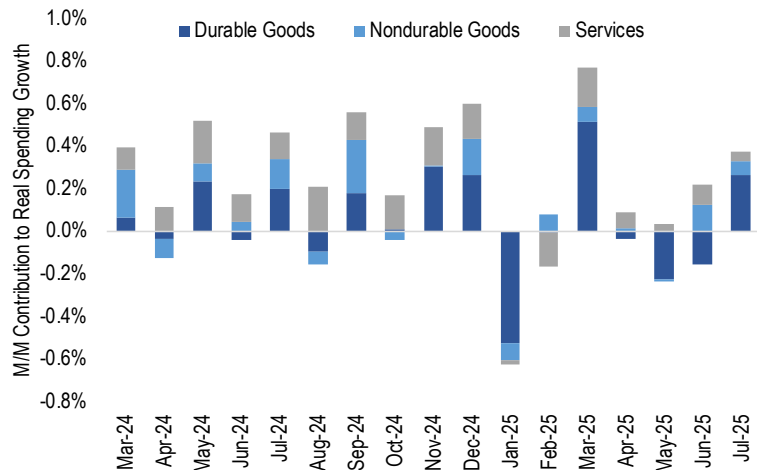
Real Labor Income Growth Rebounded in July Reflecting Bounce in Total Hours Worked despite Weak Hiring



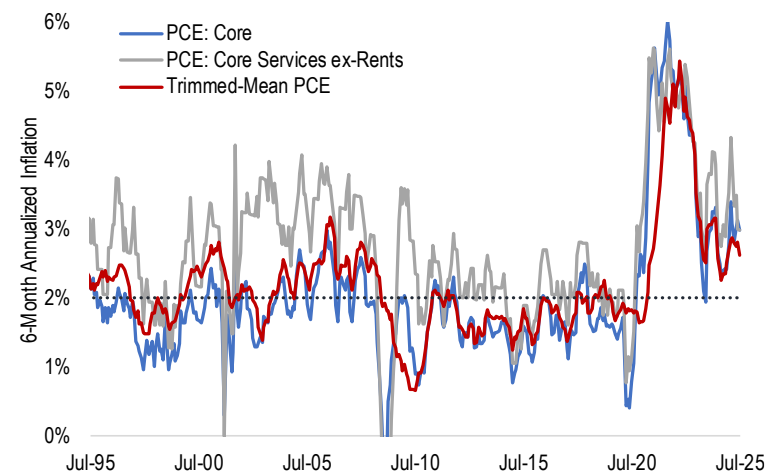
Balanced Spending and Income Growth Left the Savings Rate Steady at 4.4% in July



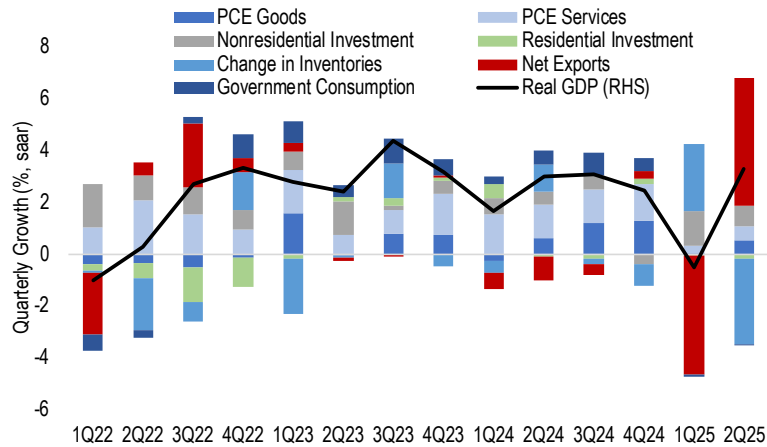
Rebound in Goods Spending Led by Autos and Apparel While Services Outlays Remained on the Weaker Side



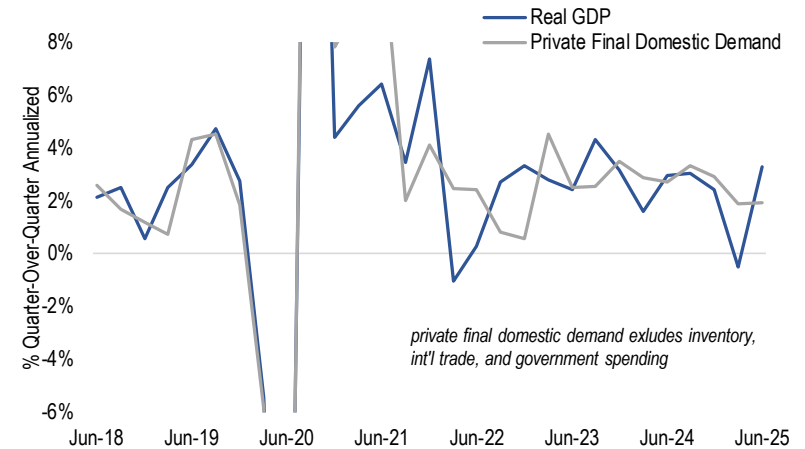
Fed's Preferred Underlying Inflation Measure (Core PCE) Remained Elevated Due to Rebound in Services Prices



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



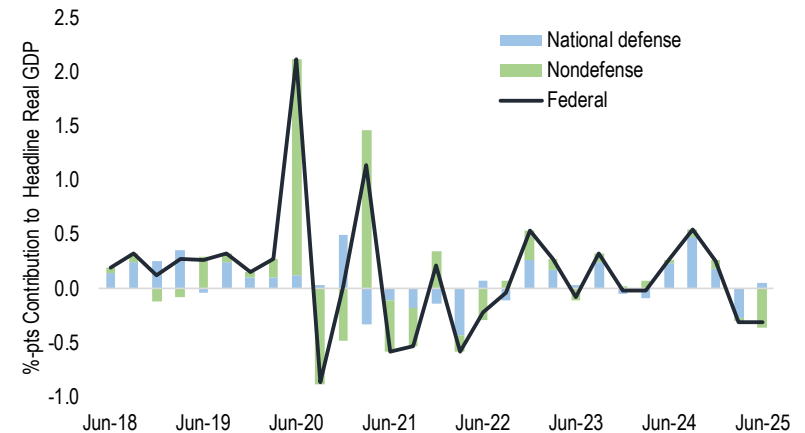
Underlying Trend Growth Was Revised Higher in Second Estimate Largely on Account of Firmer Business Capex



