

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.

September 9, 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

## Still a Fighting Chance

- **Key Takeaway:** August jobs report did not reverse all July weakness; prior softening trends still in place for unemployment and job growth.
- **Macro Implications:** Data in hand unlikely to sway the Fed from 25bps cut next week, but we see greater chance for more aggressive cuts in future.
- **Housing Implications:** Mortgage rates benefiting from growing labor market anxiety, but weaker labor market limits upside for housing demand.

### Macro: Not Stellar

- Real construction spending slowed further aside from private housing reno.
- Weak manufacturing sentiment surveys align with sector’s job losses.
- Slowing labor income growth risks weaker consumer spending ahead.

### Jobs Report: Underlying Trends Remain Soft

- Unemployment ticked down to 4.22% in Aug. despite drop in temp layoffs.
- Private-sector job growth rebounded to 118k in Aug. from 74k in July.
- Unemployment duration continued to rise as labor demand abates.

### Labor Market Turnover: Still Weak in July

- Pace of hiring picked up modestly, alongside stronger rise in layoffs.
- Quits pace remained depressed and will drag on future wage growth.
- Current stance of low hiring and firing unlikely to last much longer.

### Rates: 2s10s Yield Curve Un-Inverts

- 10-yr UST fell ~20bps w/w to 3.71% and hit a 52-wk low.
- Bond/credit markets taking signal from softening labor market.
- Market pricing in 125bps of cuts in '24, up from 100bps last week.

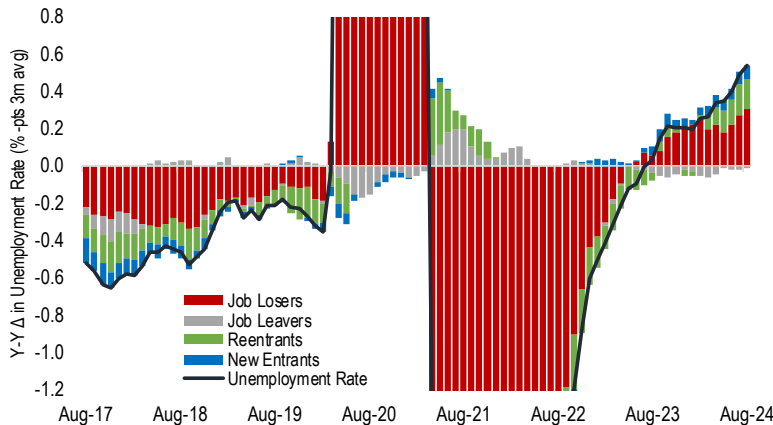
### Housing: Cooler Labor Market to Offset Benefit of Lower Rates

- Mortgage rates back down to 6.30s as Treasury yields plunged.
- Purchase apps muddling at low levels but have seemingly bottomed.
- Pending home sales hit another record low, falling -5.5% in July.

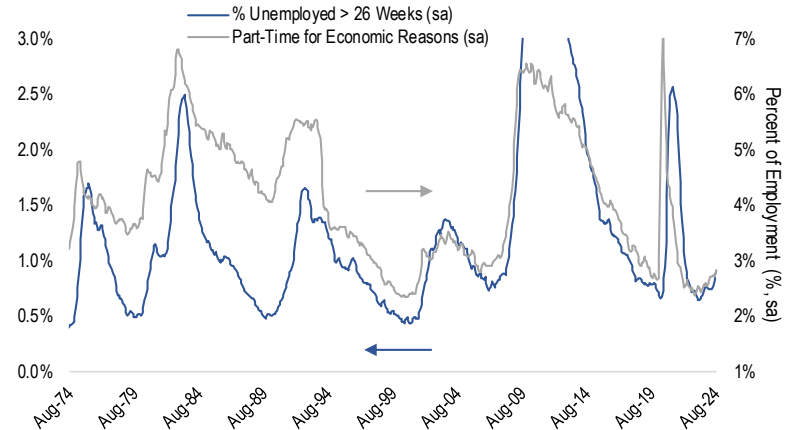
### Personal Income: Spending Still Outpacing Income

- Real disposable income rose 0.1% in July, up just 1.1% y/y.
- Real spending rose 0.4% amid a pickup in auto purchases.
- July core PCE inflation rose 0.2% with housing continuing to cool.

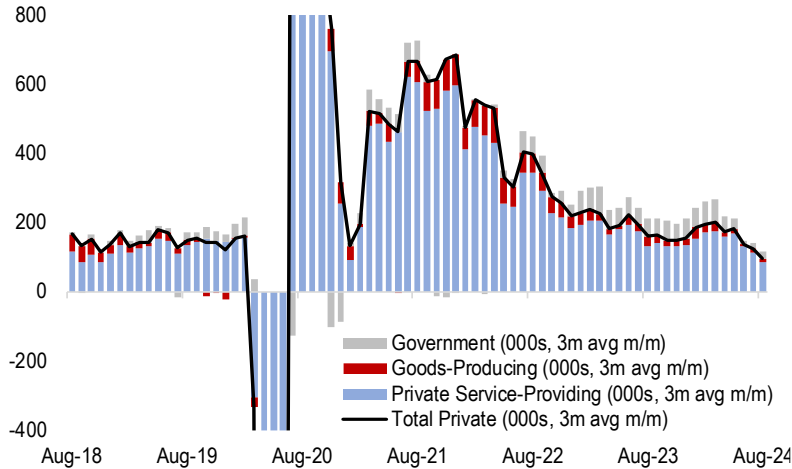
Despite the Small Step down in Unemployment Rate, the Direction of Travel Is Clear



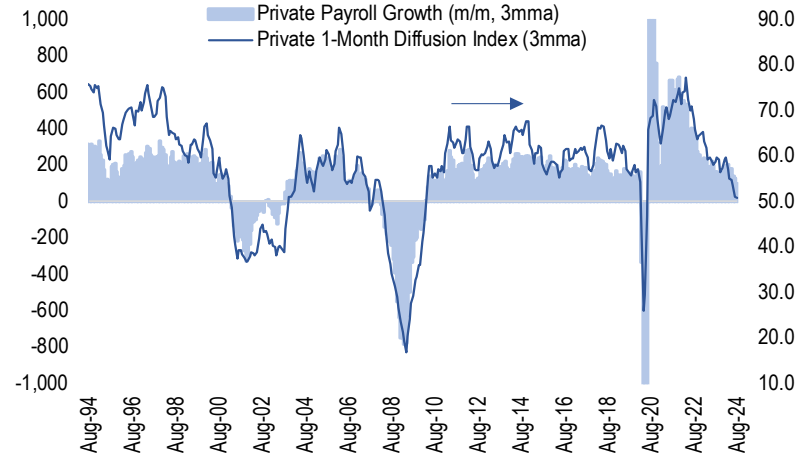
More Individuals Falling into Long-Term Unemployment and Citing Reduced Hours amid Weak Business



