

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 30, 2024

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Tug of War

- **Key Takeaway:** GDP revisions show economy was on more solid footing than previously indicated, but softening labor market remains a concern.
- **Macro Implications:** Despite the upgrade to prior economic growth, we still expect the Fed to cut rates by at least 50bps by year-end.
- **Housing Implications:** Mortgage rates have seemingly stabilized and are unlikely to head meaningfully lower in the near-term.

Macro: Where Do We Go from Here?

- GDP & GDI revisions show uplift to output and income in prior quarters.
- Disposable income growth was stronger than previously reported.
- Sturdy economic fundamentals offset by softer labor market trends.

Rates: Holding the Line

- 10-yr UST was up 2bps w/w to 3.75% and up 12bps from recent low.
- Another 75bps of cuts are priced in for the two remaining meetings in '24.
- Potential narrative shift could come with this week's jobs report (Sept.).

Housing: Potential Buyers Still Waiting for Lower Rates

- Mortgage rates are settling in around the low-6% range.
- Purchase apps seemingly bottomed, suggesting modest sales upside in Q4.
- August pending home sales index posted a modest uptick of 0.6%.

New Home Sales: Trend Remains Positive Despite Aug. Downtick

- August new home sales slid -4.7% but remained up 9.8% y/y.
- Months' supply of completed homes flat at 3.4 months.
- Builders remain focused on managing affordability with incentives.

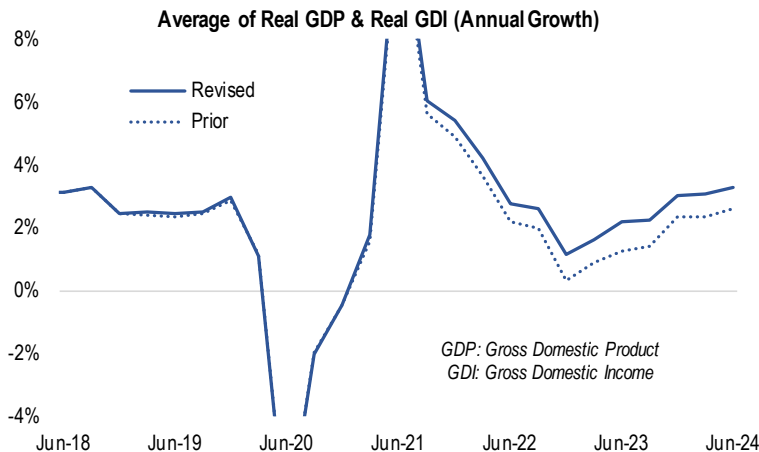
Personal Income: Savings Higher Than Thought

- Real disposable income rose 0.1% in Aug., up 3.1% y/y.
- Real spending rose just 0.1%, dragged lower by auto purchases.
- Prior six-month average savings rate revised up to 5.1% from 3.3%.

Consumer Sentiment: Labor Market Anxiety Prominent

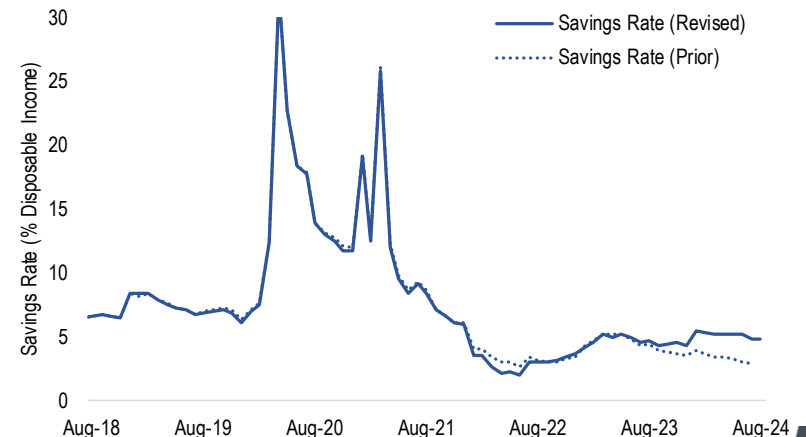
- UMich Sentiment Index is down -19pts year to date through Sept.
- Conference Board Index fell sharply in Sept on labor market concerns.
- Perceptions of job market/personal financial health have weakened.