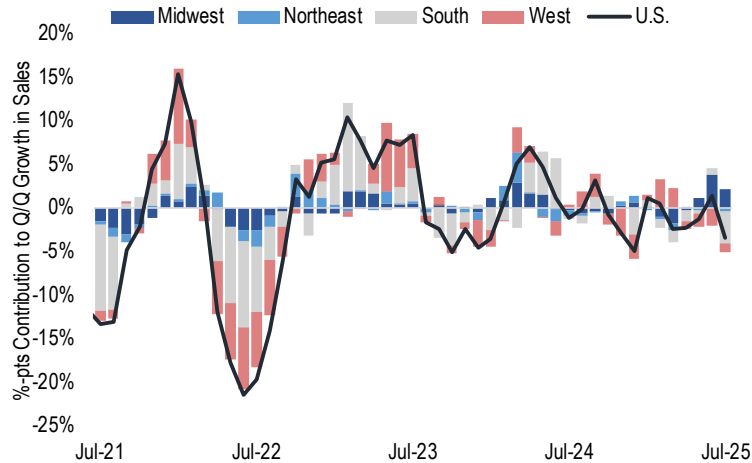
Full Tariff Pass-Through Has Been Limited Due to Inventory Drawdowns in 2Q25



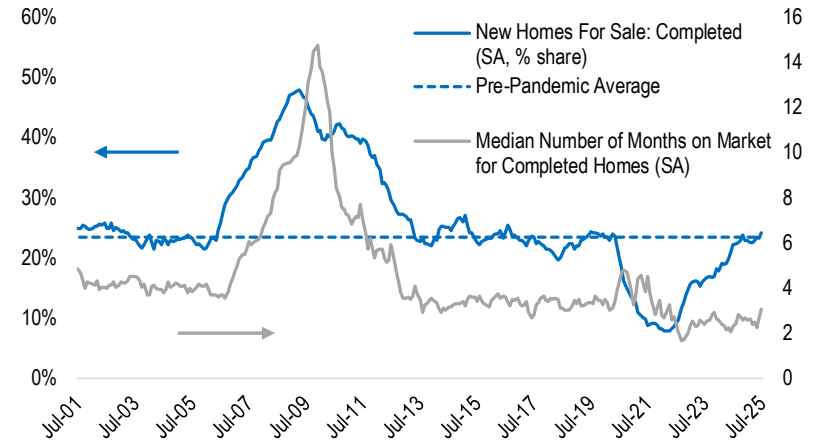
Federal Consumption Remained a Drag on GDP in 2Q25 Led by Non-Defense, Likely Due to Staff Reductions



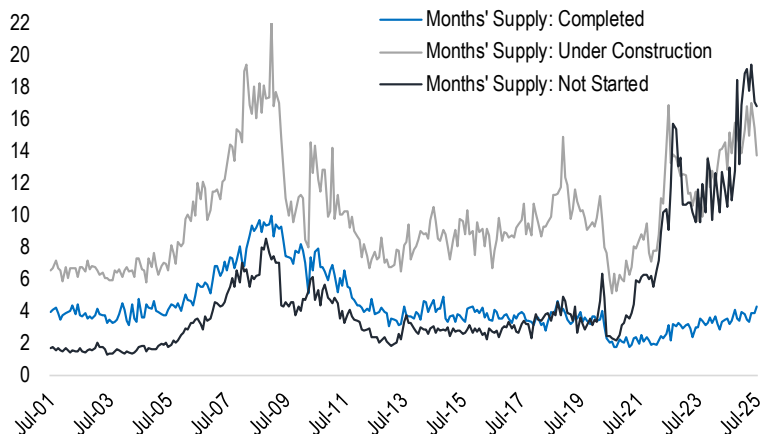
July New Home Sales Slumped with Midwest the Only Region Growing over Past 3 Months



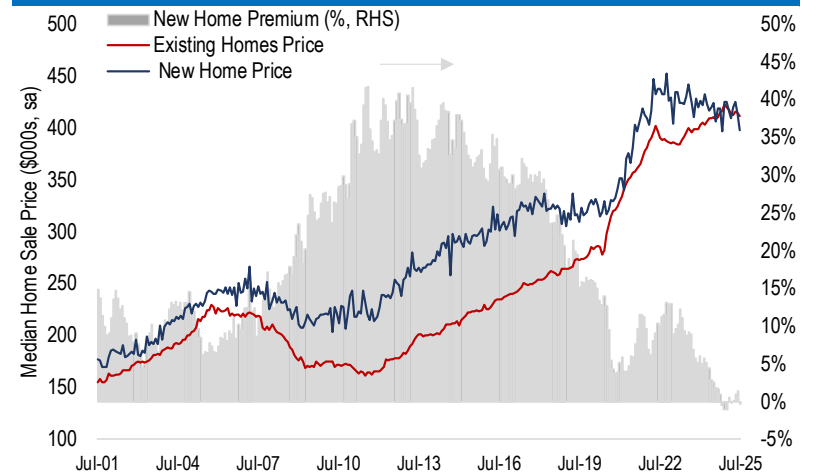
Completed Homes' Share of New Homes for Sale Rising Again, Now Sitting Just above Pre-Pandemic Norm



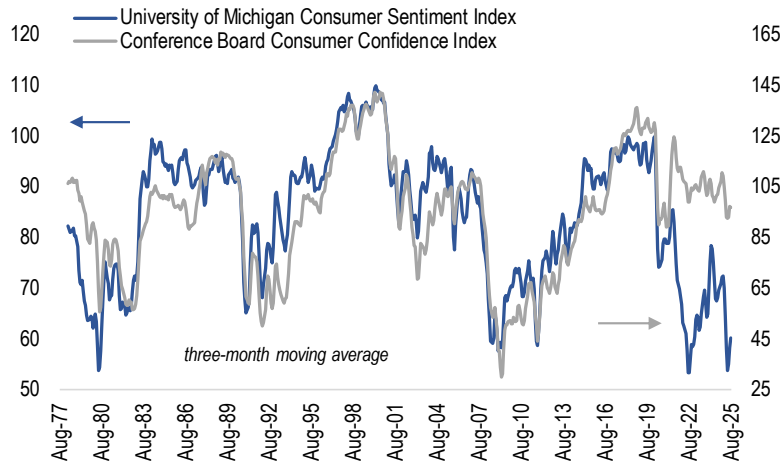
Months' Supply Remained Most Elevated for "Not Started" and "Under Construction" Segments



