

# HaMMR Digest

Stay current with economic and mortgage market trends.

September 22, 2025

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### Risk Management 101

- **Key Takeaway:** Fed cut 25bps as expected with two more projected by year-end despite a hawkish pivot in their economic projections.
- **Macro Implications:** While Fed views remain divergent on the path, there is agreement in safeguarding against further labor market weakness.
- **Housing Implications:** Refi activity surged nearly 60% last week, but a further drop in mortgage rates is needed to generate more sales activity.

### Macro: Putting in a Floor of Support

- Fed downgraded inflation tail risk as tariff pass-through has been slow, so far.
- Forward guidance doing the heavy lifting in supporting broader sentiment.
- Recent spike in initial claims dropped back in-line with prior steady trend.

### Rates: Here We Go Again?

- 10y yield rose ~8bps to 4.13%, mostly after solid jobless claims release.
- Yield curve bear steepened as higher inflation expectations lifted the back end.
- Market sees 80% odds of an additional two 25bps rate cuts this year.

### Housing: Mortgage Rates Set for a Long “Pause” after Recent Plunge?

- Drawdown in mortgage rates nearing end unless Fed expectations change.
- Refi apps have jumped 70%+ since end of Aug; purchase apps up just 10%.
- Lower rates giving confidence to sellers as new listings pivot higher.

### Home Construction: Started from the Top, Now We’re Here

- Single-family starts fell -7% in Aug., marking a -18% YTD plunge.
- Permitting declined -2% m/m to slowest annualized pace since 2023.
- Builder sentiment still depressed. but future expectations rose.

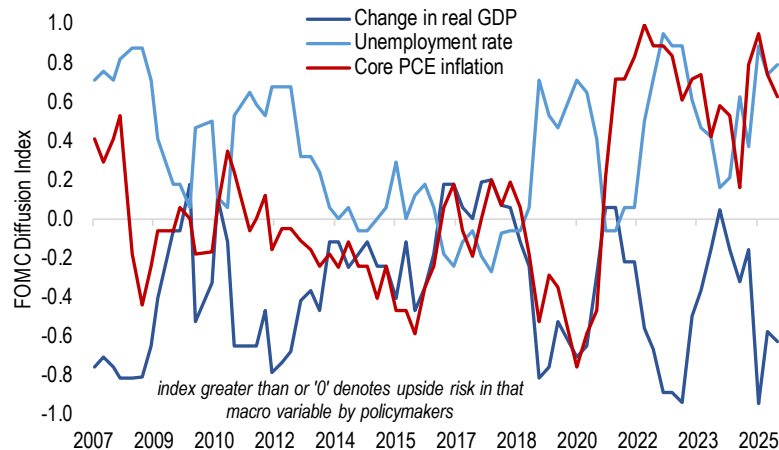
### Retail Sales: Online Sales Bonanza

- Real retail sales cooled to 0.2% in Aug., but Q3 shaping up better than Q2.
- Real control group sales would have declined if not for online sales.
- Consumers to remain selective, reallocating budgets as costs rise.

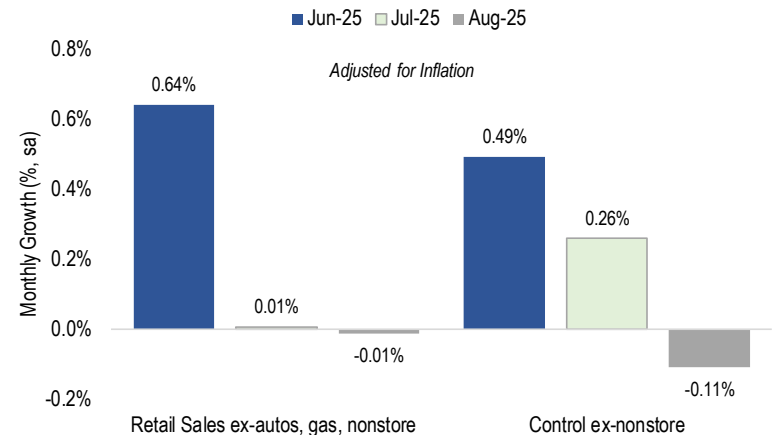
### Industrial Production: Holding Firm, But Can It Last?

- Industrial output showing more resilience than expected.
- Manufacturing output led by durables components, namely transport.
- Survey based measures suggest activity will cool into year-end.

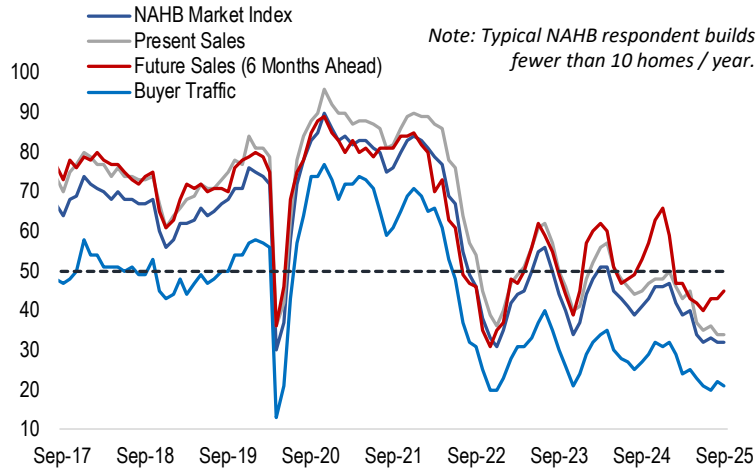
### Fed Sees Less Inflationary Pressure and Greater Chance of Higher Unemployment Compared to June