Upward Revisions to Income & Output Growth Reduce Near-Term Recession Risk

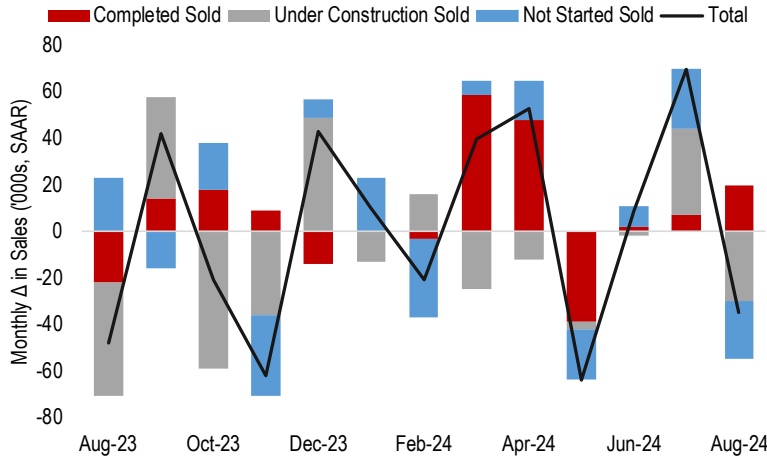


Sources: U.S. Bureau of Economic Analysis (BEA), Arch Global Economics

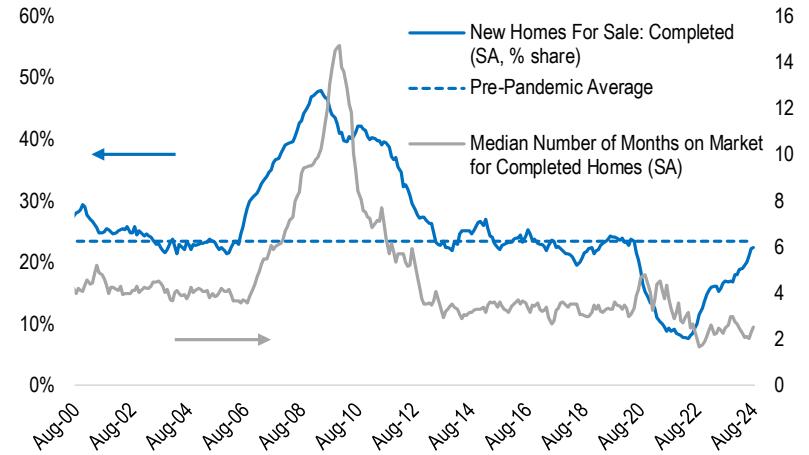
Upwardly Revised Personal Savings Rate Suggests Households Are Not "Running on Empty"



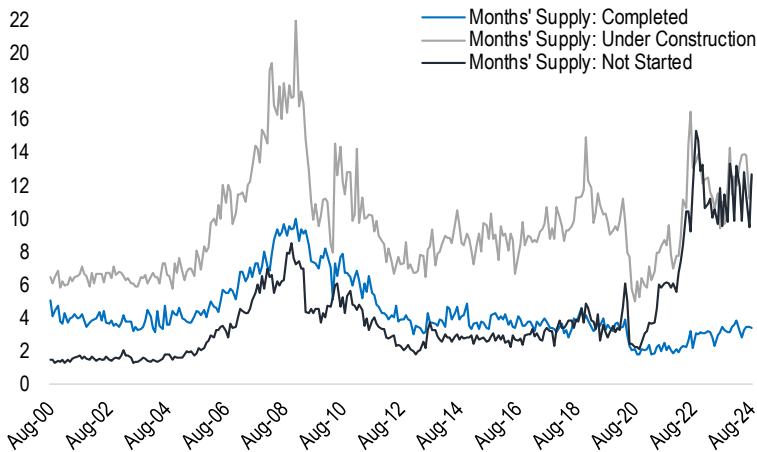
New Home Sales Declined in August Despite Solid Growth in Sales of Completed Homes



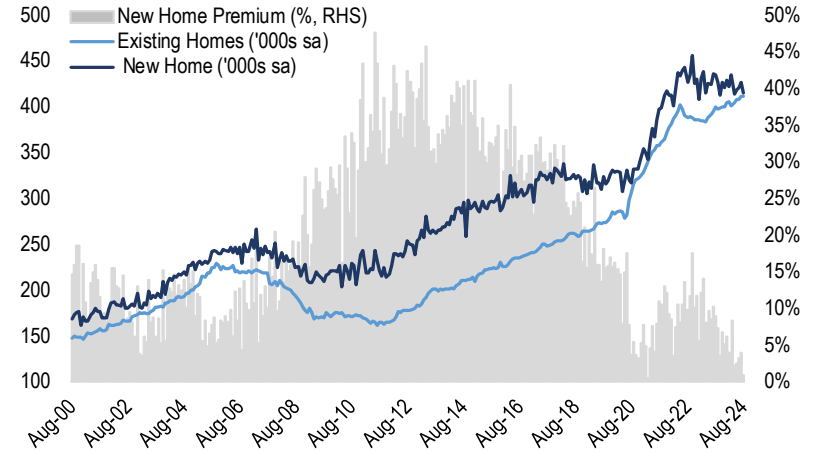
Completed Homes Rising as Share of New Homes for Sale, but Still Selling Quickly Once Completed



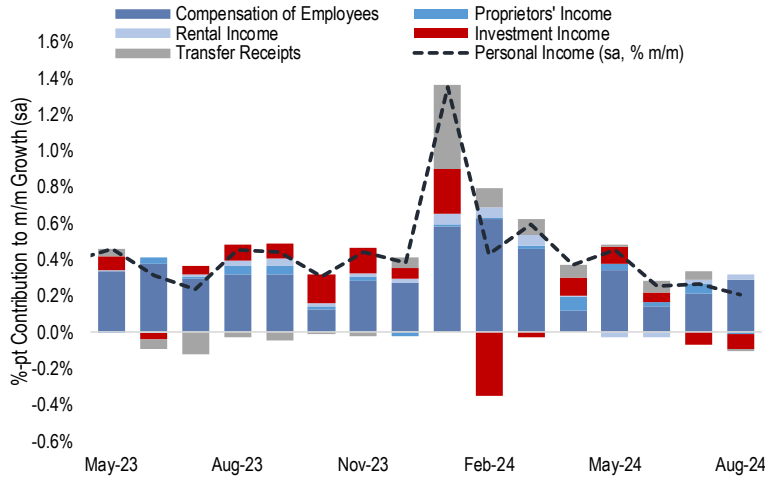
Months' Supply Only Fell for Completed Segment as Strong Sales Outpaced New Deliveries



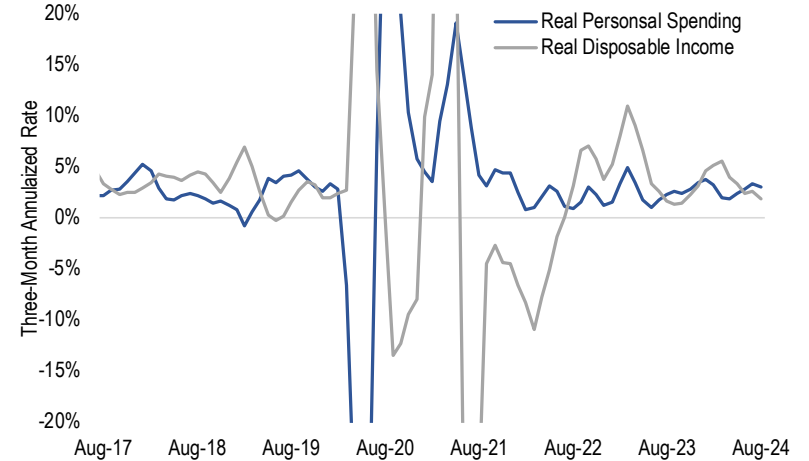
National New Home Premium Still under 5% in August amid Builder Incentives and Shrinking New Home Size



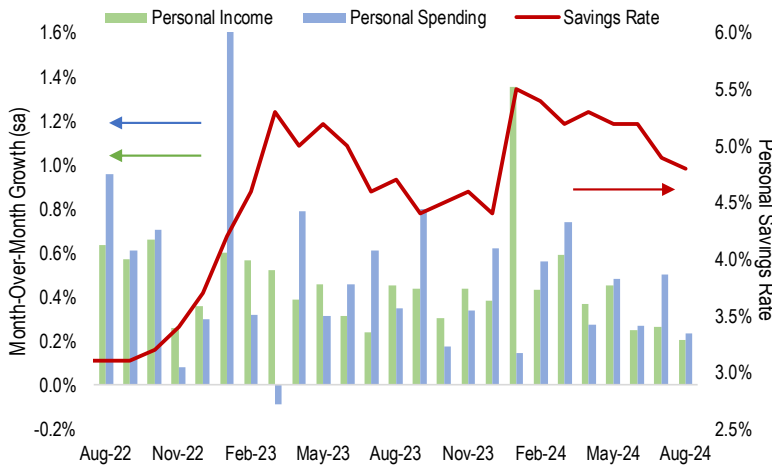
Income Growth Slowed Slightly in August as Lower Investment Income Offset Solid Wage Gains



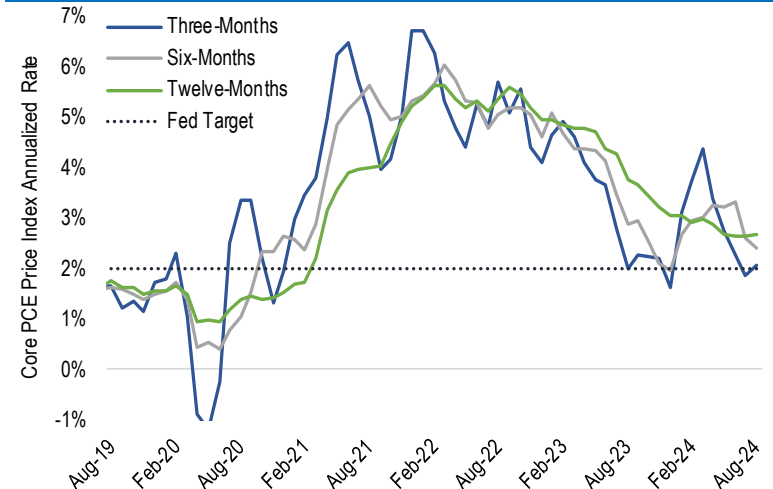
Real Disposable Income Growth Remained Modest and Still Trailed Pace of Spending



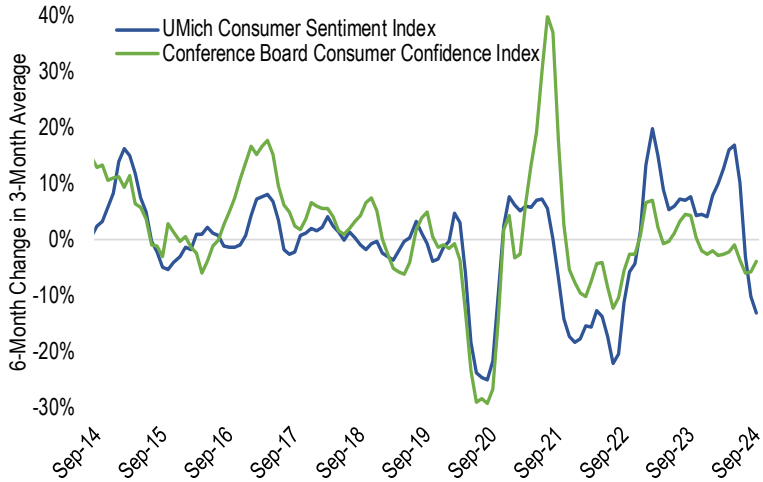
A Savings Rate Higher Than Previously Indicated Puts Households in Better Financial Position



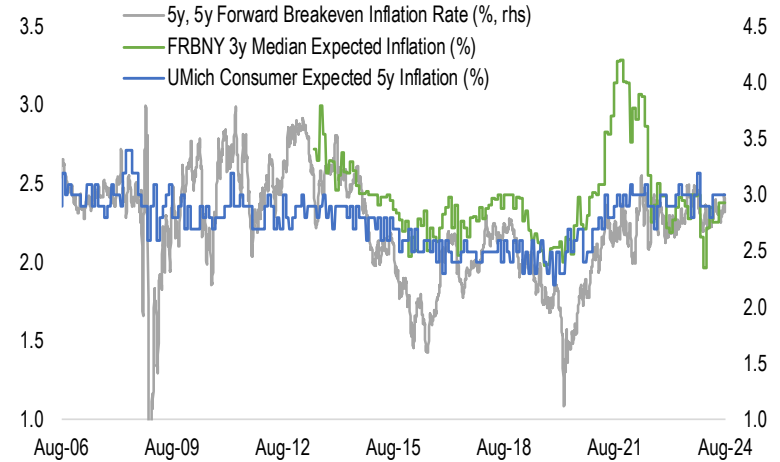
Fed's Preferred Measure of Inflation Shows Continued Progress toward Target