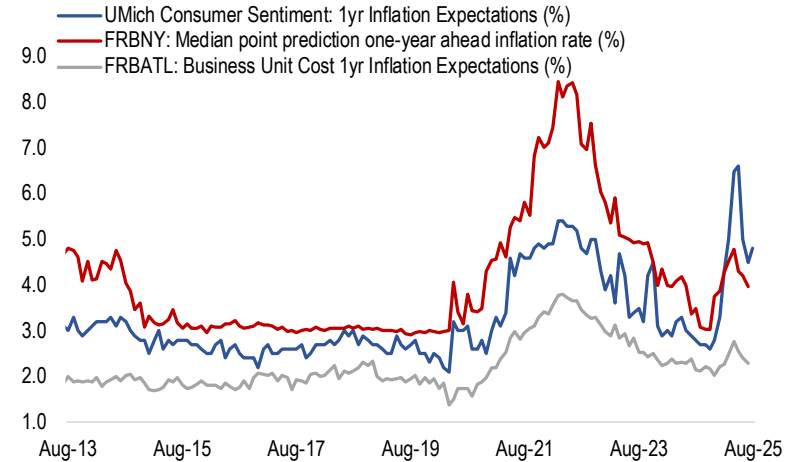
National New Home Premium over Existing Home Prices Has Vanished in 2025



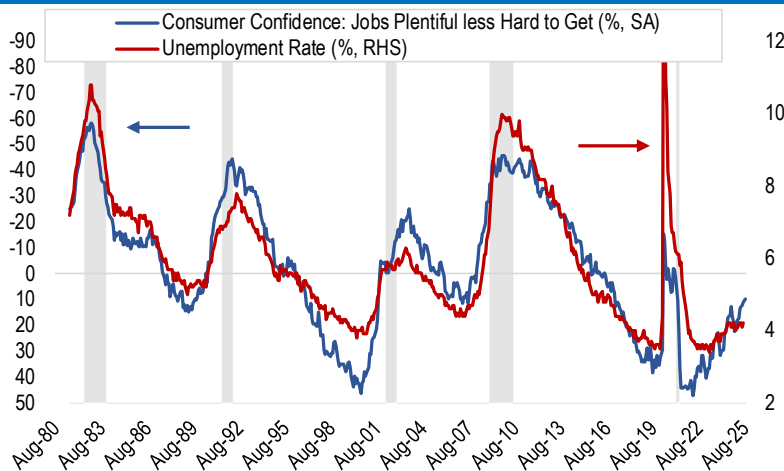
Consumer Sentiment Unwinding Some Prior Anxiety, Most Weakness Still Emanating from “Expectations”



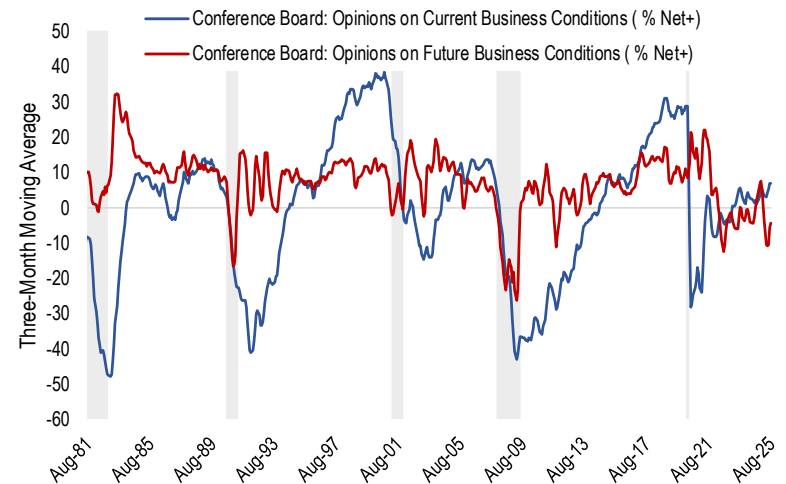
Consumer Expectations for a Drastic Inflation Surge Has Receded but Remain Elevated



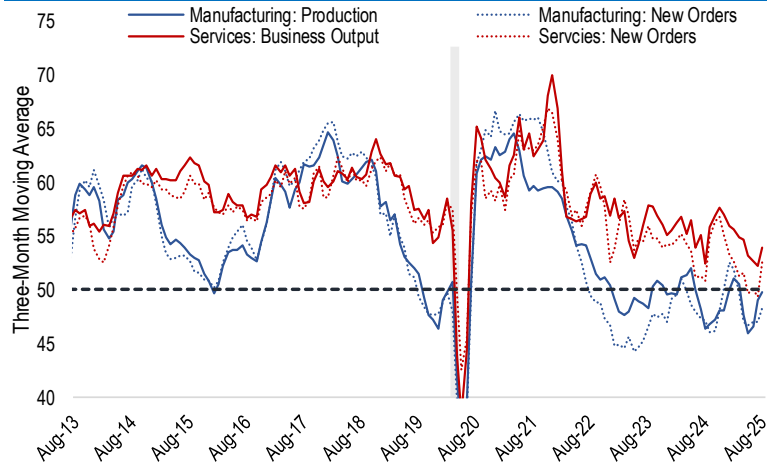
Consumer Perceptions of Current Labor Conditions Suggest More Upward Pressure on Unemployment Rate