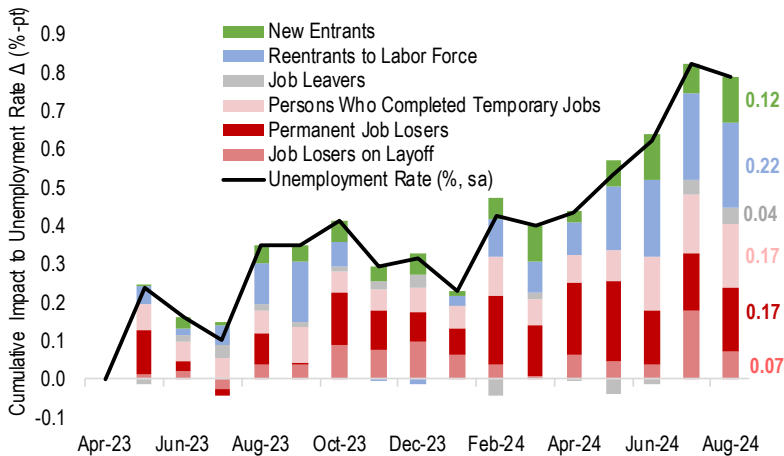
Private-Sector Job Growth Has Taken a Step Lower in Recent Months ...



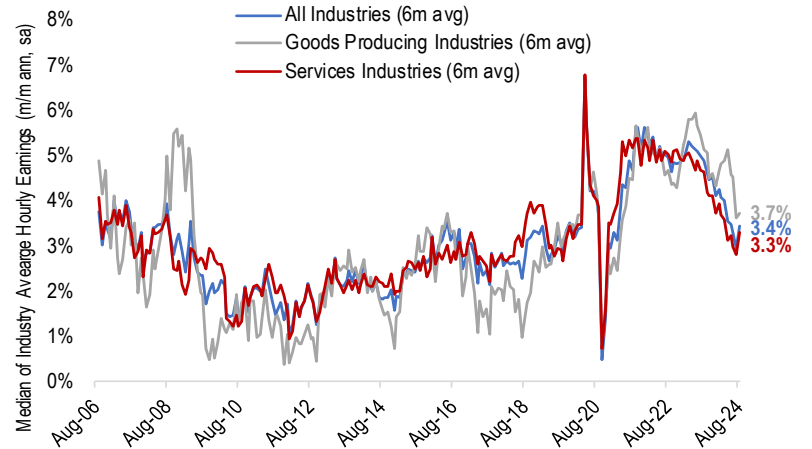
... as Has the Breadth of Job Growth across Private-Sector Industries



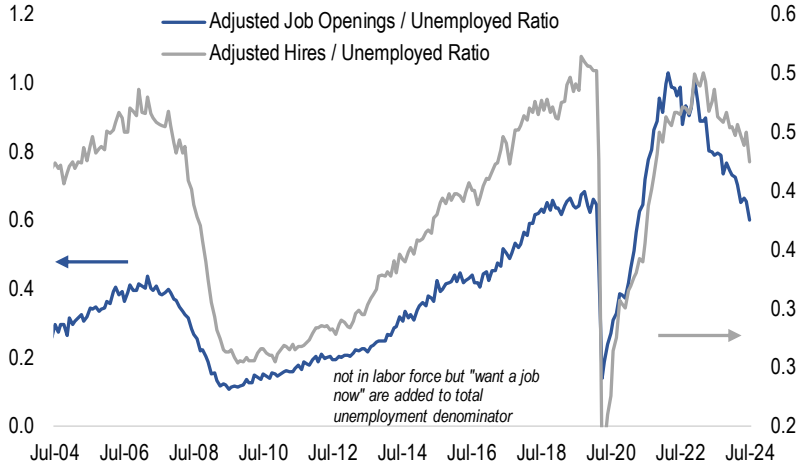
Recent Unemployment Rise Driven by New Workers and Reentrants but Job Losers Still Account for Largest Share



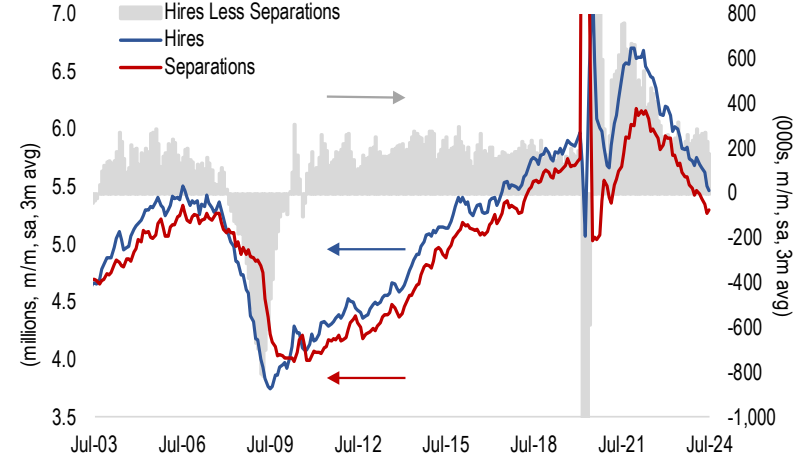
Although Typical Hourly Wage Growth Rebounded, Remained below Pace That Prevailed at Pandemic Onset



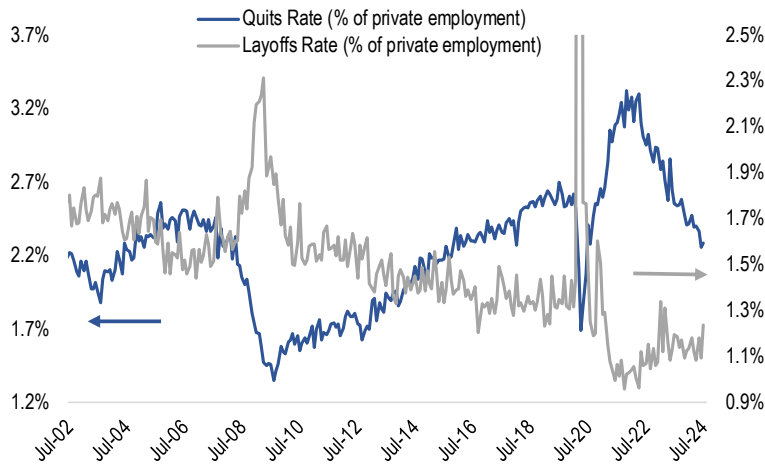
**Job Market Clearly Showing More Signs of Slack Compared to Pre-Pandemic**



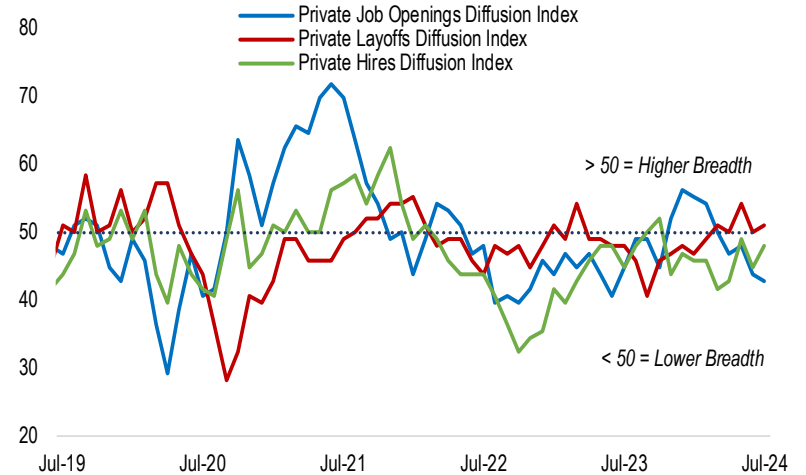
**Net Job Growth Still Positive Despite Slight Uptick in Layoffs**



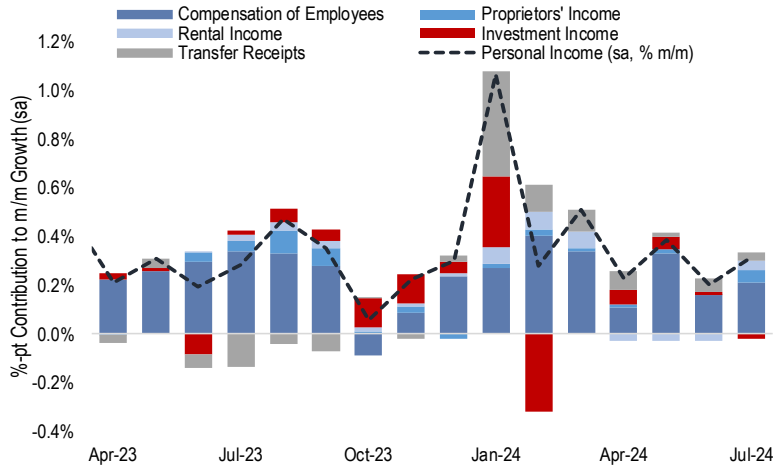
**Quits Rate Turned Modestly Higher but Downtrend Still Intact, Which Will Weigh on Wage Pressures**



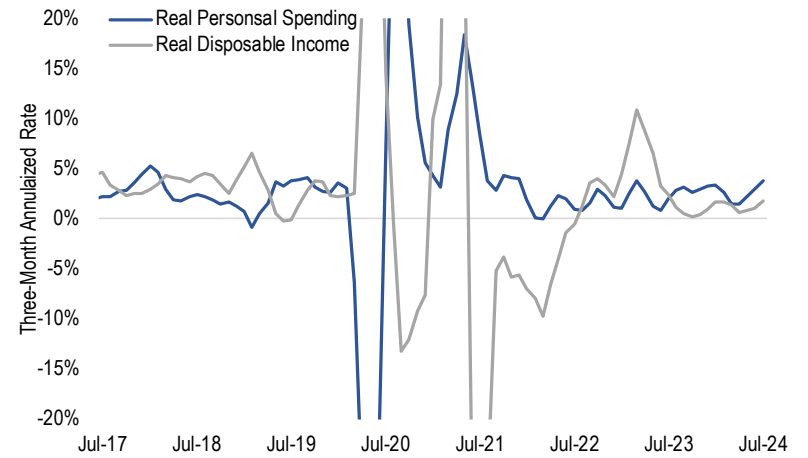
**Hiring Breadth Has Improved Modestly Since the Recent Bottom in Mar-24; Layoffs Breadth Remains Elevated**



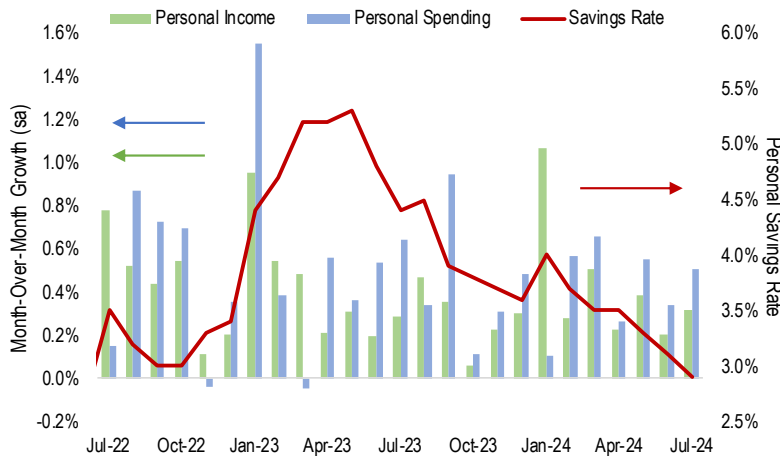
**Income Growth Showed a Decent Rebound in July with an Uplift Coming from Proprietors and Rental Income**



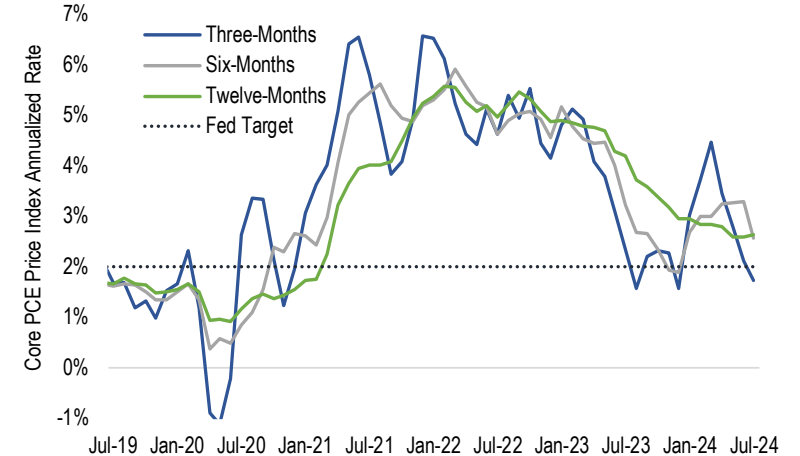
**Real Disposable Income Growth Still Modest and Still Trailing Pace of Spending**