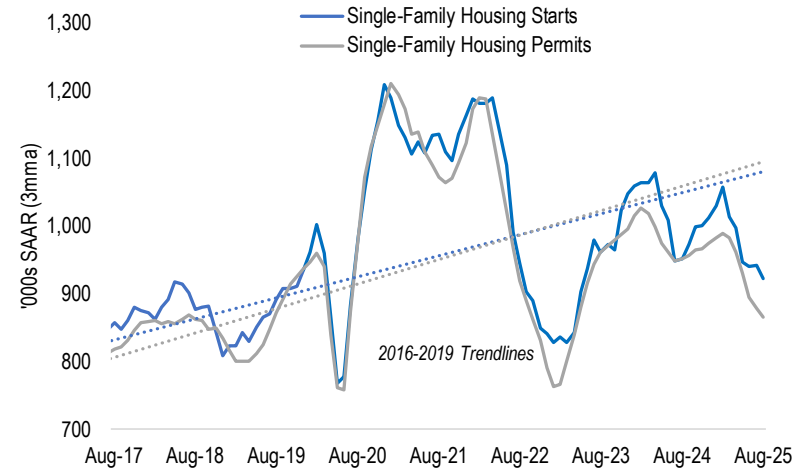
### If Not for the Surge in Online Sales, Control and Retail Sales Ex-Autos Would Have Contracted



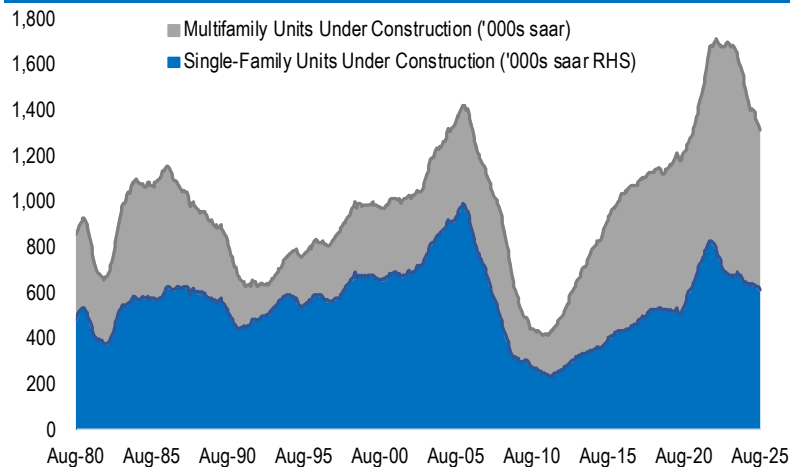
### Builder Optimism Remained Low, but Early Signs of Stabilization with Tentative Rebound in Future Sales



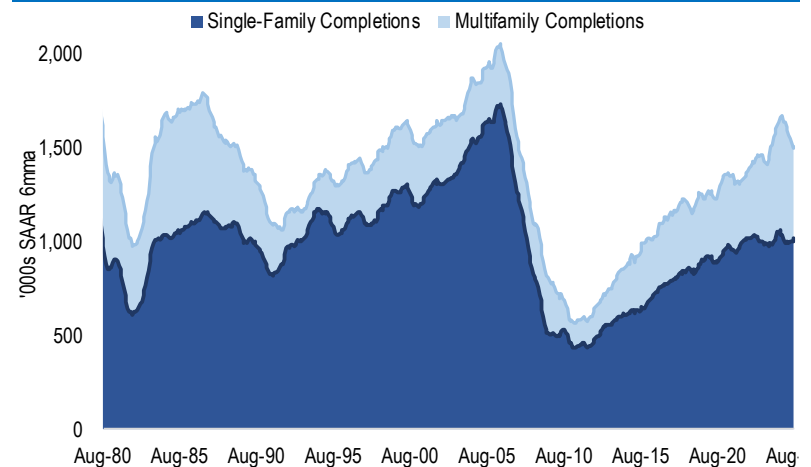
### Brief Uptick in July Was Just a Blip as Downtrend in Starts and Permits Reaccelerated



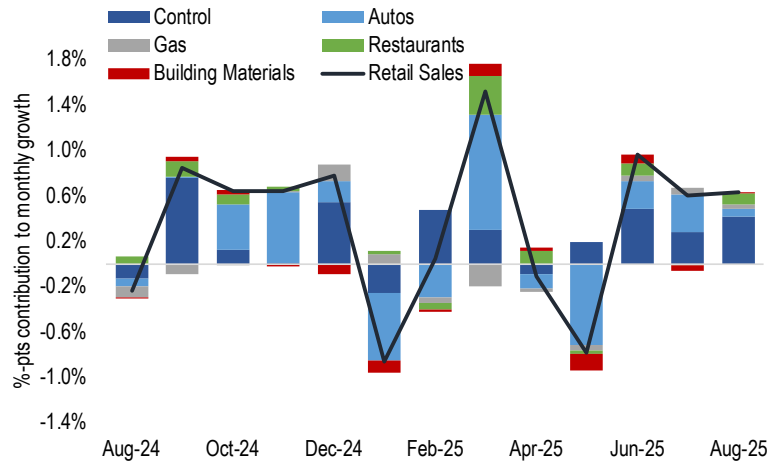
### Single-Family Units in the Pipeline Trending Lower as Starts Activity Trails Completions