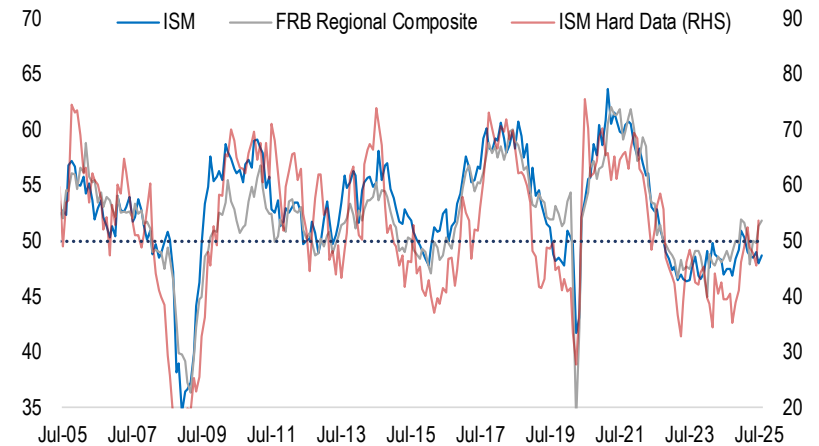
Consumer Outlook on Future Business Conditions Less Downbeat Than Recent Months



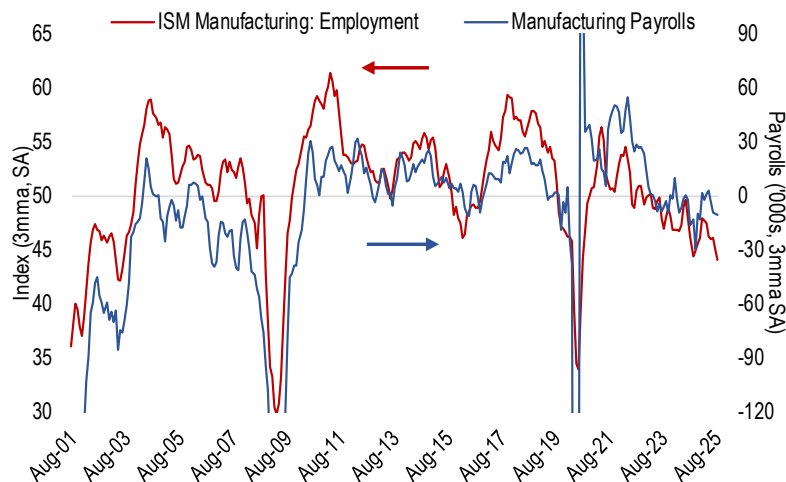
Manufacturing Output Brushed Off Front-Loading Concerns While Services Output Also Firmed



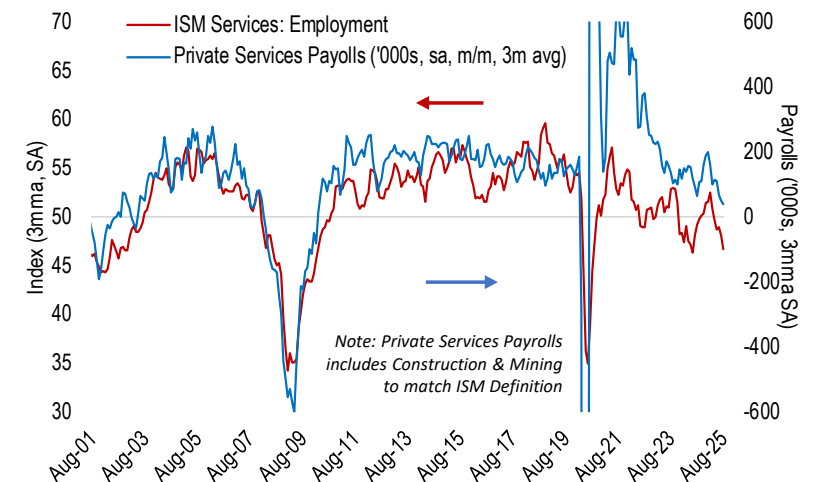
ISM "Hard Data" Confirming That Industrial Output Has Been More Resilient Than Expected



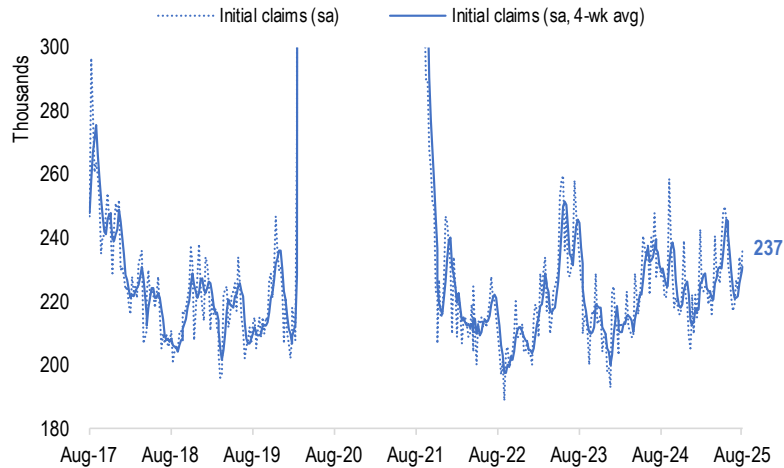
Manufacturing Payrolls Started Following the Pivot Lower in the ISM Employment Index



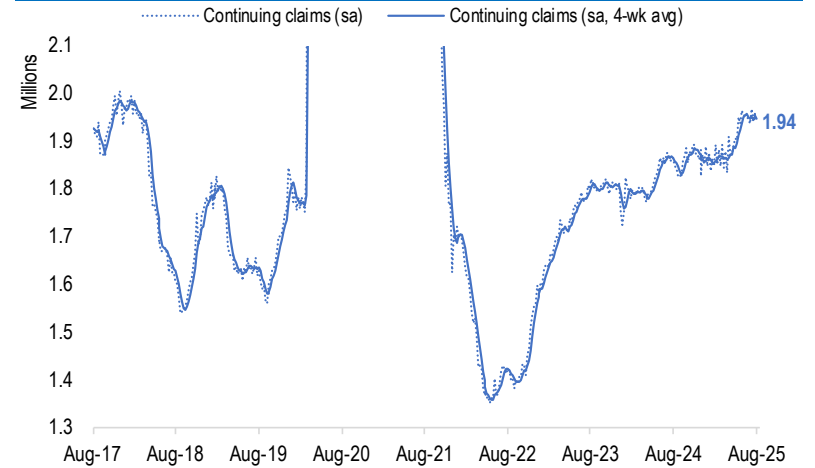
ISM Services Employment Reflects More Weakness Than Services Payrolls but Directionally Congruent