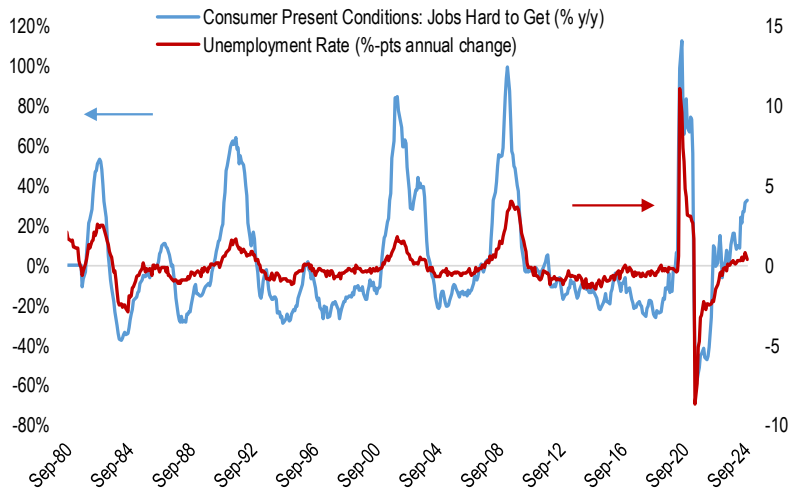
Consumer Confidence Has Declined Meaningfully in Recent Months per UMich and Conference Board



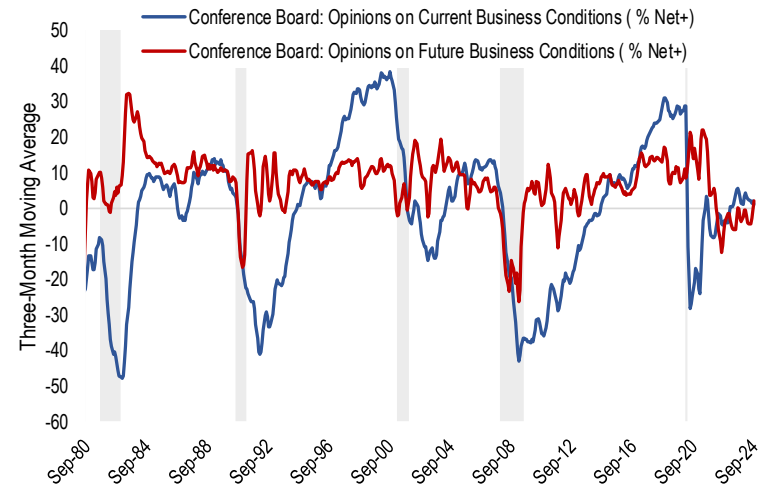
Measures of Medium-Term Inflation Expectations Continued to Hover around Pre-COVID-19 Norms



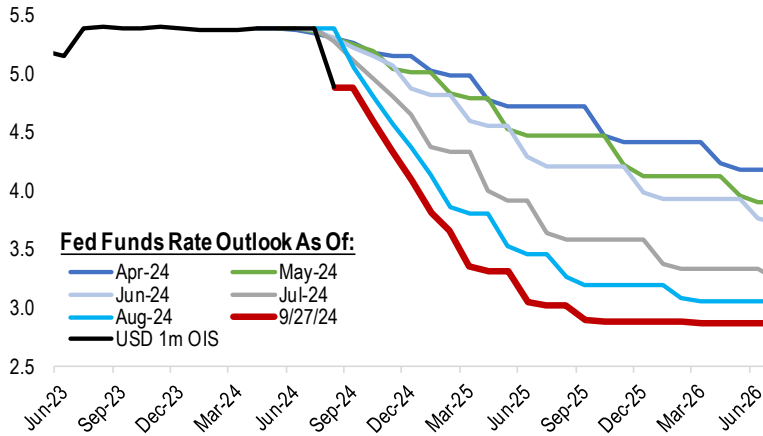
Conference Board Measure of Current Job Market Health Implies Continued Upside for Unemployment



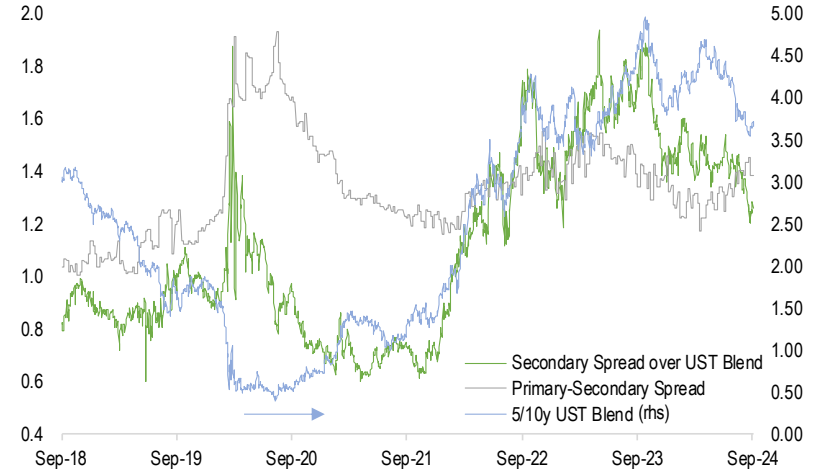
Households' Perceptions of Current Business Conditions Trending Lower Even as Future Conditions Rising