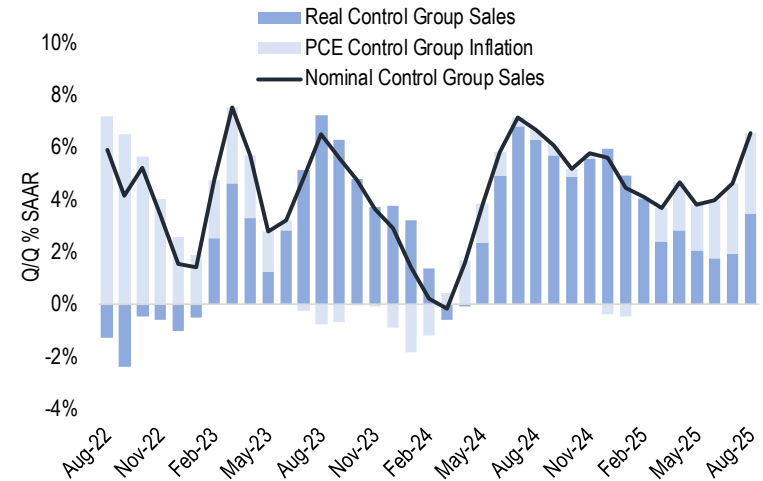
### Completions Will Remain Builders' Focus in Near-Term until Home Sales Pace Improves



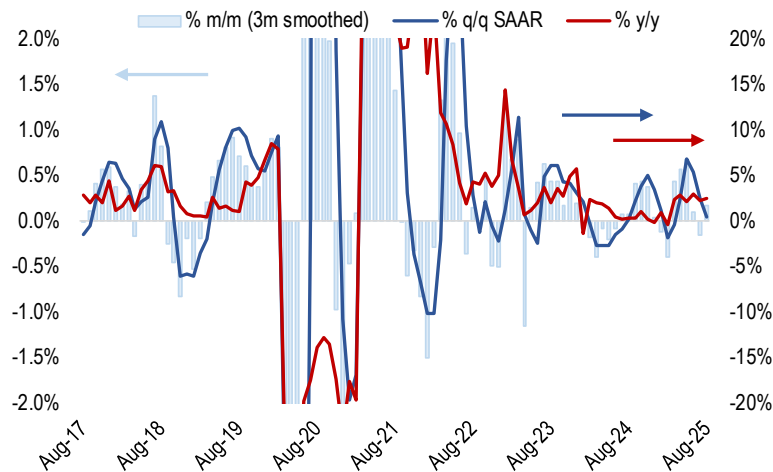
### Nominal Retail Sales Held Firm in August with Bulk of Spending Driven by Online Sales



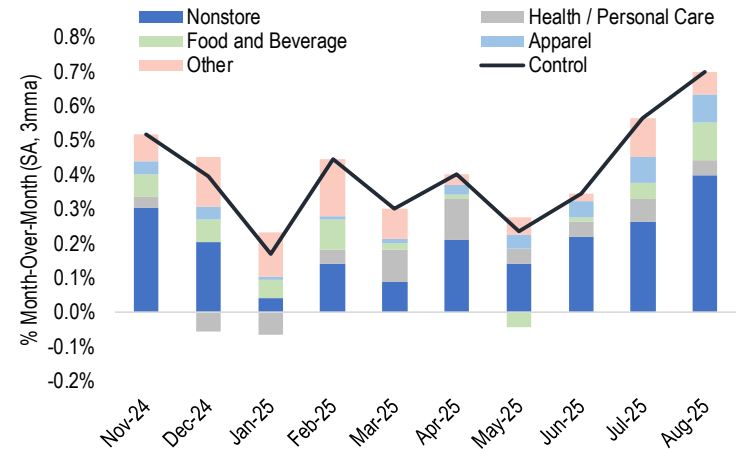
### Real (Inflation-Adjusted) Control Group Sales Rebounded to Multi-Month High



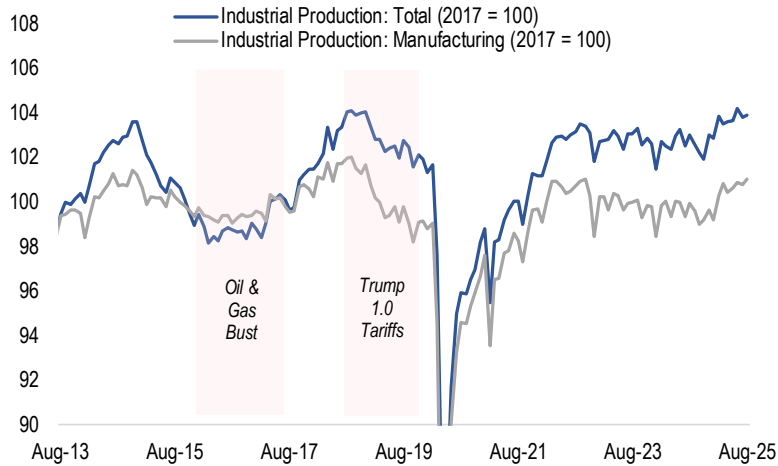
### Real Restaurant Sales Retained Choppy Monthly Trend, but Lack of Sustained Drawdown Is Encouraging



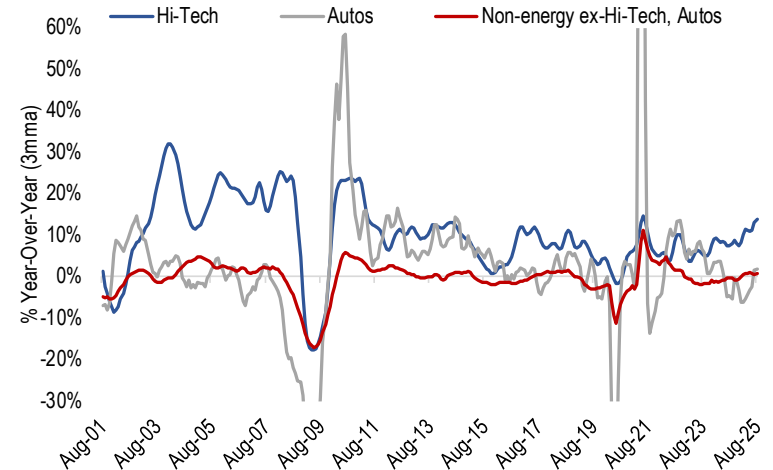
### Control Group Increasingly Driven by Online Shopping as Households Look for Deals to Combat Inflation