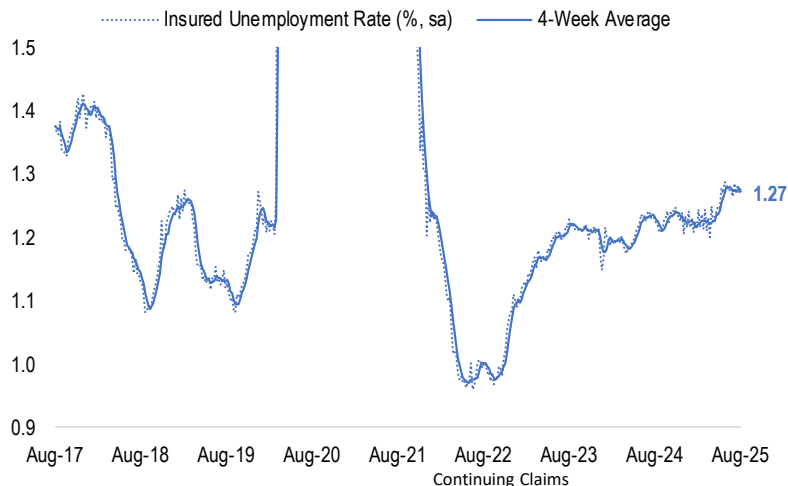
Initial Claims Bounced Back Up to 237k (sa) in Week Ending Aug. 30, Turning 4-Week Average Solidly Higher



Continuing Claims Ticked Down to 1,940k (sa) during Week Ending Aug. 23, Just below Cycle High ...



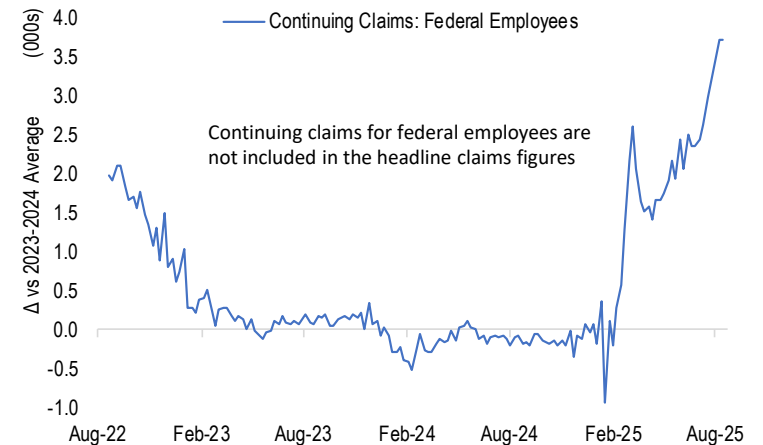
... Which Also Pulled Insured Unemployment down from Recent Post-Pandemic High



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

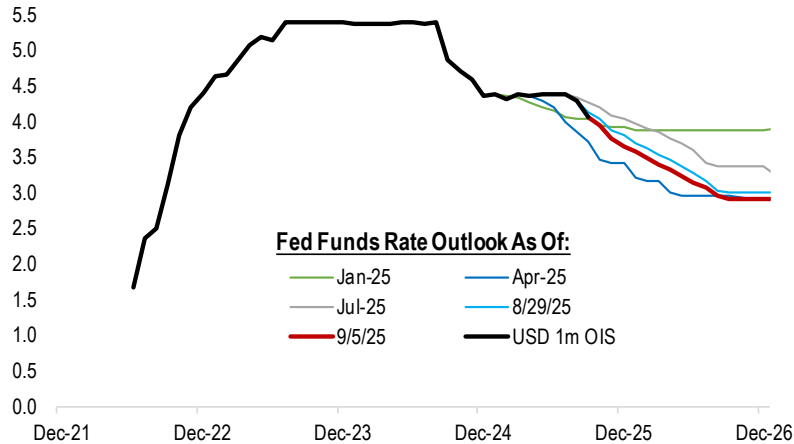
Sources: U.S. Department of Labor, Arch Global Economics

Continuing Claims for Federal Employees Remained at a Multi-Year High during Week Ending Aug. 16

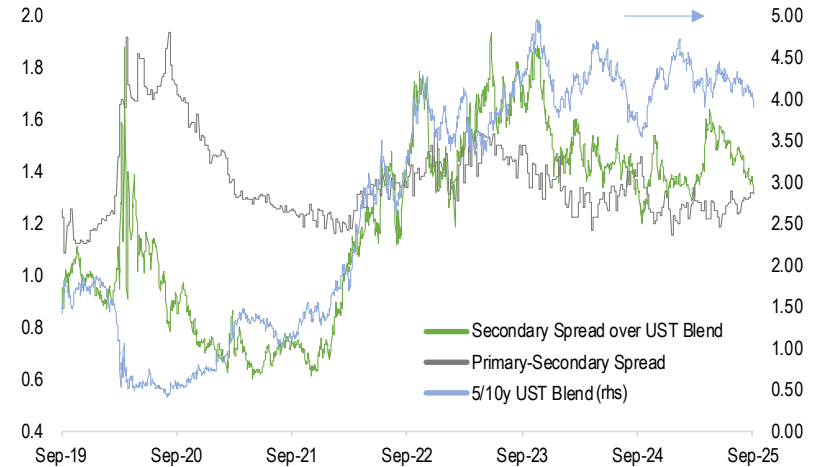


SA = Seasonally Adjusted

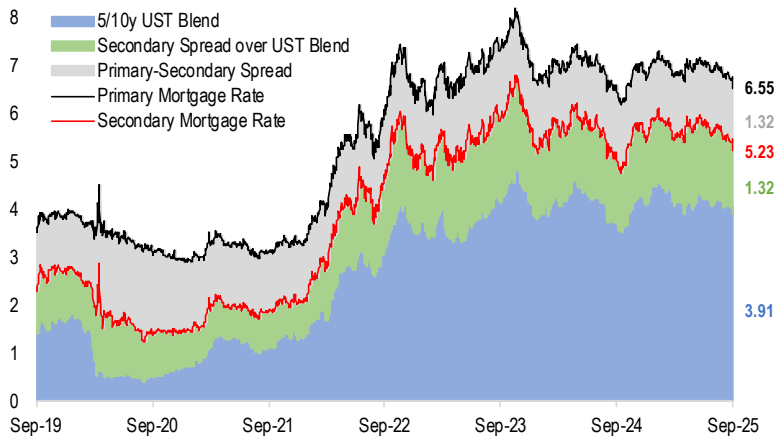
Weak Jobs Report Lifted Odds of a Potential 50bps Rate Cut in Sept. with 3 Rate Cuts Now Priced in for '25