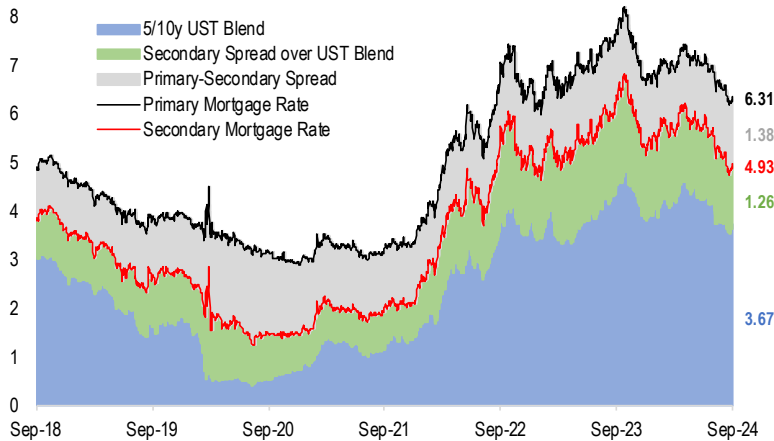
Market Sees Another 75bps of Cuts by Year-End with Only Two Meetings Left on the Calendar



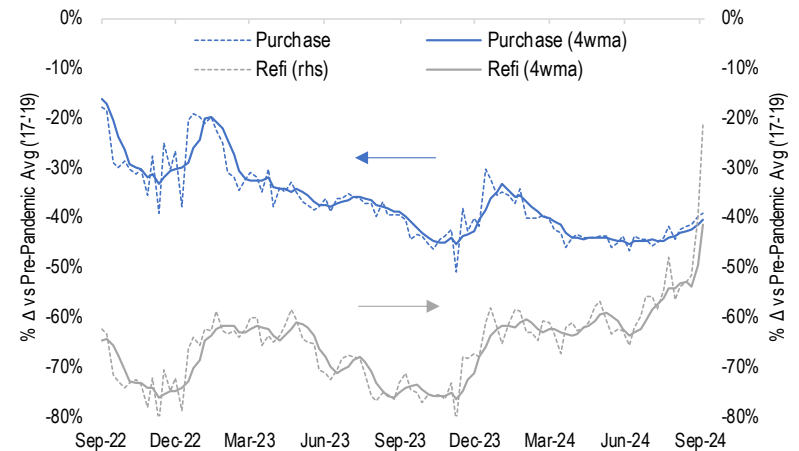
UST Yields Roughly Unchanged Last Week, While Combined Mortgage Spreads Were up 3bps ...



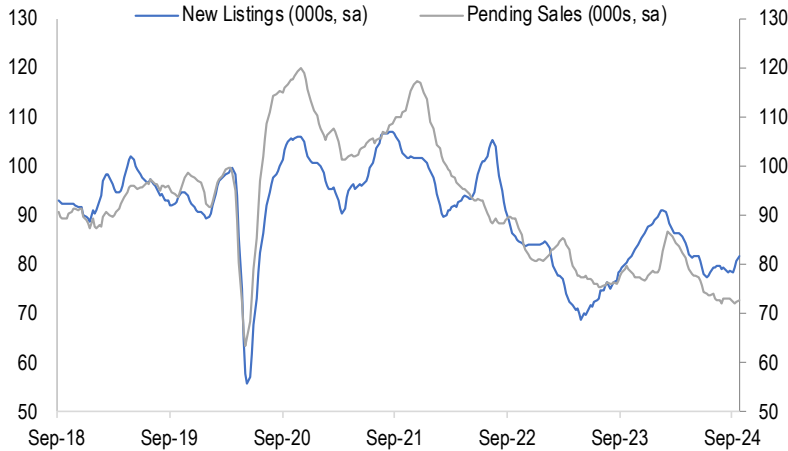
... Which Lifted Mortgage Rates by Another 3bps after Reaching a Two-Year Low Two Weeks Ago



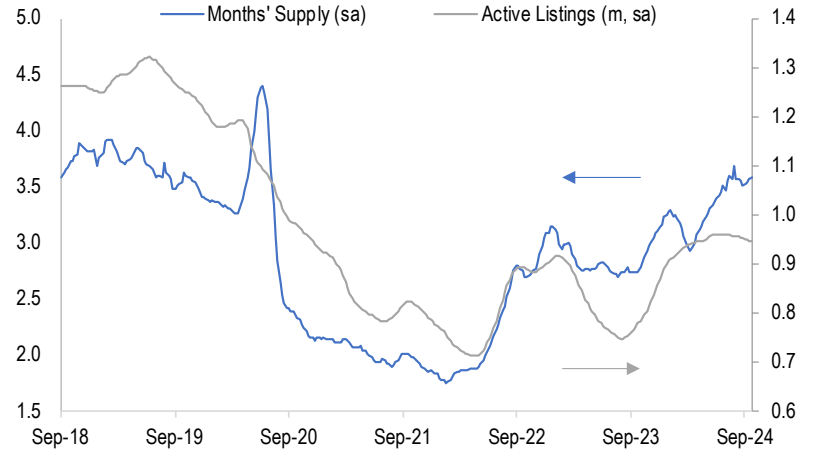
Mortgage Purchase Apps Continued Modest Recovery, While Refi Apps Have Surged Rapidly in Recent Weeks



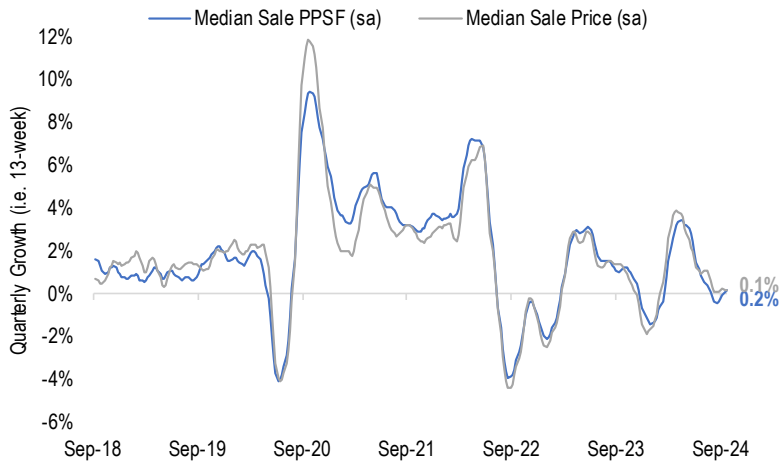
Pending Home Sales Leveling off as New Listings Rebounded Further ...