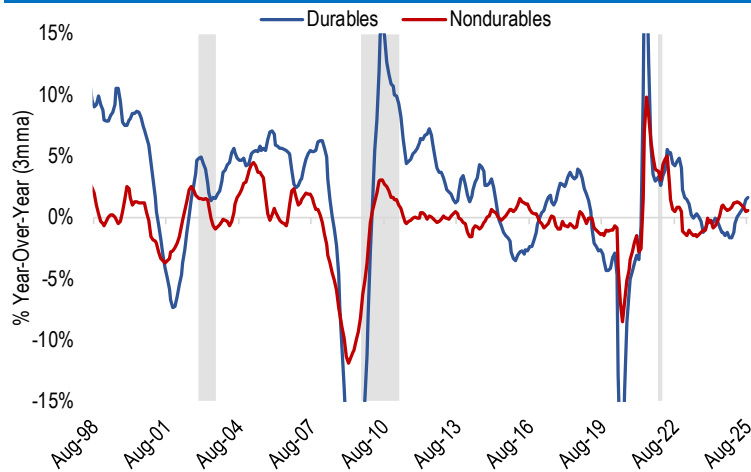
### Industrial Production Has Proven Resilient with Manufacturing Output Holding above Pre-Tariff Levels



### Production Related to Tech and Information Processing Continued to Gain Momentum

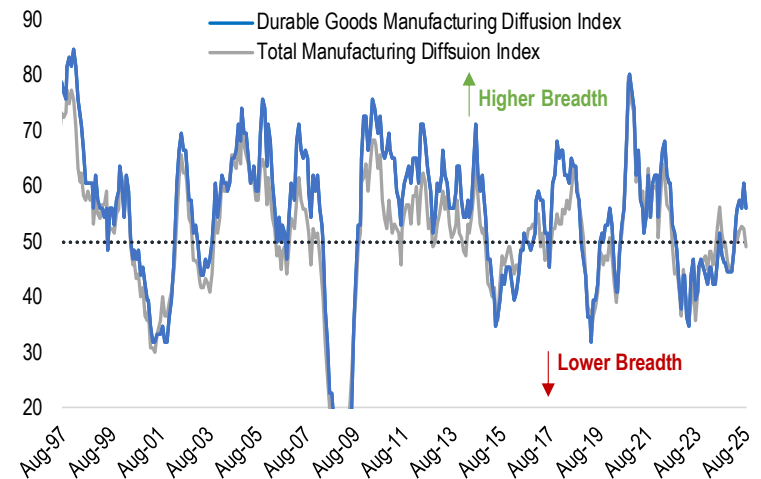


### Durable Goods Production Still Strong, Carried by Robust Business Equipment Output



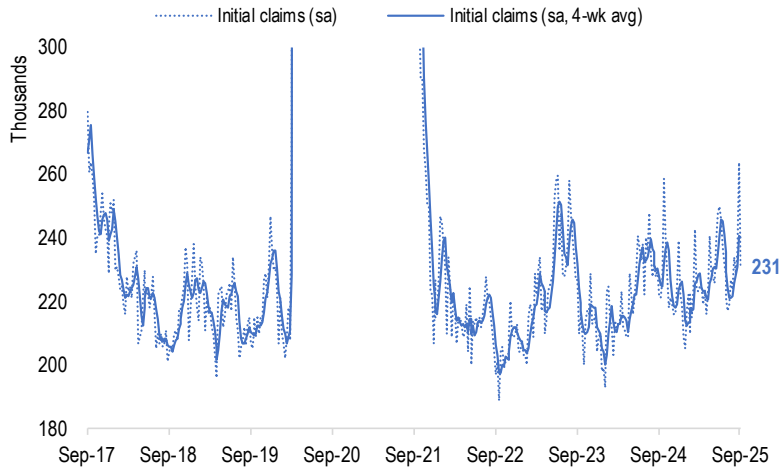
Durable goods are products that can be inventoried and have an average life of at least 3 years.