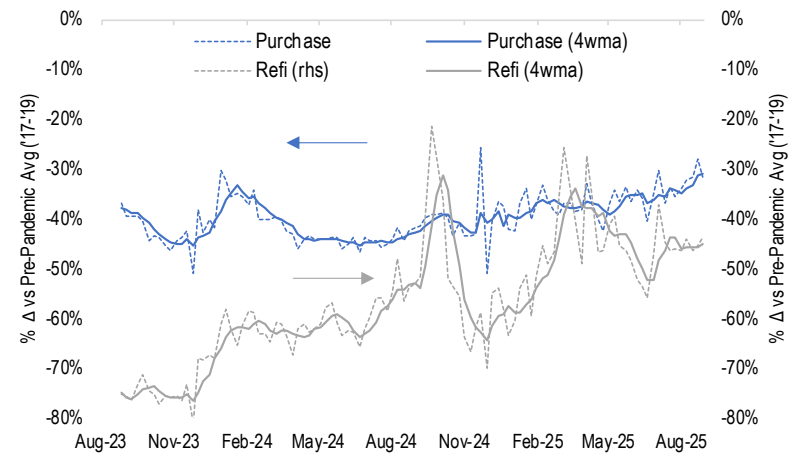
U.S. Treasury Yields Dropped -14bps Last Week and Mortgage Spreads Narrowed -5bps...



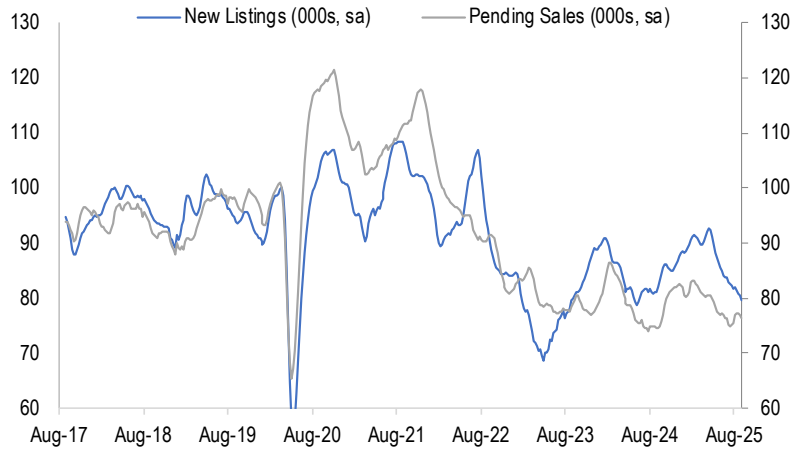
... Which Pulled Mortgage Rates Solidly into Mid-6% Range, Well Below Average Level for 2025 (~7%)



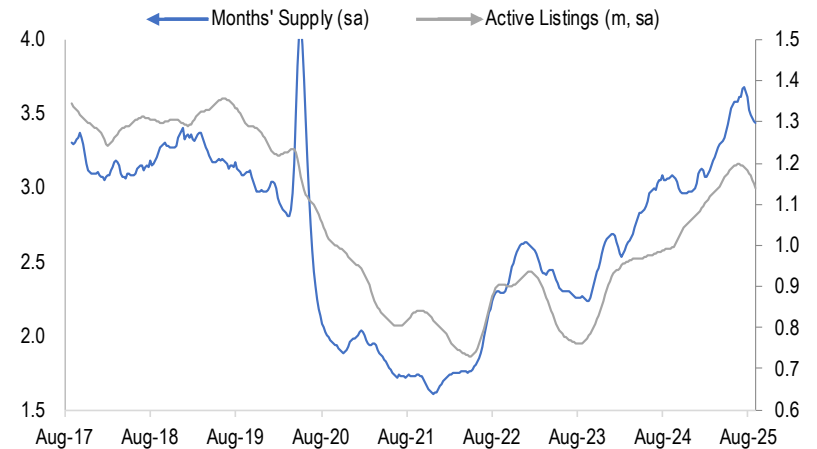
Mortgage Purchase Applications Continued to Rise as Rates Have Moved Lower



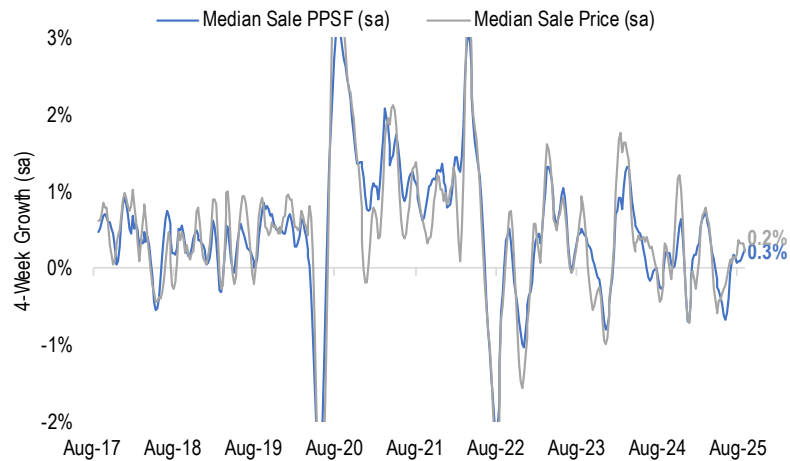
Pending Sales Have Turned Modestly Higher as New Listings Cooled Further ...