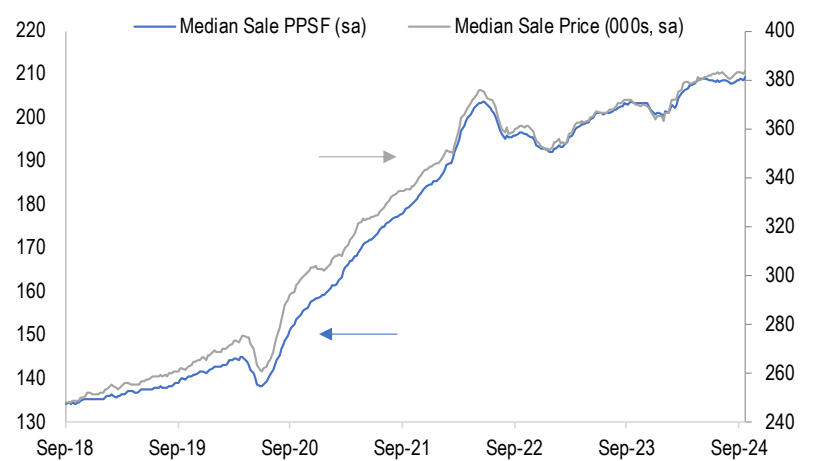
... Which Lifted Months' Supply Again Even as Inventory Continued to Shrink



Prior Pause in Softening Market Conditions Provided Brief Reprieve from Softer Home-Price Growth (SA) ...



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

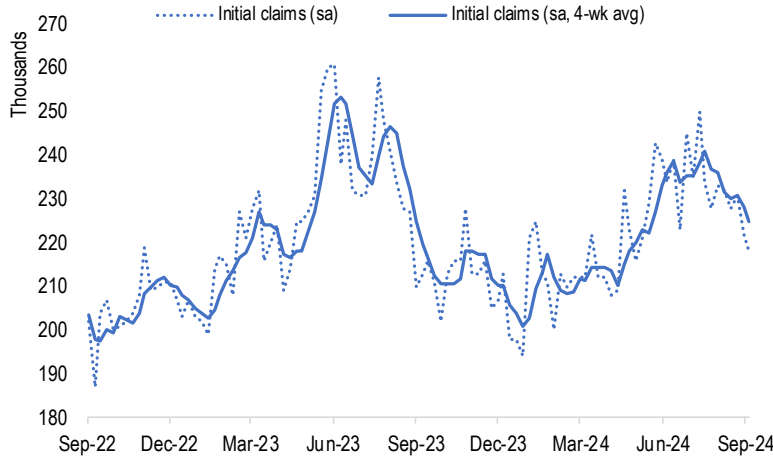


With National Market Near Pre-COVID-19 Balance, Some Markets Are Becoming Increasingly Oversupplied