### Durable Goods Breadth Held Firm with Notable Strength in Autos and Electrical Components

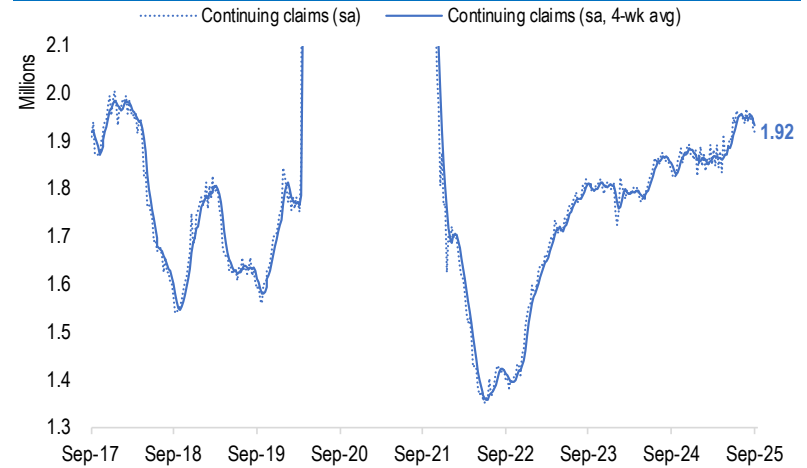




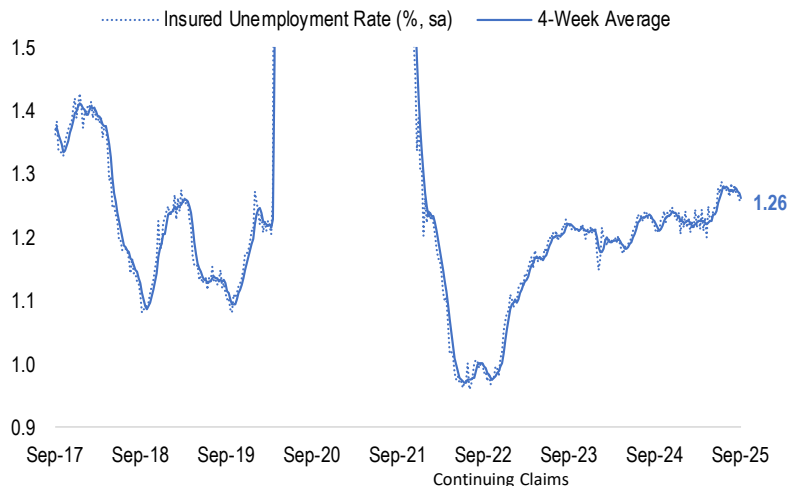
### Initial Claims Dropped Back to 231k (sa) in Week Ending Sept. 13, Back In-Line with Pre-Texas Fraud Spike Level



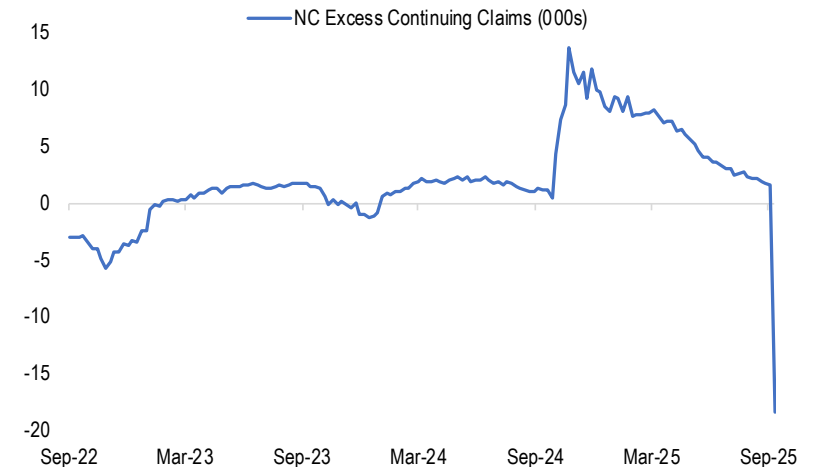
### Continuing Claims Down ~20k to 1,920k (sa) during Week Ending Sept. 6, In Part Due to NC Data Error ...



### ... Which Also Caused Insured Unemployment to Decline from Recent Post-Pandemic High



### North Carolina Continuing Claims Plunged by 20k, Confirmed to Be Data Error by NC State Dept. of Labor

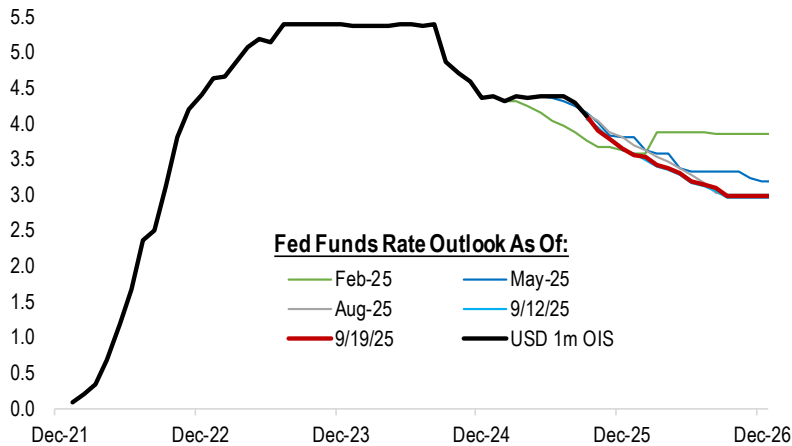


Insured Unemployment =  $\frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$

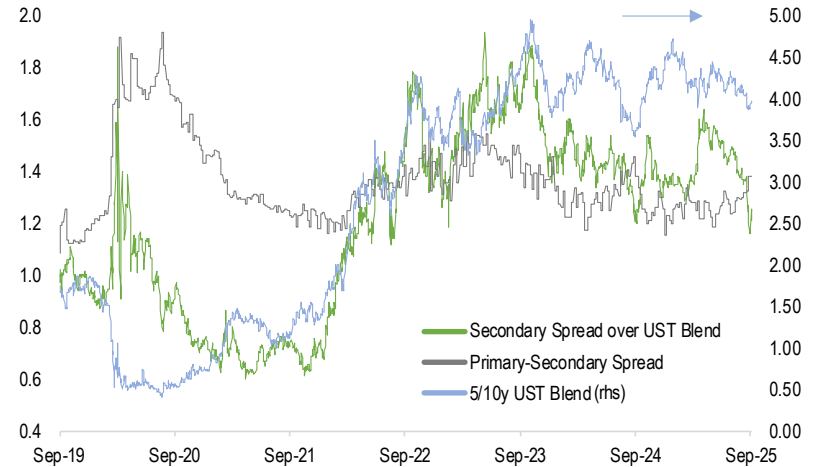
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

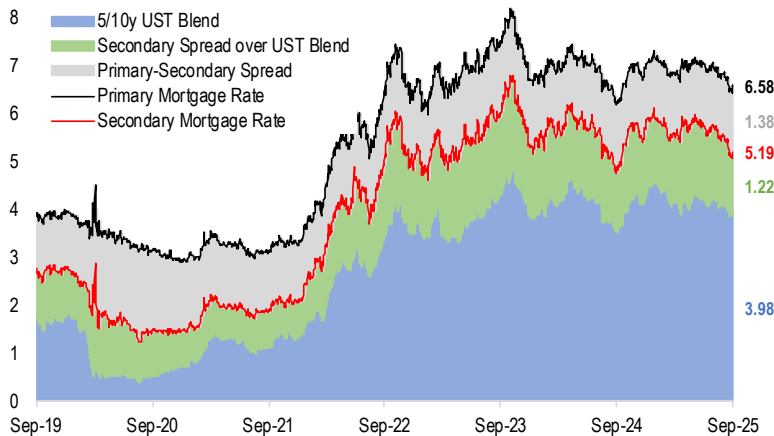
### Market Expects Another Two Rate Cuts by Year-End, Followed by Another 3 Cuts in 2026



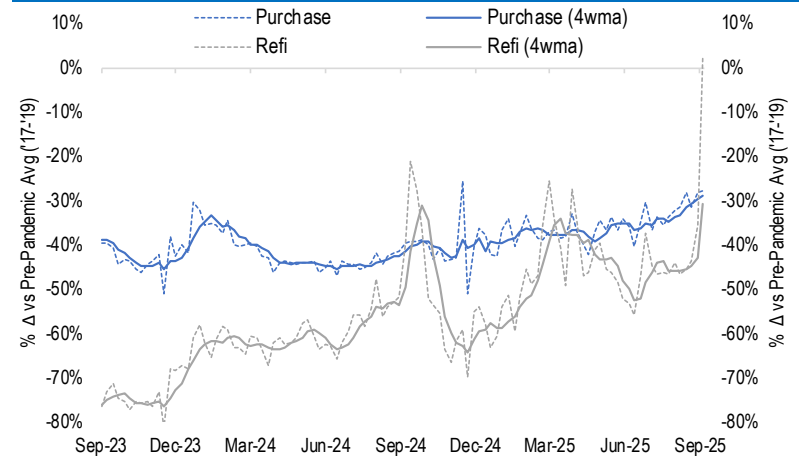
### U.S. Treasury Yields Rose 6bps Last Week and Mortgage Spreads Widened 2bps ...



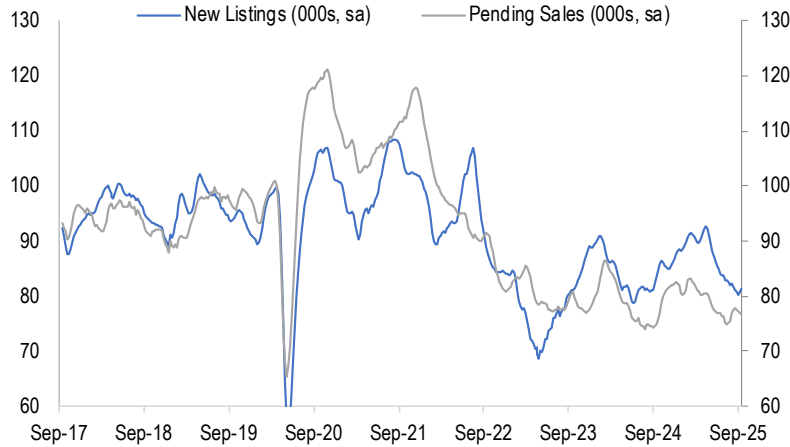
### ... Which Pushed Mortgage Rates Up for the First Weekly Increase in over a Month



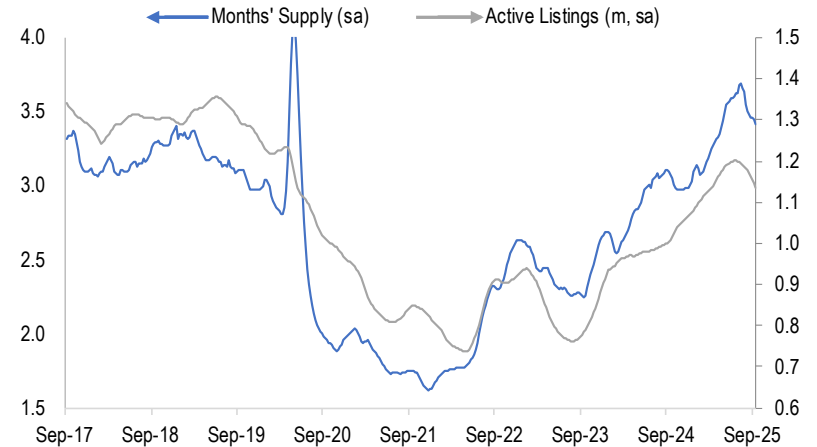
### Mortgage Refi Applications Spiked Nearly 60% w/w, First Time Back above Pre-Pandemic Level This Cycle