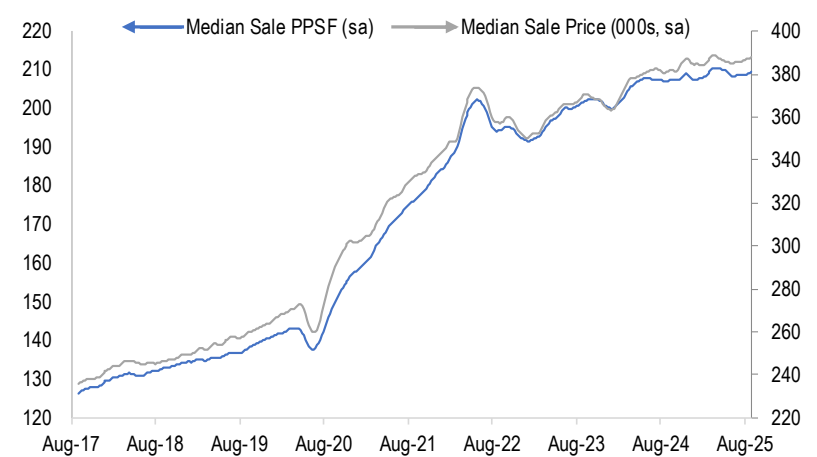
... Causing Market Balance to Tighten Notably over the Past Month as Inventory Continued to Shrink



Pace of Seasonally Adjusted Home-Price Growth Rebounded Modestly through 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%	1.1%	2.7%	1.0%	6.7%	1.3%	98.6%	-0.4%	-3.2	-10.7	11%	12%	-2%
Atlanta	-1.3%	0.0%	0.4%	0.9%	7.5%	1.9%	97.8%	-0.4%	22.3	9.0	11%	22%	1%
Austin	-1.8%	3.2%	4.2%	6.4%	8.5%	0.9%	96.9%	-0.3%	47.7	33.5	16%	122%	85%
Baltimore	1.2%	0.4%	2.2%	-3.8%	7.1%	1.3%	100.5%	-0.1%	2.2	-7.8	20%	-8%	-27%
Boston	2.4%	-1.9%	5.4%	-0.1%	5.2%	1.2%	100.8%	-0.7%	5.8	3.8	16%	12%	-3%
Chicago	5.3%	-0.3%	6.4%	2.4%	4.5%	1.8%	99.9%	0.0%	-8.1	-9.0	-3%	-27%	-26%
Dallas	-3.4%	1.6%	-0.3%	0.5%	8.9%	1.4%	97.5%	-0.3%	22.4	10.7	20%	68%	37%
Denver	-2.2%	2.4%	-0.1%	2.1%	9.8%	1.5%	98.5%	-0.3%	23.3	11.8	17%	101%	69%
Houston	-0.7%	0.8%	1.5%	0.7%	8.5%	2.5%	96.6%	-0.4%	16.9	2.9	17%	4%	-5%
Los Angeles	0.0%	-1.1%	2.8%	3.2%	5.0%	1.6%	99.3%	-1.2%	9.7	-3.7	15%	44%	19%
Miami	2.5%	-1.8%	3.5%	3.6%	4.3%	0.9%	95.3%	-1.0%	28.0	3.9	14%	39%	2%
Minneapolis	1.4%	0.5%	3.2%	1.6%	7.5%	2.0%	99.9%	0.1%	1.0	-0.5	1%	5%	8%
Nashville	3.1%	1.7%	4.3%	3.7%	5.7%	1.4%	97.9%	-0.4%	11.2	4.0	16%	41%	20%
New York	3.6%	-3.4%	7.4%	1.9%	3.1%	0.3%	100.5%	-0.1%	-35.7	-40.4	9%	-19%	-28%
Phoenix	-1.7%	0.4%	1.2%	2.9%	7.0%	1.2%	97.9%	-0.3%	29.8	13.3	18%	74%	57%
Portland	-2.2%	-2.6%	1.2%	1.4%	8.1%	1.0%	99.1%	-0.2%	19.8	5.7	16%	53%	31%
Riverside	-1.0%	-0.5%	1.3%	0.3%	5.7%	1.4%	98.8%	-0.7%	10.3	-10.6	14%	30%	9%
San Diego	-4.8%	-3.8%	0.1%	0.7%	6.5%	1.8%	98.7%	-0.9%	15.6	0.1	18%	26%	3%
Seattle	1.1%	2.8%	4.4%	1.4%	7.2%	1.2%	99.2%	-1.0%	9.0	-1.5	21%	51%	18%
Tampa	-0.4%	0.1%	4.2%	5.0%	8.6%	0.4%	96.7%	-0.6%	19.8	3.3	4%	68%	48%
Washington DC	2.6%	2.6%	0.8%	-0.4%	5.6%	3.4%	99.5%	-0.7%	24.8	12.0	11%	28%	7%

Data as of Aug. 31, 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
9/8/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Aug	--	--	--	3.1	%
9/8/25	3:00 PM	Consumer Credit m/m	Jul	--	10.2	--	7.4	\$B, sa
9/9/25	6:00 AM	NFIB Small Business Optimism	Aug	--	100.5	--	100.3	index, sa
9/10/25	7:00 AM	MBA Mortgage Applications w/w	Sep 5	--	--	--	-1.2	%, sa
9/10/25	8:30 AM	PPI Final Demand m/m	Aug	--	0.3	--	0.9	%, sa
9/10/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Aug	--	0.3	--	0.9	%, sa
9/10/25	8:30 AM	PPI Final Demand y/y	Aug	--	3.3	--	3.3	%, nsa
9/10/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Aug	--	3.5	--	3.7	%, nsa
9/10/25	10:00 AM	Wholesale Inventories m/m	Jul F	--	0.2	--	0.2	%, sa
9/10/25	10:00 AM	Wholesale Trade Sales m/m	Jul	--	0.1	--	0.3	%, sa
9/11/25	8:30 AM	CPI m/m	Aug	--	0.3	--	0.2	%, sa
9/11/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Aug	--	0.3	--	0.3	%, sa
9/11/25	8:30 AM	CPI y/y	Aug	--	2.9	--	2.7	%, nsa
9/11/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Aug	--	3.1	--	3.1	%, nsa
9/11/25	8:30 AM	Initial Jobless Claims	Sep 6	--	235	--	237	k, sa
9/11/25	8:30 AM	Continuing Claims	Aug 30	--	1,950	--	1,940	k, sa
9/12/25	10:00 AM	U. of Mich. Sentiment	Sep P	--	58.0	--	58.2	index, nsa
9/12/25	10:00 AM	U. of Mich. 1 Yr Inflation	Sep P	--	4.5	--	4.8	nsa
9/12/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Sep P	--	3.4	--	3.5	nsa