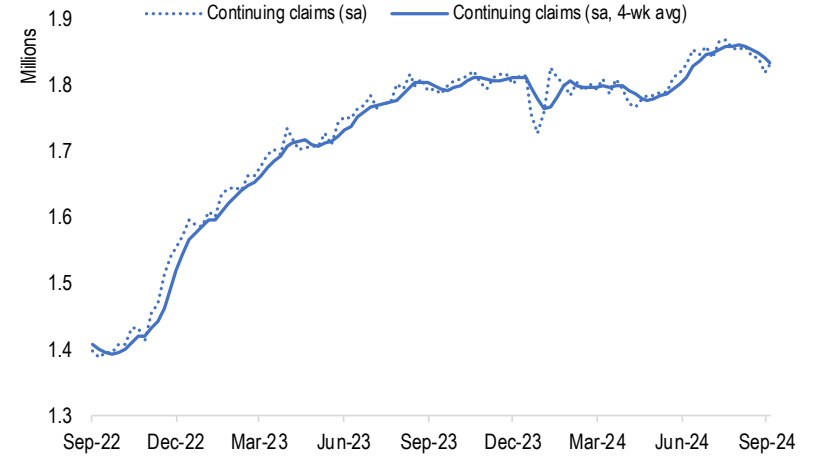
Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	3.0%	-0.6%	6.1%	1.6%	6.6%	1.0%	98.9%	-0.5%	-9.3	-15.8	18%	-3%	-23%
Atlanta	1.3%	-1.2%	4.0%	1.4%	7.1%	1.7%	98.3%	-0.4%	8.2	-6.2	0%	-4%	-15%
Austin	-4.9%	-2.7%	0.6%	5.0%	8.1%	-0.8%	97.2%	-0.2%	38.6	26.6	12%	101%	56%
Baltimore	4.7%	2.3%	5.3%	2.3%	6.9%	0.9%	100.8%	-0.2%	-8.7	-13.2	16%	-27%	-43%
Boston	3.0%	-2.6%	5.5%	2.0%	5.5%	1.0%	101.2%	-1.0%	2.4	1.2	14%	-13%	-24%
Chicago	7.3%	-0.6%	8.9%	3.1%	4.2%	1.3%	99.5%	-0.3%	15.6	13.8	-7%	-22%	-22%
Dallas	-1.4%	-1.9%	3.0%	2.4%	8.6%	0.8%	97.8%	-0.5%	9.3	-2.9	36%	29%	-6%
Denver	-1.8%	-1.7%	2.6%	0.7%	9.6%	-0.7%	98.9%	-0.5%	11.0	0.9	37%	67%	16%
Houston	-0.4%	-1.5%	3.9%	1.2%	7.9%	1.3%	97.1%	-0.7%	5.2	-8.0	19%	-7%	-29%
Los Angeles	2.1%	-4.5%	2.9%	-2.2%	4.4%	1.0%	100.3%	-1.0%	-1.5	-7.5	24%	10%	-3%
Miami	0.6%	-4.1%	9.2%	4.3%	4.5%	1.5%	96.1%	-0.8%	1.9	-13.6	35%	-30%	-59%
Minneapolis	1.3%	0.1%	4.7%	1.3%	7.2%	0.8%	99.8%	-0.7%	-1.2	-5.4	8%	1%	-16%
Nashville	1.7%	-2.6%	4.0%	2.5%	5.7%	1.1%	98.2%	-0.1%	6.1	-0.1	16%	28%	1%
New York	5.4%	-2.6%	11.6%	3.0%	4.1%	1.1%	100.3%	0.2%	-35.1	-33.3	-10%	-26%	-26%
Phoenix	0.3%	-3.6%	4.7%	3.2%	6.9%	0.2%	98.3%	-0.4%	14.8	-0.6	37%	51%	2%
Portland	0.1%	0.1%	1.6%	0.1%	8.0%	1.4%	99.1%	-0.5%	6.0	-1.3	12%	23%	6%
Riverside	1.0%	-3.1%	4.4%	-0.3%	5.1%	0.9%	99.6%	-0.1%	-7.1	-15.8	21%	2%	-11%
San Diego	4.0%	-1.8%	6.7%	-0.2%	6.5%	1.4%	99.4%	-1.1%	1.9	-8.8	48%	4%	-28%
Seattle	1.9%	-4.5%	6.7%	2.6%	6.8%	0.1%	99.8%	-0.3%	0.0	-4.3	29%	12%	-14%
Tampa	-3.6%	-4.9%	2.3%	-0.3%	9.2%	1.5%	97.3%	-0.6%	5.2	-9.8	51%	35%	-21%
Washington DC	2.3%	-0.4%	4.6%	0.2%	5.3%	0.6%	100.1%	-0.3%	6.8	2.5	12%	-4%	-17%

Data as of Sept. 22, 2024, and reflects 4-week averages.

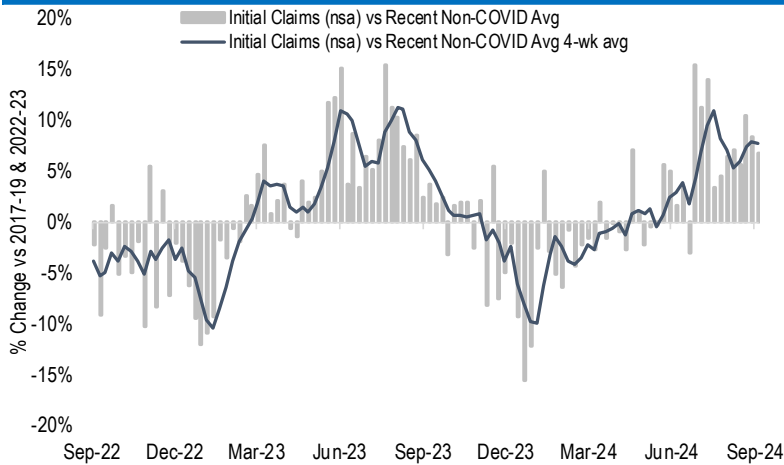
Seasonally Adjusted Initial Claims Moved Lower Again, Potentially Reversing 2024 Uptrend



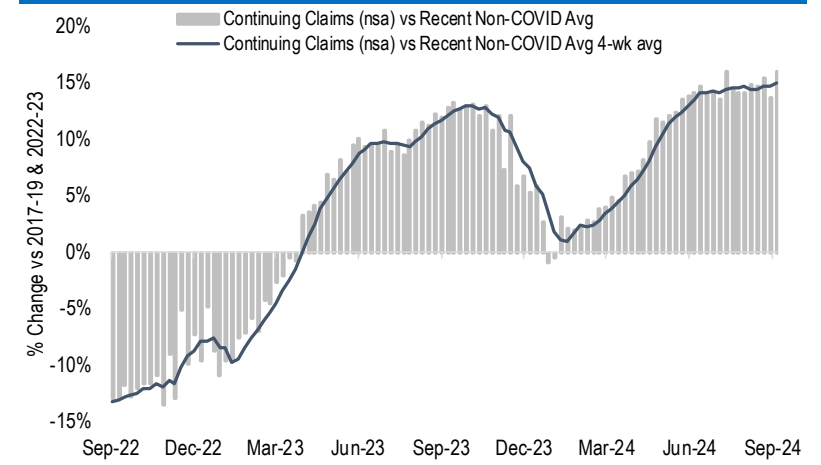
Upside Momentum in Continuing Claims (SA) Has Also Cooled after Moving Higher for Most of 2024



However, NSA Initial Claims Trending Further above Recent Norm Highlights Our Concerns with SA Method



NSA Continuing Claims Trending Modestly Higher vs. Recent Non-COVID-19 Average in Recent Weeks