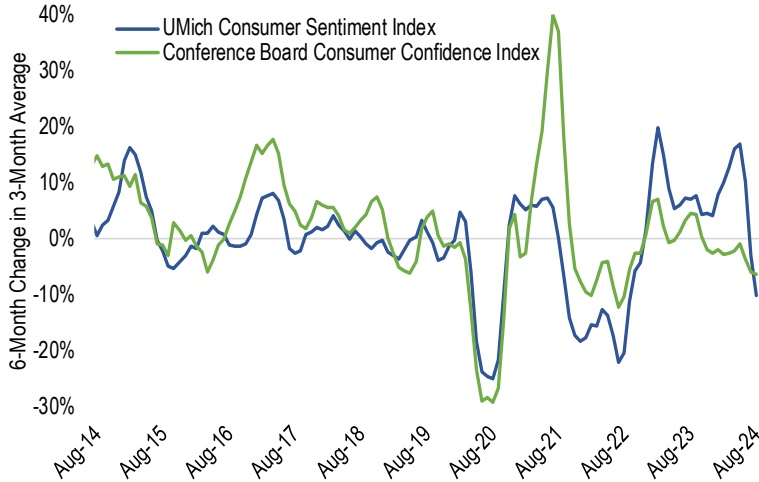
**Savings Rate Plunges to Multi-Year Low; Are Households Tapped out or Confident in Their Current Situation?**



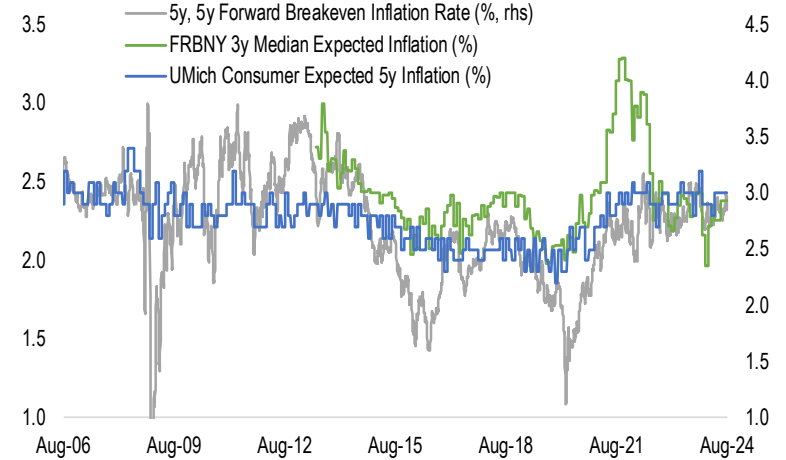
**On the Fed's Preferred Measure of Inflation ... Safe to Say, Price Pressures Are No Longer a Top Concern**



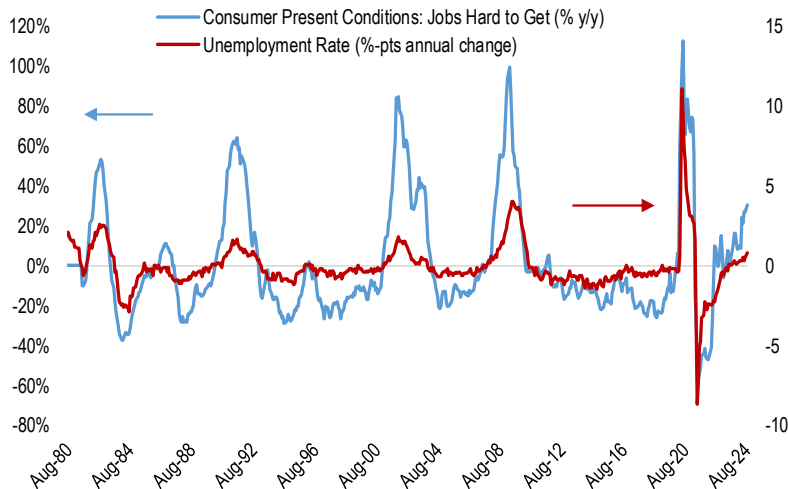
**Consumer Confidence Has Declined Meaningfully in Recent Months per UMich and Conference Board**



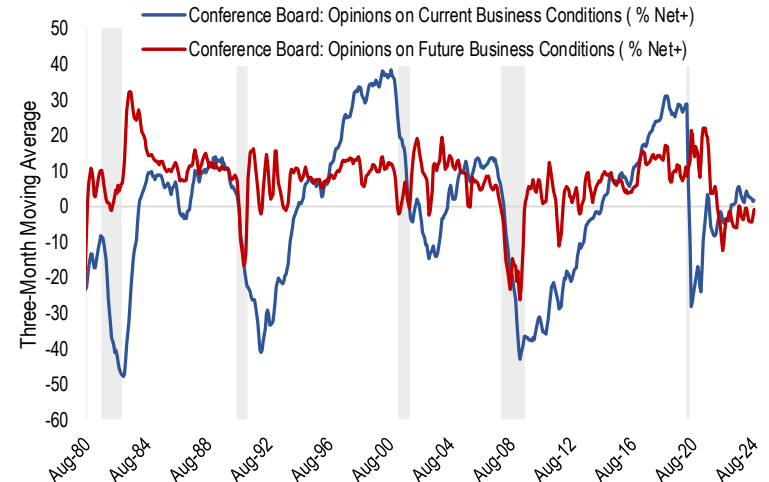
**Measures of Medium-Term Inflation Expectations Continued to Hover around Pre-COVID-19 Norms**



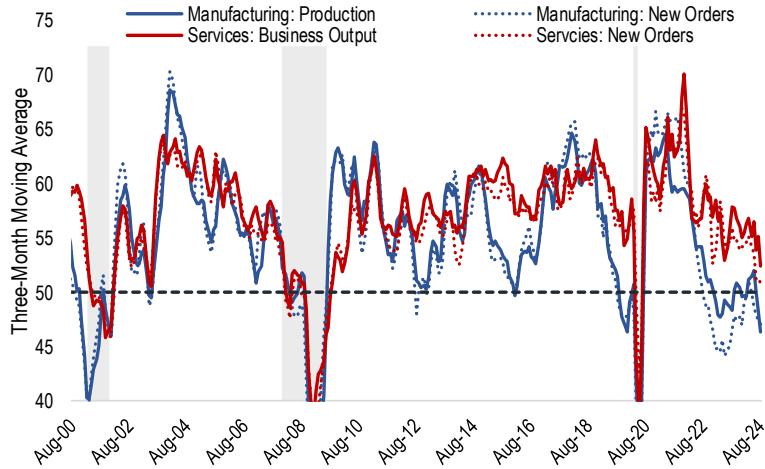
**Conference Board Measure of Current Job Market Health Deteriorating alongside Rise in Unemployment**



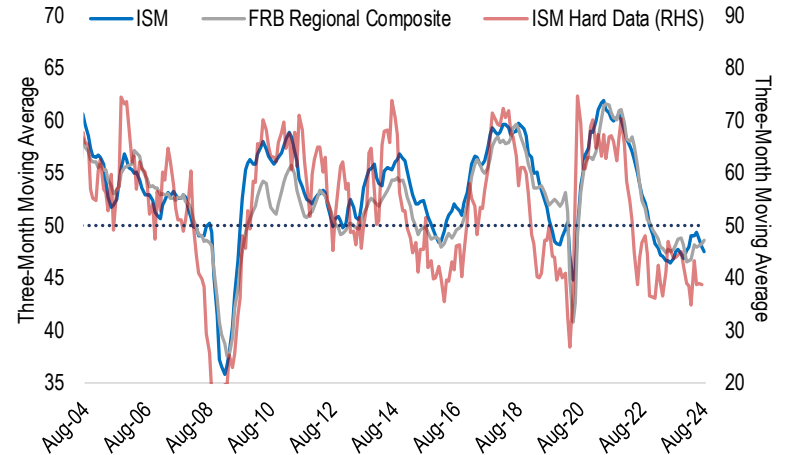
**Households' Perceptions of Present Business Conditions Continued to Worsen**