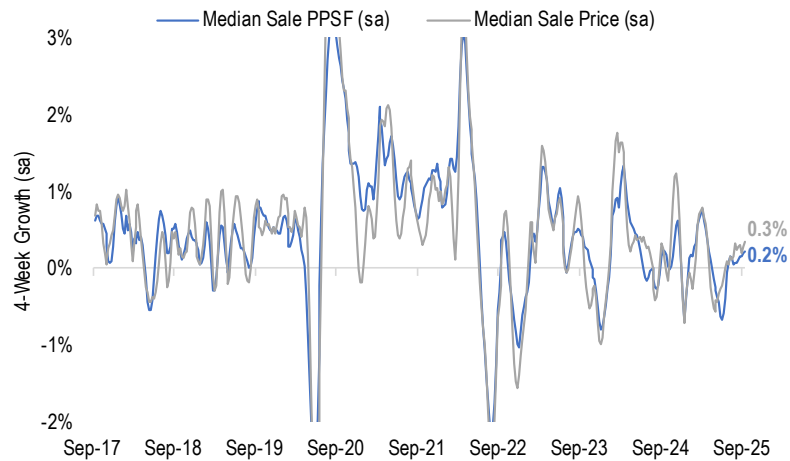
## Modest Rebound in Pending Sales Has Faded as New Listings Started Rising Again ...



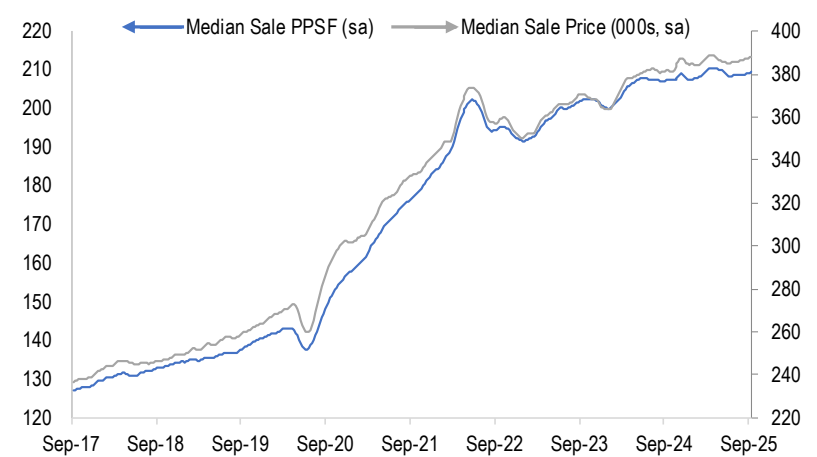
## ... Causing Pace of Improvement in Market Balance to Cool Even as Inventory Continued to Shrink



## Pace of Seasonally Adjusted Home-Price Growth Rebounded Modestly through Mid-September



## Home Prices Have Started to Inch Higher Again over the Summer 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%	0.6%	3.0%	1.4%	6.5%	1.2%	98.5%	-0.4%	-3.3	-10.1	10%	8%	-3%
Atlanta	-3.1%	-2.0%	1.3%	2.0%	7.2%	1.9%	97.6%	-0.5%	23.5	8.0	9%	26%	10%
Austin	-2.4%	2.0%	1.9%	4.8%	8.2%	1.0%	96.8%	-0.5%	53.7	37.3	15%	112%	93%
Baltimore	1.6%	-0.5%	2.3%	-2.5%	6.9%	1.1%	100.2%	-0.6%	3.2	-8.5	20%	-11%	-28%
Boston	2.8%	0.1%	6.9%	3.4%	5.3%	0.8%	100.5%	-0.7%	5.2	2.9	17%	7%	-10%
Chicago	3.7%	-0.4%	5.6%	2.1%	4.6%	1.7%	99.7%	0.1%	-9.9	-10.0	-3%	-30%	-28%
Dallas	-2.4%	1.1%	0.7%	2.5%	8.4%	1.0%	97.4%	-0.3%	25.9	11.9	16%	68%	34%
Denver	-3.2%	-0.1%	-0.1%	1.8%	9.0%	0.7%	98.4%	-0.5%	27.6	11.0	14%	90%	74%
Houston	-1.3%	-0.4%	1.6%	1.7%	8.1%	2.2%	96.3%	-0.7%	18.0	5.7	14%	7%	-4%
Los Angeles	1.0%	-0.7%	2.2%	1.9%	4.7%	1.4%	99.4%	-0.9%	7.1	-3.5	13%	32%	17%
Miami	1.7%	-1.0%	0.9%	2.5%	4.1%	0.7%	95.7%	-0.4%	26.1	2.9	12%	-12%	-35%
Minneapolis	1.6%	0.6%	3.1%	1.4%	7.7%	2.0%	99.9%	0.1%	0.3	-0.8	1%	2%	7%
Nashville	0.3%	-1.1%	4.0%	2.2%	5.7%	1.6%	97.9%	-0.4%	13.6	4.3	15%	48%	26%
New York	5.4%	0.1%	6.5%	0.6%	3.6%	0.3%	100.3%	0.1%	-39.8	-44.5	9%	-20%	-31%
Phoenix	-1.9%	0.9%	0.7%	1.8%	6.6%	0.5%	97.9%	-0.4%	31.4	14.4	16%	68%	57%
Portland	-2.5%	-1.9%	1.2%	2.2%	8.1%	1.5%	99.1%	-0.1%	18.8	7.2	15%	49%	34%
Riverside	-0.6%	-0.4%	2.1%	0.1%	5.3%	1.2%	98.9%	-0.6%	9.8	-7.8	11%	25%	7%
San Diego	-3.7%	-1.9%	0.1%	1.1%	6.2%	1.6%	98.7%	-0.8%	13.3	1.4	15%	20%	5%
Seattle	-0.6%	-0.2%	4.4%	2.1%	7.2%	1.6%	99.0%	-1.0%	8.9	-1.1	20%	43%	13%
Tampa	-1.0%	1.0%	3.4%	4.1%	8.3%	0.2%	96.6%	-0.8%	21.9	3.1	2%	42%	33%
Washington DC	2.5%	1.5%	3.0%	0.3%	5.8%	3.6%	99.4%	-0.8%	25.4	11.9	9%	25%	4%

Data as of Sept. 14, 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
9/23/25	9:45 AM	S&P Global US Manufacturing PMI	Sep P	--	51.7	--	53.0	index, sa
9/23/25	9:45 AM	S&P Global US Services PMI	Sep P	--	53.9	--	54.5	index, sa
9/23/25	9:45 AM	S&P Global US Composite PMI	Sep P	--	--	--	54.6	index, sa
9/24/25	7:00 AM	MBA Mortgage Applications w/w	Sep 19	--	--	--	29.7	%, sa
9/24/25	10:00 AM	New Home Sales	Aug	--	650	--	652	k, saar
9/24/25	10:00 AM	New Home Sales m/m	Aug	--	-0.3	--	-0.6	%, sa
9/25/25	8:30 AM	Wholesale Inventories m/m	Aug P	--	0.1	--	0.1	%, sa
9/25/25	8:30 AM	Retail Inventories m/m	Aug	--	0.2	--	0.2	%, sa
9/25/25	8:30 AM	GDP Annualized q/q	2Q T	--	3.3	--	3.3	%, saar
9/25/25	8:30 AM	Personal Consumption q/q	2Q T	--	1.6	--	1.6	%, saar
9/25/25	8:30 AM	Core PCE Deflator q/q	2Q T	--	2.5	--	2.5	%, saar
9/25/25	8:30 AM	Durable Goods Orders m/m	Aug P	--	-0.3	--	-2.8	%, sa
9/25/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Aug P	--	-0.1	--	1.1	%, sa
9/25/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Aug P	--	0.2	--	0.7	%, sa
9/25/25	8:30 AM	Initial Jobless Claims	Sep 20	--	235	--	231	k, sa
9/25/25	8:30 AM	Continuing Claims	Sep 13	--	1,938	--	1,920	k, sa
9/25/25	10:00 AM	Existing Home Sales	Aug	--	4.0	--	4.0	m, saar
9/25/25	10:00 AM	Existing Home Sales m/m	Aug	--	-1.3	--	2.0	%, sa
9/26/25	8:30 AM	Personal Income m/m	Aug	--	0.3	--	0.4	%, sa
9/26/25	8:30 AM	Personal Spending m/m	Aug	--	0.5	--	0.5	%, sa
9/26/25	8:30 AM	Real Personal Spending m/m	Aug	--	0.2	--	0.3	%, sa
9/26/25	8:30 AM	PCE Inflation m/m	Aug	--	0.3	--	0.2	%, sa
9/26/25	8:30 AM	PCE Inflation y/y	Aug	--	2.7	--	2.6	%, nsa
9/26/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Aug	--	0.2	--	0.3	%, sa
9/26/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Aug	--	2.9	--	2.9	%, nsa
9/26/25	10:00 AM	U. of Mich. Sentiment	Sep F	--	55.4	--	55.4	index, nsa
9/26/25	10:00 AM	U. of Mich. 1 Yr Inflation	Sep F	--	--	--	4.8	nsa
9/26/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Sep F	--	--	--	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
9/15/25	8:30 AM	Empire Manufacturing	Sep	-8.7	5.0	--	11.9	index, sa
9/16/25	8:30 AM	Advance Retail Sales m/m	Aug	0.6	0.2	0.6	0.5	%, sa
9/16/25	8:30 AM	Retail Sales Control Group m/m	Aug	0.7	0.4	--	0.5	%, sa
9/16/25	8:30 AM	Import Price Index m/m	Aug	0.3	-0.2	0.2	0.4	%, nsa
9/16/25	8:30 AM	Import Price Index y/y	Aug	0.0	0.0	-0.6	-0.2	%, nsa
9/16/25	9:15 AM	Industrial Production m/m	Aug	0.1	-0.1	-0.4	-0.1	%, sa
9/16/25	9:15 AM	Capacity Utilization	Aug	77.4	77.4	77.4	77.5	sa
9/16/25	10:00 AM	Business Inventories m/m	Jul	0.2	0.2	--	0.2	%, sa
9/16/25	10:00 AM	NAHB Housing Market Index	Sep	32	33	--	32	index, sa
9/17/25	7:00 AM	MBA Mortgage Applications w/w	Sep 12	29.7	--	--	9.2	%, sa
9/17/25	8:30 AM	Housing Starts	Aug	1,307	1,365	1,429	1,428	k, saar
9/17/25	8:30 AM	Housing Starts m/m	Aug	-8.5	-4.4	3.4	5.2	%, sa
9/17/25	8:30 AM	Building Permits	Aug P	1,312	1,370	--	1,362	k, saar
9/17/25	8:30 AM	Building Permits m/m	Aug P	-3.7	0.6	--	-2.2	%, sa
9/17/25	2:00 PM	FOMC Rate Decision (Upper Bound)	Sep 17	4	4	--	5	%
9/18/25	8:30 AM	Initial Jobless Claims	Sep 13	231	240	264	263	k, sa
9/18/25	8:30 AM	Continuing Claims	Sep 6	1,920	1,950	1,927	1,939	k, sa
9/18/25	8:30 AM	Philadelphia Fed Business Outlook	Sep	23.2	1.7	--	-0.3	index, sa
9/18/25	10:00 AM	Conference Board Leading Index m/m	Aug	-0.5	-0.2	0.1	-0.1	%, sa

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