UPCOMING DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
10/1/24	11:00 AM	Wards Total Vehicle Sales	Sep	--	15.7	--	15.1	m, saar
10/1/24	9:45 AM	S&P Global US Manufacturing PMI	Sep F	--	47.0	--	47.0	index, sa
10/1/24	10:00 AM	JOLTS Job Openings	Aug	--	7,673	--	7,673	k, sa
10/1/24	10:00 AM	ISM Manufacturing	Sep	--	47.7	--	47.2	index, sa
10/1/24	10:00 AM	ISM Prices Paid	Sep	--	54.0	--	54.0	index, nsa
10/2/24	7:00 AM	MBA Mortgage Applications w/w	Sep 27	--	--	--	11.0	%, sa
10/2/24	8:15 AM	ADP Employment m/m	Sep	--	120	--	99	k, sa
10/3/24	8:30 AM	Initial Jobless Claims	Sep 28	--	222	--	218	k, sa
10/3/24	8:30 AM	Continuing Claims	Sep 21	--	--	--	1,834	k, sa
10/3/24	9:45 AM	S&P Global US Services PMI	Sep F	--	--	--	55.4	index, sa
10/3/24	9:45 AM	S&P Global US Composite PMI	Sep F	--	--	--	54.4	index, sa
10/3/24	10:00 AM	Durable Goods Orders m/m	Aug F	--	0.0	--	0.0	%, sa
10/3/24	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Aug F	--	--	--	0.2	%, sa
10/3/24	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Aug F	--	--	--	0.1	%, sa
10/3/24	10:00 AM	ISM Services Index	Sep	--	51.5	--	51.5	index, nsa
10/4/24	8:30 AM	Nonfarm Payrolls m/m	Sep	--	140	--	142	k, sa
10/4/24	8:30 AM	Private Payrolls m/m	Sep	--	120	--	118	k, sa
10/4/24	8:30 AM	Unemployment Rate	Sep	--	4.2	--	4.2	%, sa
10/4/24	8:30 AM	Average Hourly Earnings m/m	Sep	--	0.3	--	0.4	%, sa
10/4/24	8:30 AM	Average Hourly Earnings y/y	Sep	--	3.8	--	3.8	%, nsa
10/4/24	8:30 AM	Average Weekly Hours All Employees	Sep	--	34.3	--	34.3	sa
10/4/24	8:30 AM	Labor Force Participation Rate	Sep	--	62.7	--	62.7	%, sa

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
9/23/24	9:45 AM	S&P Global US Manufacturing PMI	Sep P	47.0	48.6	--	47.9	index, sa
9/23/24	9:45 AM	S&P Global US Services PMI	Sep P	55.4	55.2	--	55.7	index, sa
9/23/24	9:45 AM	S&P Global US Composite PMI	Sep P	54.4	54.3	--	54.6	index, sa
9/24/24	9:00 AM	FHFA House Price Index m/m	Jul	0.1	0.2	0.0	-0.1	%, sa
9/24/24	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jul	0.3	0.4	0.5	0.4	%, sa
9/24/24	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jul	5.9	5.9	6.5	6.5	%, nsa
9/24/24	10:00 AM	Conf. Board Consumer Confidence	Sep	98.7	104.0	105.6	103.3	index, sa
9/25/24	7:00 AM	MBA Mortgage Applications w/w	Sep 20	11.0	--	--	14.2	%, sa
9/25/24	10:00 AM	New Home Sales	Aug	716	700	751	739	k, saar
9/25/24	10:00 AM	New Home Sales m/m	Aug	-4.7	-5.3	10.3	10.6	%, sa
9/26/24	8:30 AM	GDP Annualized q/q	2Q T	3.0	2.9	--	3.0	%, saar
9/26/24	8:30 AM	Personal Consumption q/q	2Q T	2.8	2.9	--	2.9	%, saar
9/26/24	8:30 AM	Core PCE Deflator q/q	2Q T	2.8	2.8	--	2.8	%, saar
9/26/24	8:30 AM	Durable Goods Orders m/m	Aug P	0.0	-2.6	9.9	9.8	%, sa
9/26/24	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Aug P	0.2	0.1	-0.2	-0.1	%, sa
9/26/24	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Aug P	0.1	0.1	-0.4	-0.3	%, sa
9/26/24	8:30 AM	Initial Jobless Claims	Sep 21	218	223	222	219	k, sa
9/26/24	8:30 AM	Continuing Claims	Sep 14	1,834	1,828	1,821	1,829	k, sa
9/26/24	10:00 AM	Pending Home Sales m/m	Aug	0.6	1.0	--	-5.5	%, sa
9/26/24	10:00 AM	Pending Home Sales y/y	Aug	-4.3	-5.5	--	-4.6	%, nsa
9/27/24	8:30 AM	Personal Income m/m	Aug	0.2	0.4	--	0.3	%, sa
9/27/24	8:30 AM	Personal Spending m/m	Aug	0.2	0.3	--	0.5	%, sa
9/27/24	8:30 AM	Real Personal Spending m/m	Aug	0.1	0.1	--	0.4	%, sa
9/27/24	8:30 AM	PCE Inflation m/m	Aug	0.1	0.1	--	0.2	%, sa
9/27/24	8:30 AM	PCE Inflation y/y	Aug	2.2	2.3	--	2.5	%, nsa
9/27/24	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Aug	0.1	0.2	--	0.2	%, sa
9/27/24	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Aug	2.7	2.7	--	2.6	%, nsa
9/27/24	10:00 AM	U. of Mich. Sentiment	Sep F	70.1	69.4	--	69.0	index, nsa
9/27/24	10:00 AM	U. of Mich. 1 Yr Inflation	Sep F	2.7	2.7	--	2.7	nsa
9/27/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Sep F	3.1	3.0	--	3.1	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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