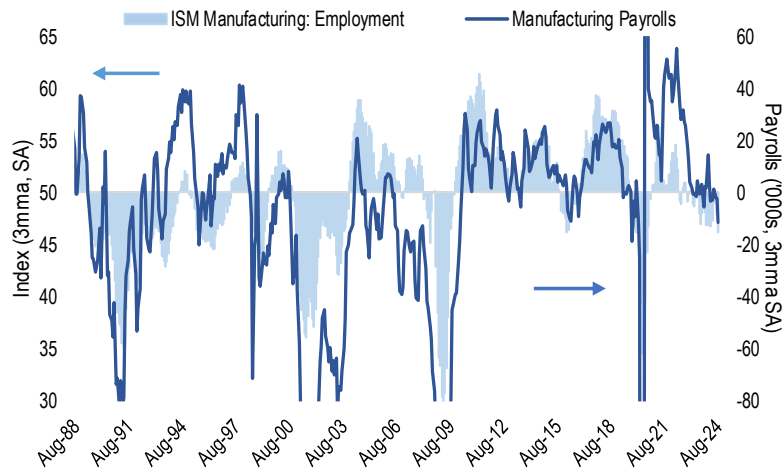
**Services Sector PMI Held Steady in August but Underlying Trends in New Orders Remain Tepid at Best**



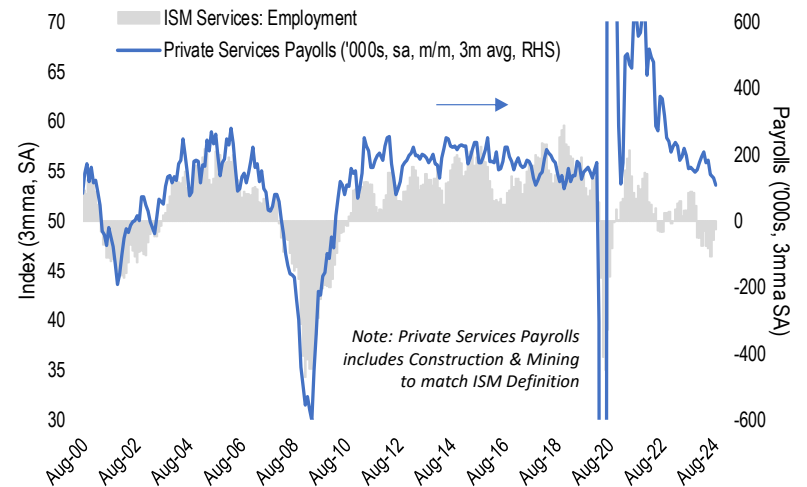
**ISM "Hard Data" Pulled Back in July amid Drags from Shipments and Orders**



**Manufacturing Employment Momentum Has Evaporated on Weakness in Durables Segment**



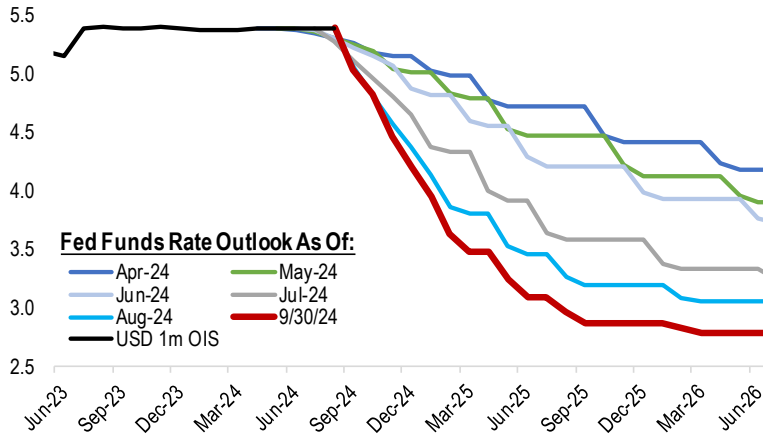
**Weak Services PMI Employment Index Directionally Aligns with Softening Services Payroll Gains**



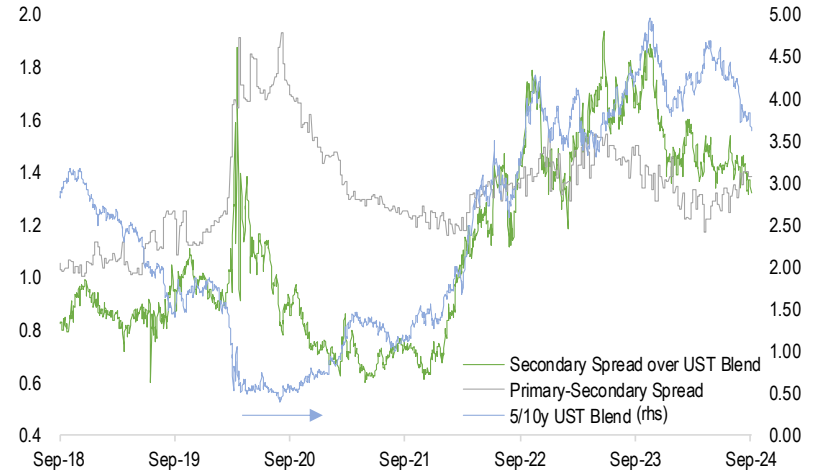
Sources: Institute for Supply Management, Federal Reserve Board, U.S. Census Bureau, BLS, Arch Global Economics

Note: Hard Data ISM only through July; Private Services Payrolls includes Construction & Mining to Match ISM Definition.

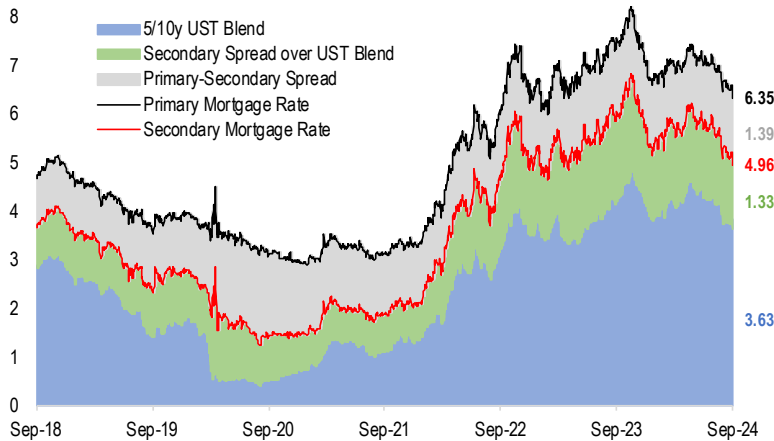
Soft Macro Data Increased Odds of Fed Cutting Rates below 3% by End of 2025



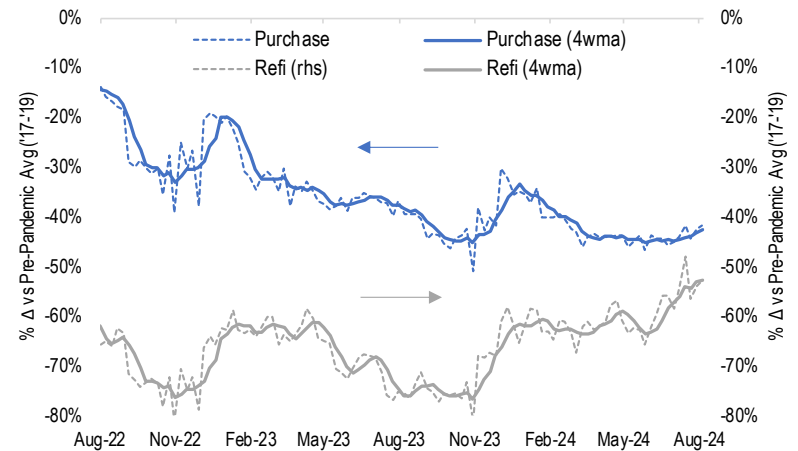
U.S. Treasury Yields down Another 20bps Last Week While Combined Mortgage Spreads Narrowed 5bps ...



... Which Pulled Mortgage Rates down into Low-6% Range



Mortgage Purchase Applications Finally Starting to Perk up in Response to Lower Mortgage Rates

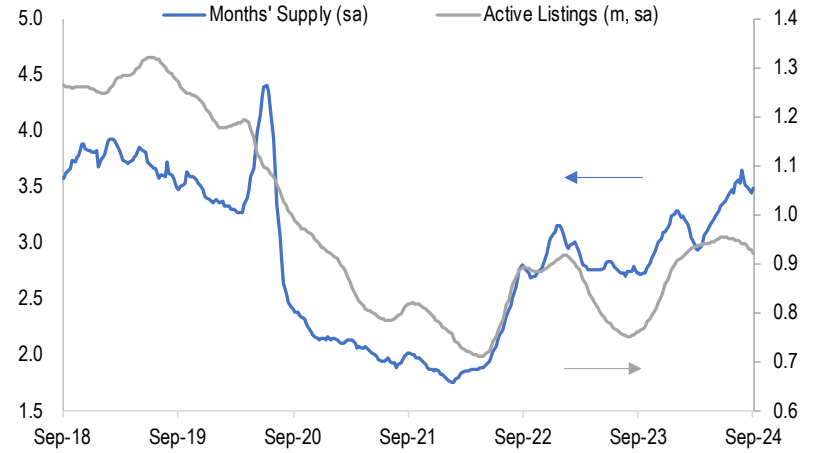




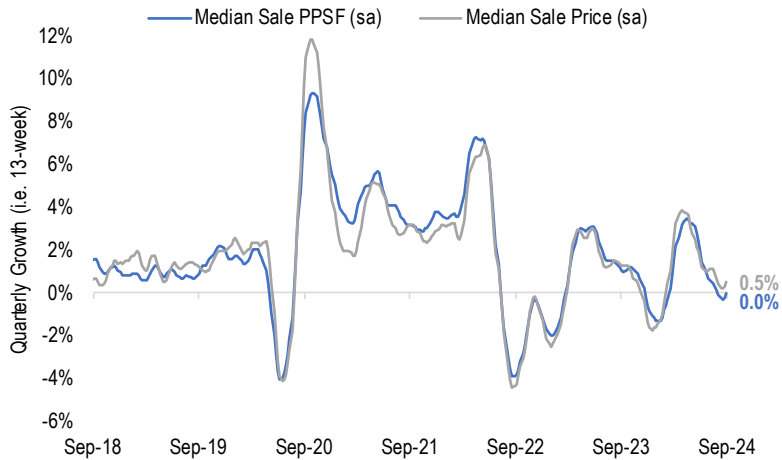
**Pending Home Sales Starting to Trend Lower Again, Roughly in Line with Cooling Pace of New Listings ...**



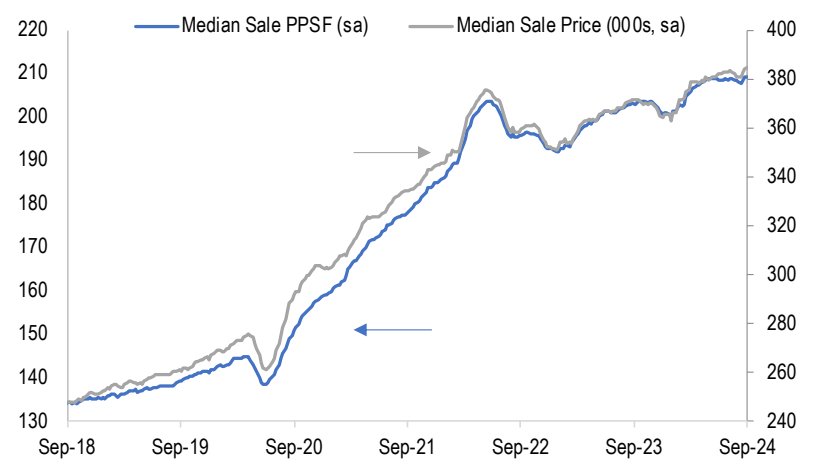
**... Which Kept Months' Supply Roughly Unchanged, in Line with Mid-2019 Market Balance**



**Pause in Softening Market Conditions Seems to Have Provided Reprieve for Softer Home-Price Growth (SA) ...**



**... and the Seasonally Adjusted National Median Sales Price/SF Has Turned Higher Again after Lull**

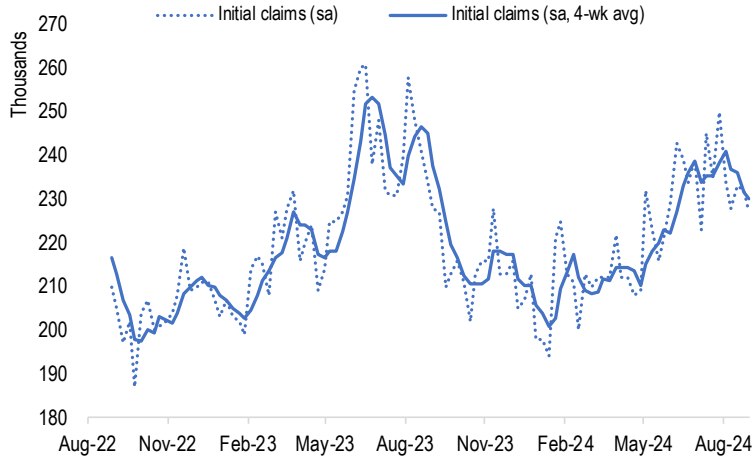


### With National Market Near Pre-COVID-19 Balance, Some Markets Are Becoming Increasingly Oversupplied

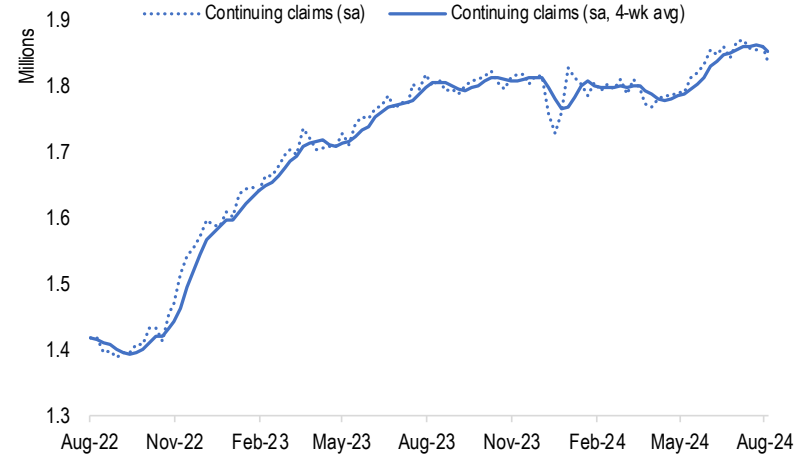
Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	3.2%	-0.4%	5.7%	0.8%	6.6%	1.3%	99.1%	-0.5%	-9.5	-15.3	17%	-3%	-23%
Atlanta	1.5%	-1.0%	5.5%	4.0%	7.7%	2.2%	98.2%	-0.7%	8.8	-5.5	-1%	-5%	-18%
Austin	-3.7%	-2.2%	0.7%	3.1%	8.3%	-0.5%	97.2%	-0.4%	34.3	25.8	10%	89%	48%
Baltimore	3.0%	-1.7%	5.0%	1.3%	6.7%	1.2%	100.7%	-0.9%	-7.2	-12.3	15%	-26%	-40%
Boston	3.0%	-2.7%	6.2%	2.4%	4.5%	0.9%	101.5%	-1.1%	3.9	3.1	14%	-5%	-14%
Chicago	4.7%	-1.8%	6.6%	0.2%	3.7%	0.9%	99.9%	-0.3%	17.3	15.8	-8%	-19%	-20%
Dallas	-1.0%	-2.4%	2.6%	2.2%	8.8%	1.4%	97.8%	-0.7%	9.0	-3.4	30%	30%	-9%
Denver	-0.5%	-1.3%	2.2%	1.6%	9.4%	0.0%	98.8%	-0.6%	12.9	0.5	34%	62%	8%
Houston	0.2%	-1.8%	3.3%	1.8%	7.8%	1.5%	97.1%	-0.9%	2.8	-9.3	15%	-11%	-35%
Los Angeles	3.1%	-3.6%	4.0%	-2.9%	4.3%	1.0%	100.6%	-1.1%	-2.7	-7.2	23%	13%	-8%
Miami	-0.8%	-4.0%	4.3%	-3.6%	4.3%	1.7%	96.3%	-0.5%	4.5	-9.1	34%	9%	-34%
Minneapolis	1.7%	-1.0%	4.4%	2.2%	7.3%	2.0%	99.9%	-1.1%	-0.7	-6.2	5%	3%	-17%
Nashville	0.5%	-2.8%	4.5%	3.4%	6.1%	1.3%	98.2%	-0.2%	4.3	-3.6	14%	24%	-3%
New York	4.2%	-3.3%	10.0%	1.1%	3.1%	0.3%	100.9%	0.6%	-35.1	-31.8	-11%	-26%	-26%
Phoenix	0.4%	-3.9%	3.2%	1.1%	6.6%	0.2%	98.3%	-0.3%	12.4	-0.8	33%	46%	2%
Portland	0.7%	-0.9%	1.9%	1.7%	8.2%	2.0%	99.3%	-0.5%	5.8	-0.7	11%	22%	1%
Riverside	3.9%	-1.6%	5.7%	-0.3%	5.5%	1.1%	99.5%	-0.5%	-10.6	-17.3	18%	1%	-14%
San Diego	5.3%	-1.6%	4.3%	-3.2%	6.4%	2.0%	99.6%	-1.2%	0.1	-9.8	49%	-1%	-34%
Seattle	3.7%	-4.8%	5.7%	0.0%	7.0%	0.8%	100.2%	-0.2%	-1.2	-4.4	28%	14%	-12%
Tampa	-1.9%	-1.2%	2.6%	0.9%	9.4%	1.4%	97.4%	-0.7%	5.2	-10.2	56%	46%	-11%
Washington DC	2.6%	-1.4%	4.2%	-2.0%	5.2%	1.0%	100.2%	-0.3%	5.5	3.0	9%	-4%	-17%

Data as of Sept. 1, 2024, and reflects 4-week averages.

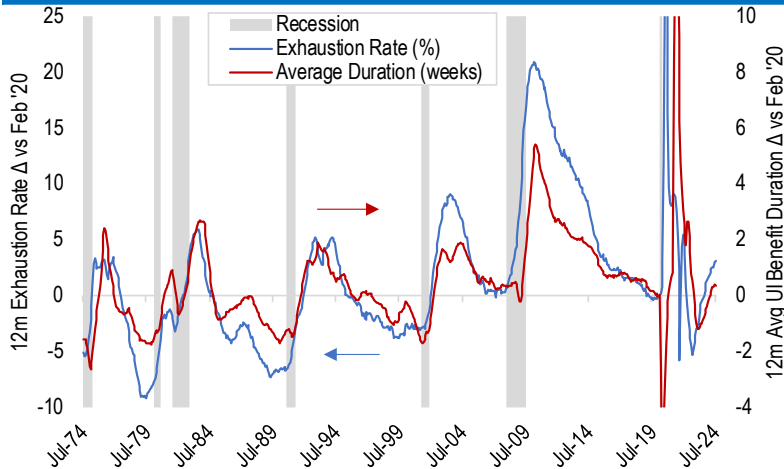
**Initial Claims (SA) Have Moved Lower as Transitory Factors Have Faded but Still up on the Year**



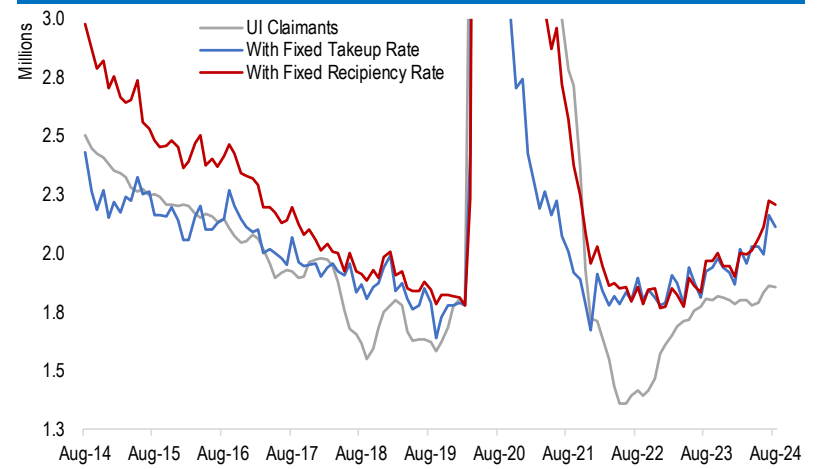
**Uptrend in Continuing Claims Has Cooled after Moving Higher for Most of 2024**



**Continuing Claims for Unemployment Insurance Limited by Increasing Duration of Unemployment, and ...**



**... If Unemployed Were Filing Claims at Pre-COVID-19 Pace, Continuing Claims Would Be Closer to 2.2m**



### UPCOMING DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
9/9/24	10:00 AM	Wholesale Inventories m/m	Jul F	--	0.3	--	0.3	%, sa
9/9/24	10:00 AM	Wholesale Trade Sales m/m	Jul	--	--	--	-0.6	%, sa
9/9/24	11:00 AM	NY Fed 1-Yr Inflation Expectations	Aug	--	--	--	3.0	%
9/9/24	3:00 PM	Consumer Credit m/m	Jul	--	12.0	--	8.9	\$B, sa
9/10/24	6:00 AM	NFIB Small Business Optimism	Aug	--	93.7	--	93.7	index, sa
9/11/24	7:00 AM	MBA Mortgage Applications w/w	Sep 6	--	--	--	1.6	%, sa
9/11/24	8:30 AM	CPI m/m	Aug	--	0.2	--	0.2	%, sa
9/11/24	8:30 AM	CPI Core (ex Food and Energy) m/m	Aug	--	0.2	--	0.2	%, sa
9/11/24	8:30 AM	CPI y/y	Aug	--	2.6	--	2.9	%, nsa
9/11/24	8:30 AM	CPI Core (ex Food and Energy) y/y	Aug	--	3.2	--	3.2	%, nsa
9/12/24	8:30 AM	PPI Final Demand m/m	Aug	--	0.1	--	0.1	%, sa
9/12/24	8:30 AM	PPI Core (ex Food and Energy) m/m	Aug	--	0.2	--	0.0	%, sa
9/12/24	8:30 AM	PPI Final Demand y/y	Aug	--	1.7	--	2.2	%, nsa
9/12/24	8:30 AM	PPI Core (ex Food and Energy) y/y	Aug	--	2.4	--	2.4	%, nsa
9/12/24	8:30 AM	Initial Jobless Claims	Sep 7	--	230	--	227	k, sa
9/12/24	8:30 AM	Continuing Claims	Aug 31	--	1,850	--	1,838	k, sa
9/13/24	8:30 AM	Import Price Index m/m	Aug	--	-0.2	--	0.1	%, nsa
9/13/24	8:30 AM	Import Price Index y/y	Aug	--	0.9	--	1.6	%, nsa
9/13/24	10:00 AM	U. of Mich. Sentiment	Sep P	--	68.3	--	67.9	index, nsa
9/13/24	10:00 AM	U. of Mich. 1 Yr Inflation	Sep P	--	--	--	2.8	nsa
9/13/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Sep P	--	--	--	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
9/3/24	9:45 AM	S&P Global US Manufacturing PMI	Aug F	<b>47.9</b>	48.0	--	48.0	index, sa
9/3/24	10:00 AM	ISM Manufacturing	Aug	<b>47.2</b>	47.5	--	46.8	index, sa
9/3/24	10:00 AM	ISM Prices Paid	Aug	<b>54.0</b>	52.0	--	52.9	index, nsa
9/4/24	11:00 AM	Wards Total Vehicle Sales	Aug	<b>15.1</b>	15.4	--	15.8	m, saar
9/4/24	7:00 AM	MBA Mortgage Applications w/w	Aug 30	<b>1.6</b>	--	--	0.5	%, sa
9/4/24	10:00 AM	JOLTS Job Openings	Jul	<b>7,673</b>	8,100	7,910	8,184	k, sa
9/4/24	10:00 AM	Durable Goods Orders m/m	Jul F	<b>9.8</b>	9.9	--	9.9	%, sa
9/4/24	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Jul F	<b>-0.1</b>	--	--	-0.1	%, sa
9/4/24	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Jul F	<b>-0.3</b>	-0.4	--	-0.4	%, sa
9/5/24	8:15 AM	ADP Employment m/m	Aug	<b>99</b>	145	111	122	k, sa
9/5/24	8:30 AM	Nonfarm Productivity q/q	2Q F	<b>2.5</b>	2.5	--	2.3	%, saar
9/5/24	8:30 AM	Unit Labor Costs q/q	2Q F	<b>0.4</b>	0.8	--	0.9	%, saar
9/5/24	8:30 AM	Initial Jobless Claims	Aug 31	<b>227</b>	230	232	231	k, sa
9/5/24	8:30 AM	Continuing Claims	Aug 24	<b>1,838</b>	1,867	1,860	1,868	k, sa
9/5/24	9:45 AM	S&P Global US Services PMI	Aug F	<b>55.7</b>	55.1	--	55.2	index, sa
9/5/24	9:45 AM	S&P Global US Composite PMI	Aug F	<b>54.6</b>	54.0	--	54.1	index, sa
9/5/24	10:00 AM	ISM Services Index	Aug	<b>51.5</b>	51.4	--	51.4	index, nsa
9/6/24	8:30 AM	Nonfarm Payrolls m/m	Aug	<b>142</b>	165	89	114	k, sa
9/6/24	8:30 AM	Private Payrolls m/m	Aug	<b>118</b>	140	74	97	k, sa
9/6/24	8:30 AM	Unemployment Rate	Aug	<b>4.2</b>	4.2	--	4.3	%, sa
9/6/24	8:30 AM	Average Hourly Earnings m/m	Aug	<b>0.4</b>	0.3	--	0.2	%, sa
9/6/24	8:30 AM	Average Hourly Earnings y/y	Aug	<b>3.8</b>	3.7	--	3.6	%, nsa
9/6/24	8:30 AM	Average Weekly Hours All Employees	Aug	<b>34.3</b>	34.3	--	34.2	sa
9/6/24	8:30 AM	Labor Force Participation Rate	Aug	<b>62.7</b>	62.7	--	62.7	%, 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)