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
9/2/25	9:45 AM	S&P Global US Manufacturing PMI	Aug F	53.0	53.3	--	53.3	index, sa
9/2/25	10:00 AM	ISM Manufacturing	Aug	48.7	49.0	--	48.0	index, sa
9/2/25	10:00 AM	ISM Prices Paid	Aug	63.7	65.0	--	64.8	index, nsa
9/3/25	11:00 AM	Wards Total Vehicle Sales	Aug	16.1	16.1	--	16.4	m, saar
9/3/25	7:00 AM	MBA Mortgage Applications w/w	Aug 29	-1.2	--	--	-0.5	%, sa
9/3/25	10:00 AM	JOLTS Job Openings	Jul	7,181	7,380	7,357	7,437	k, sa
9/3/25	10:00 AM	Durable Goods Orders m/m	Jul F	-2.8	-2.8	--	-2.8	%, sa
9/3/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Jul F	1.1	1.1	--	1.1	%, sa
9/3/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Jul F	0.7	--	--	0.7	%, sa
9/4/25	8:15 AM	ADP Employment m/m	Aug	54	68	106	104	k, sa
9/4/25	8:30 AM	Nonfarm Productivity q/q	2Q F	3.3	2.7	--	2.4	%, saar
9/4/25	8:30 AM	Unit Labor Costs q/q	2Q F	1.0	1.2	--	1.6	%, saar
9/4/25	8:30 AM	Initial Jobless Claims	Aug 30	237	230	--	229	k, sa
9/4/25	8:30 AM	Continuing Claims	Aug 23	1,940	1,959	1,944	1,954	k, sa
9/4/25	9:45 AM	S&P Global US Services PMI	Aug F	54.5	55.4	--	55.4	index, sa
9/4/25	9:45 AM	S&P Global US Composite PMI	Aug F	54.6	55.3	--	55.4	index, sa
9/4/25	10:00 AM	ISM Services Index	Aug	52.0	51.0	--	50.1	index, nsa
9/5/25	8:30 AM	Nonfarm Payrolls m/m	Aug	22.0	75.0	79.0	73.0	k, sa
9/5/25	8:30 AM	Private Payrolls m/m	Aug	38.0	75.0	77.0	83.0	k, sa
9/5/25	8:30 AM	Average Hourly Earnings m/m	Aug	0.3	0.3	--	0.3	%, sa
9/5/25	8:30 AM	Average Hourly Earnings y/y	Aug	3.7	3.8	--	3.9	%, nsa
9/5/25	8:30 AM	Average Weekly Hours All Employees	Aug	34.2	34.3	34.2	34.3	sa
9/5/25	8:30 AM	Unemployment Rate	Aug	4.3	4.3	--	4.2	%, sa
9/5/25	8:30 AM	Labor Force Participation Rate	Aug	62.3	62.2	--	62.2	%, sa

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

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
8/25/25	7:51 AM	Building Permits	Jul F	1,362	--	--	1,354	k, saar
8/25/25	7:51 AM	Building Permits m/m	Jul F	-2.2	--	--	-2.8	%, sa
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	-2.8	-3.8	--	-9.4	%, sa
8/26/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Jul P	1.1	0.2	-0.6	-0.8	%, sa
8/26/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Jul P	0.7	0.2	0.4	0.3	%, sa
8/26/25	9:00 AM	FHFA House Price Index m/m	Jun	-0.2	-0.1	-0.1	-0.2	%, sa
8/26/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jun	-0.3	-0.2	-0.3	-0.3	%, sa
8/26/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jun	2.1	2.1	2.8	2.8	%, nsa
8/26/25	10:00 AM	Conf. Board Consumer Confidence	Aug	97.4	96.5	98.7	97.2	index, sa
8/27/25	7:00 AM	MBA Mortgage Applications w/w	Aug 22	-0.5	--	--	-1.4	%, sa
8/28/25	8:30 AM	GDP Annualized q/q	2Q S	3.3	3.1	--	3.0	%, saar
8/28/25	8:30 AM	Personal Consumption q/q	2Q S	1.6	1.6	--	1.4	%, saar
8/28/25	8:30 AM	Core PCE Deflator q/q	2Q S	2.5	2.5	--	2.5	%, saar
8/28/25	8:30 AM	Initial Jobless Claims	Aug 23	229	230	234	235	k, sa
8/28/25	8:30 AM	Continuing Claims	Aug 16	1,954	1,966	1,961	1,972	k, sa
8/28/25	10:00 AM	Pending Home Sales m/m	Jul	-0.4	-0.2	--	-0.8	%, sa
8/28/25	10:00 AM	Pending Home Sales y/y	Jul	0.3	0.1	-0.2	-0.3	%, nsa
8/29/25	8:30 AM	Personal Income m/m	Jul	0.4	0.4	--	0.3	%, sa
8/29/25	8:30 AM	Personal Spending m/m	Jul	0.5	0.5	0.4	0.3	%, sa
8/29/25	8:30 AM	Real Personal Spending m/m	Jul	0.3	0.3	--	0.1	%, sa
8/29/25	8:30 AM	PCE Inflation m/m	Jul	0.2	0.2	--	0.3	%, sa
8/29/25	8:30 AM	PCE Inflation y/y	Jul	2.6	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	--	0.3	%, sa
8/29/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Jul	2.9	2.9	--	2.8	%, nsa
8/29/25	8:30 AM	Wholesale Inventories m/m	Jul P	0.2	0.1	--	0.1	%, sa
8/29/25	8:30 AM	Retail Inventories m/m	Jul	0.2	0.2	0.2	0.3	%, sa
8/29/25	10:00 AM	U. of Mich. Sentiment	Aug F	58.2	58.6	--	58.6	index, nsa
8/29/25	10:00 AM	U. of Mich. 1 Yr Inflation	Aug F	4.8	5.0	--	4.9	nsa
8/29/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Aug F	3.5	3.9	--	3.9	nsa

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Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics