

HaMMR Digest

Stay current with economic and mortgage market trends.

October 6, 2025

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No Payrolls? No Problem

- **Key Takeaway:** The government shutdown thwarted the September payrolls release, but alt data suggests trends were roughly flat to slightly softer.
- **Macro Implications:** The longer the shutdown, the greater fog and downside risk to the economy which could push the Fed to cut again in Oct.
- **Housing Implications:** Rising ARM application share may limit mortgage basis compression due to faster prepayment speeds versus FRMs.

Macro: You Can't Declare a Recession without Data!

- Economic implications will grow the longer the shutdown lasts.
- PMIs point to cooling activity; goods inventories rising amid weak sales.
- Pricing dynamics show margin squeeze, keeping employment risk elevated.

Alt Jobs Report: Triangulating Signal from Noise

- Alternative data do not imply material payrolls weakness for September.
- FRB Chicago nowcast suggests flat to slightly higher unemployment rate.
- Hiring pace slowed further but layoffs did not follow suit and turn higher.

Labor Market Turnover: Hiring Trend Hits New Low

- Net hiring negative (3mma) for first time since 2010 outside the pandemic.
- Small firms materially curtailed hiring with larger firms not providing offset.
- Slack keeps building as openings/unemployed ratio fell further below "1."

Rates: Muted

- 10Y yield dipped ~5bps to 4.12%, little reaction to shutdown or data gap.
- No release of Sep. CPI (Oct. 15) would likely raise volatility in markets.
- Market odds of 2 rate cuts in '25 rose back to ~80% from 60% last week.

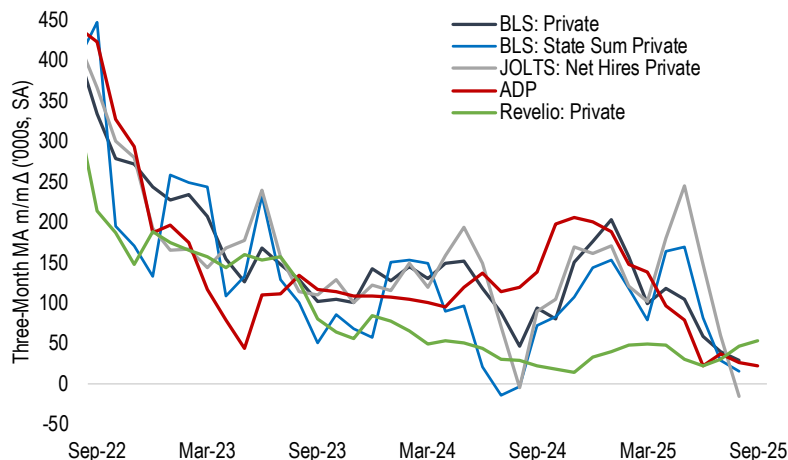
Housing: Fun While It Lasted

- Mini refi boom dissipating quickly alongside flat-to-higher mortgage rates.
- Pending sales tracking higher, closing the gap with last year's level.
- High-frequency price momentum rebounding as inventory impulse fades.

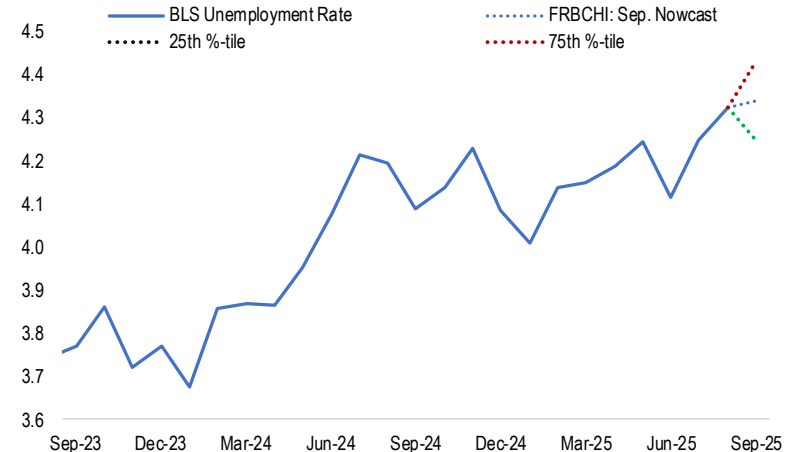
Consumer Confidence: On the Lookout

- Conference Board at multi-month low weighed down by weak job market.
- UMich index hints at growing concern over household financial health.
- Underlying trend: "Present conditions" steady, "expectations" worse.

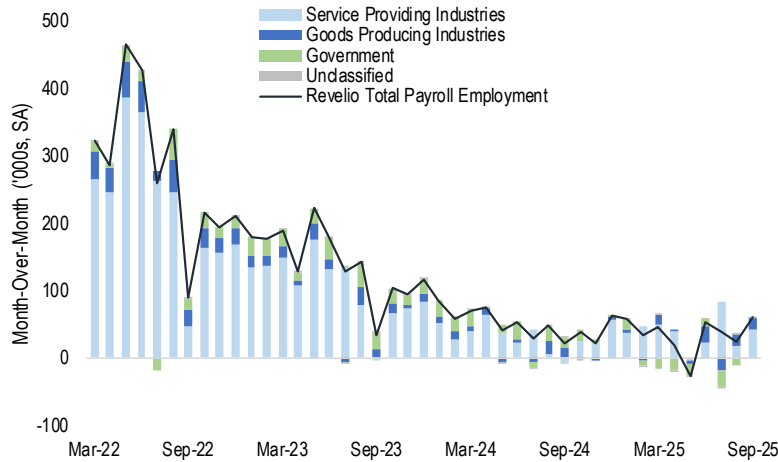
Alternative Employment Data Generally Reflect a Downshift in Private Job Growth in Recent Months



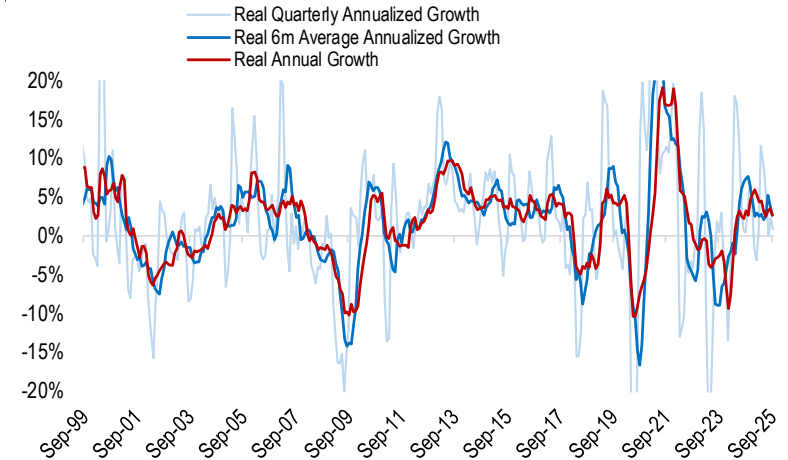
FRB Chicago Unemployment Rate Nowcast Does Not Suggest Material Labor Slack Build in Sept.



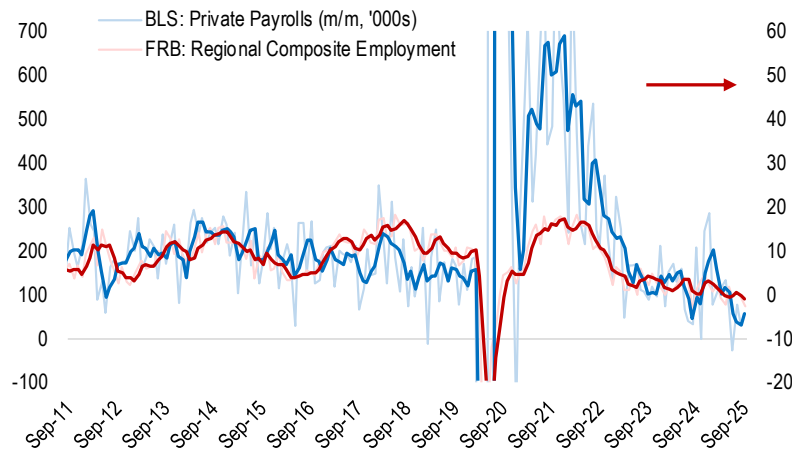
Revelio Payrolls Data through September Show Modest Recovery from Prior Weakness



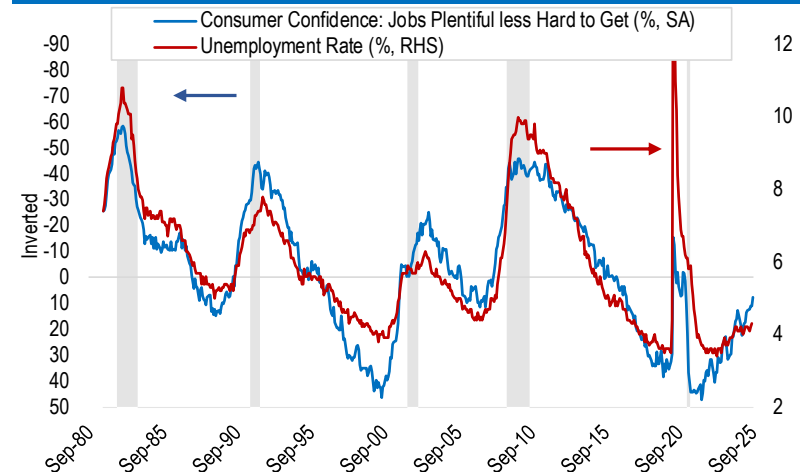
Growth in Real Income Tax Withholdings Suggests Labor Market Has Not Deteriorated Further



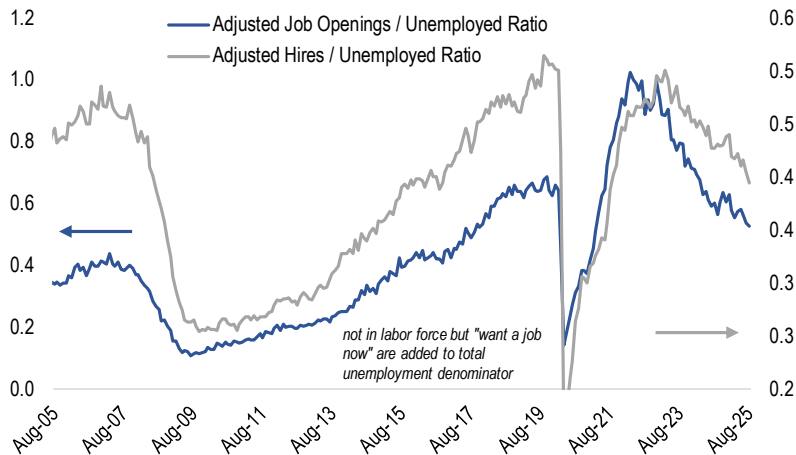
Regional Fed Employment Index More or Less Holding Steady in September



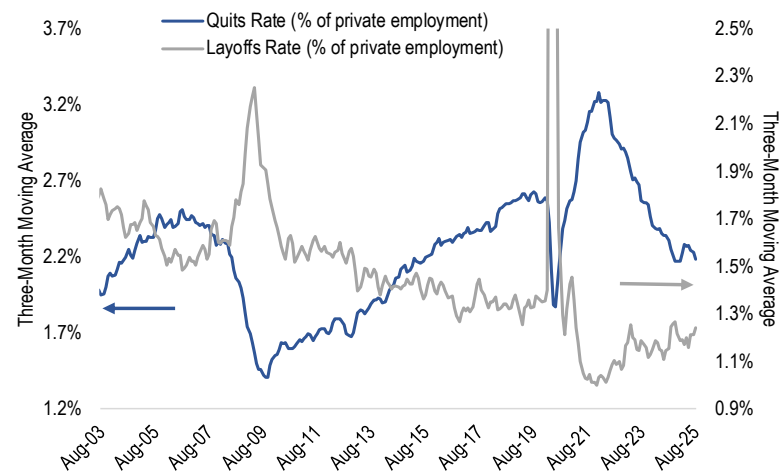
Household Labor Perceptions Deteriorate to Worst Point This Cycle and Still Heading Wrong Direction



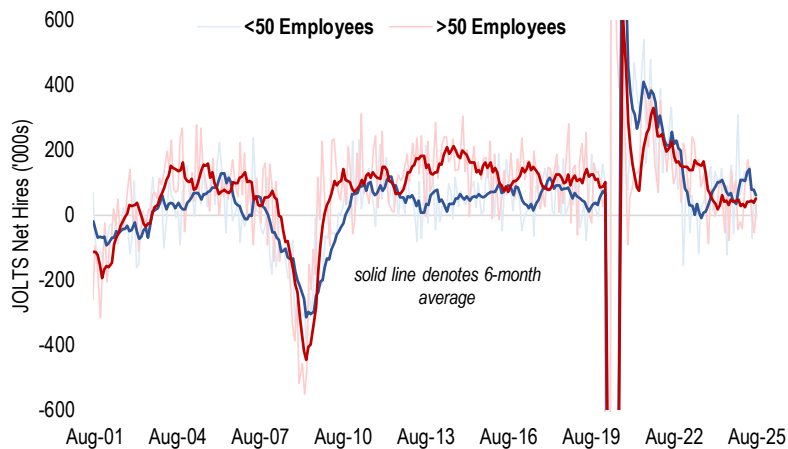
Job Market Reflects Demand Moderation against a Backdrop of an Uncertain Outlook



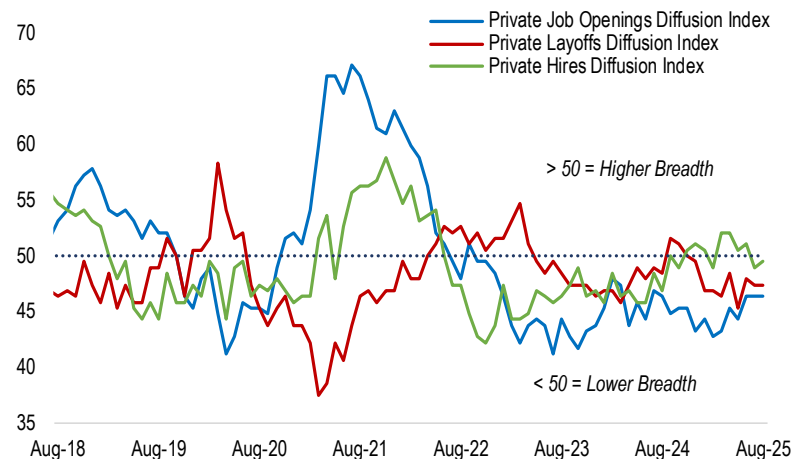
Quits Have Turned Lower While Layoffs Are Creeping Higher



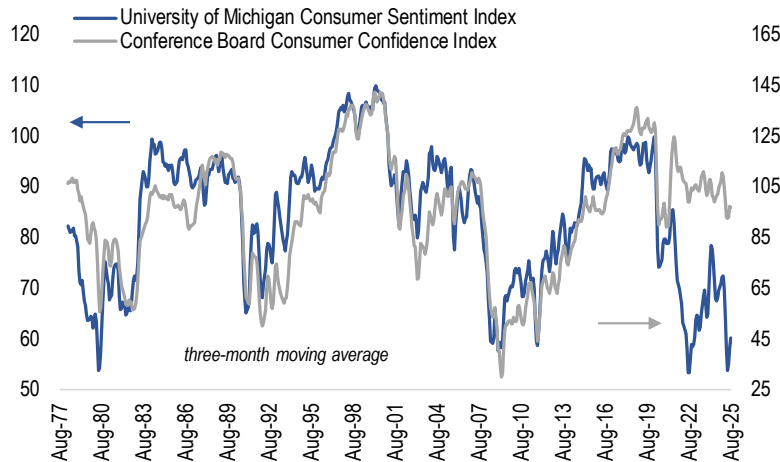
Small Firm Net Hiring No Longer a Bright Spot as Net Driven by Material Pullback in Hiring



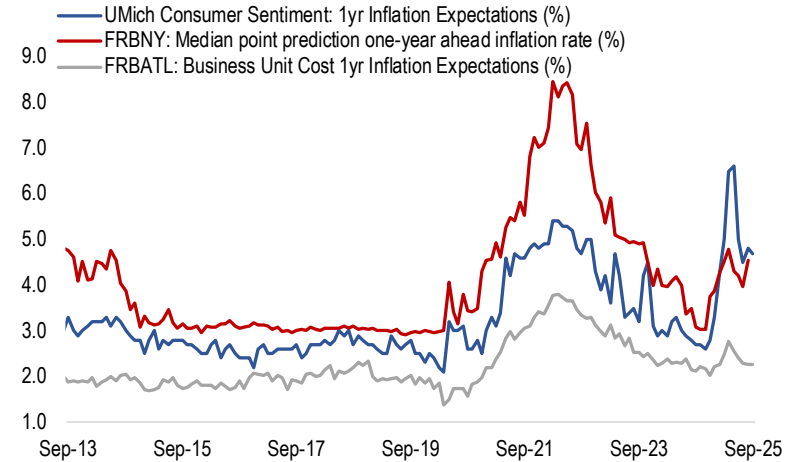
Hiring Breadth Largely Unchanged; More Importantly, Breadth of Industry Layoffs Remains Narrow



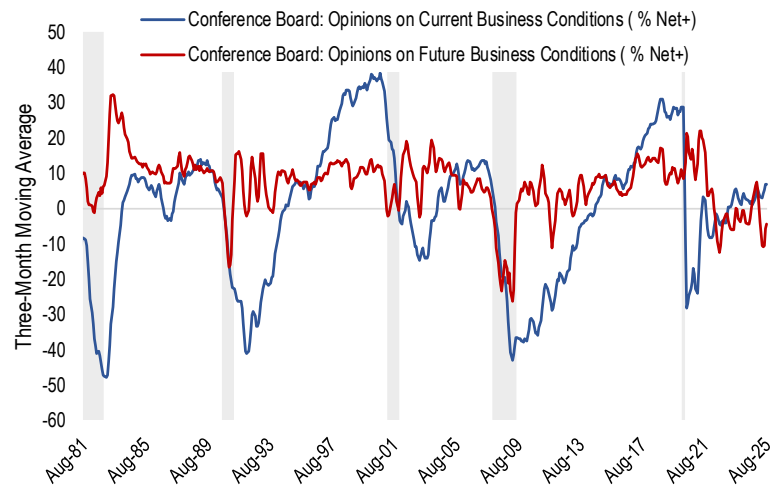
Consumer Sentiment Unwinding Some Prior Anxiety despite Remaining Depressed Overall



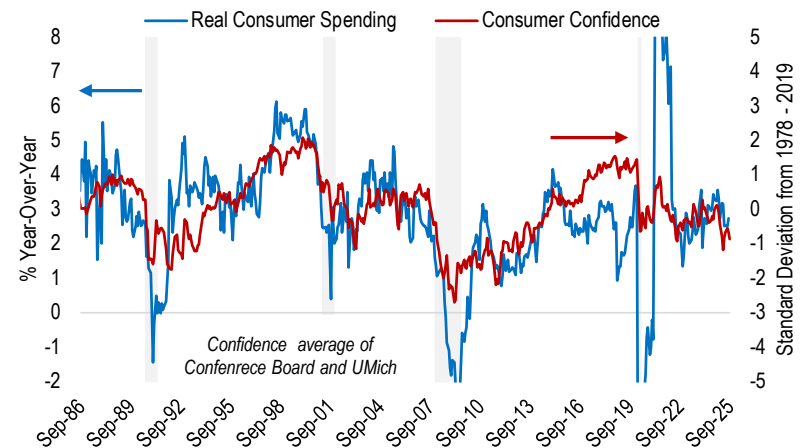
Consumer Expectations for a Drastic Inflation Surge Have Receded but Remain Elevated



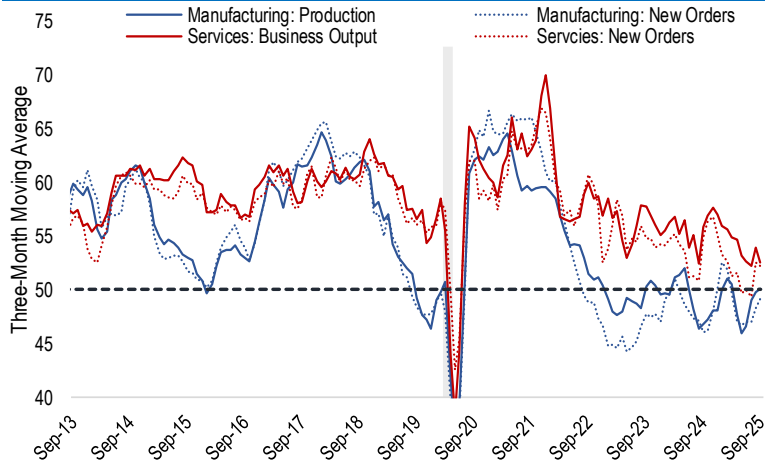
Consumer Outlook on Present Business Conditions Growing Less Downbeat



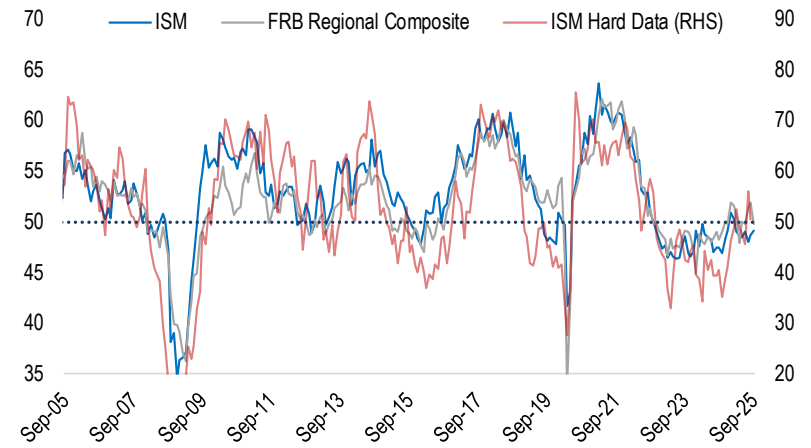
Recent Trend in Consumer Confidence Suggests Modest Downside to Real Spending



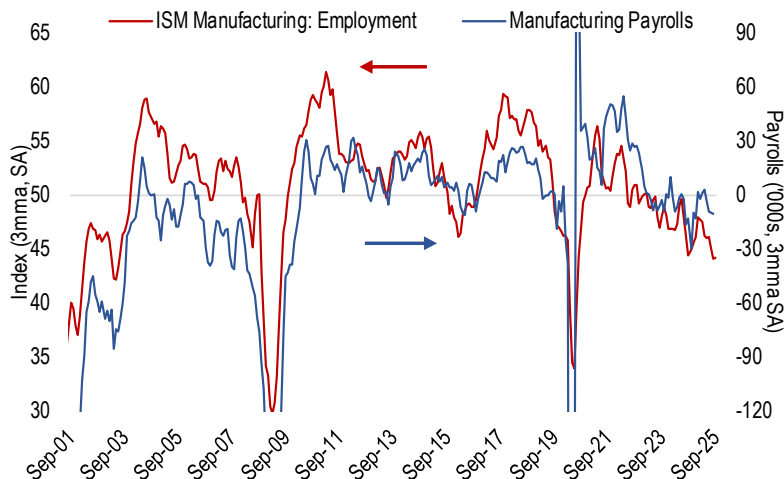
Manufacturing Output Held Firm in September, but Dip in New Orders Suggests Momentum Will Fade



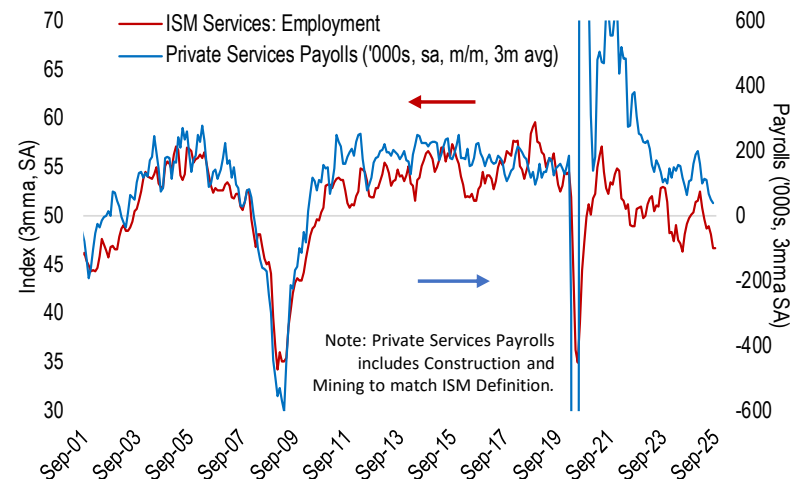
ISM "Hard Data" Eased in August as Surge in New Orders and Shipments Cooled



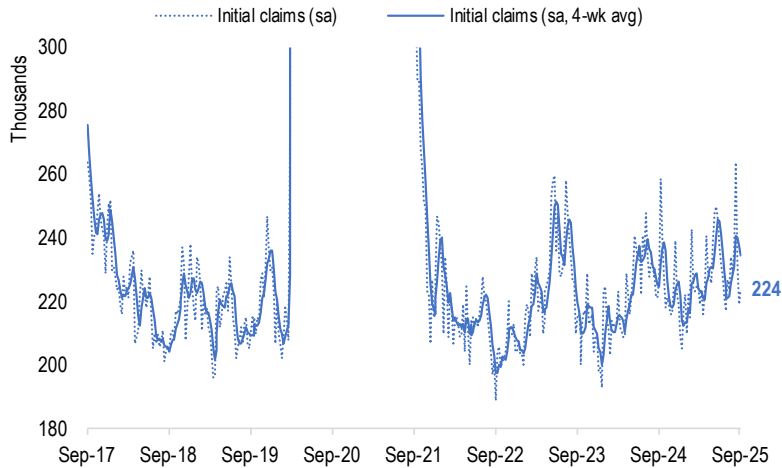
ISM Employment Index Implies Further Downside to Manufacturing Payrolls Ahead



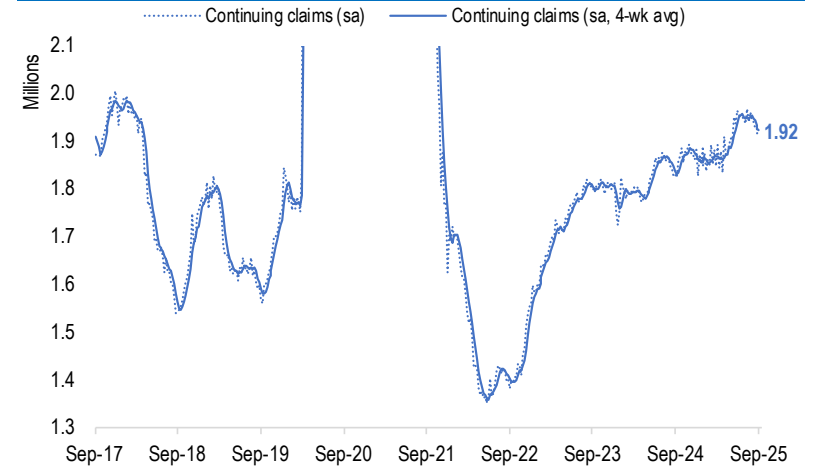
ISM Services Employment Likely Overstating Weakness with Inclusion of Mining, Construction and Government



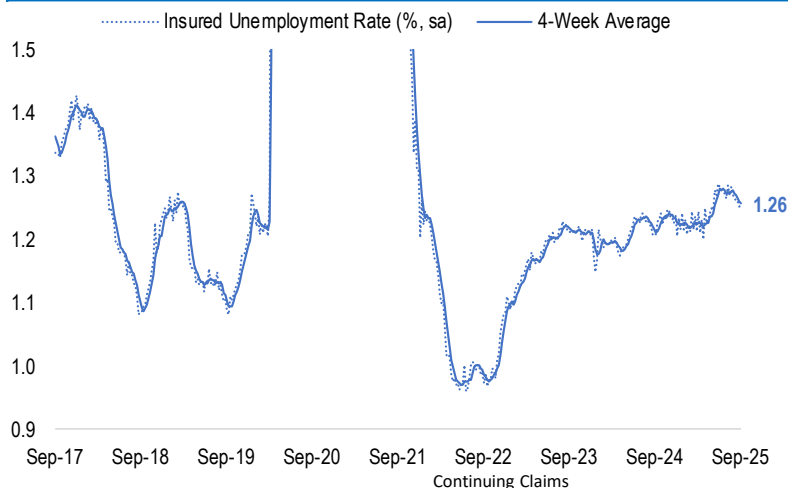
Initial Claims Inched Up to 224k (sa) in Week Ending Sept. 27, Still Near Multi-Year Lows



Continuing Claims Ticked Down to 1,920k (sa) during Week Ending Sept. 20, Just Below Cycle High



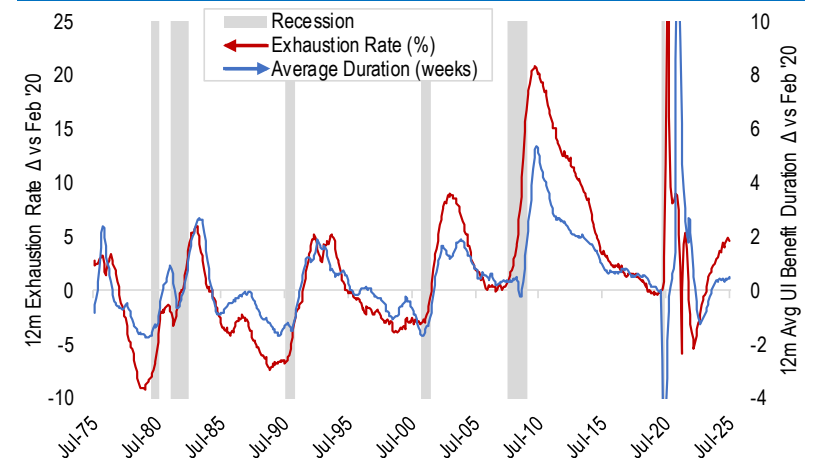
... Which Pulled Insured Unemployment Down a Bit Further Below Recent Post-Pandemic High



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

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

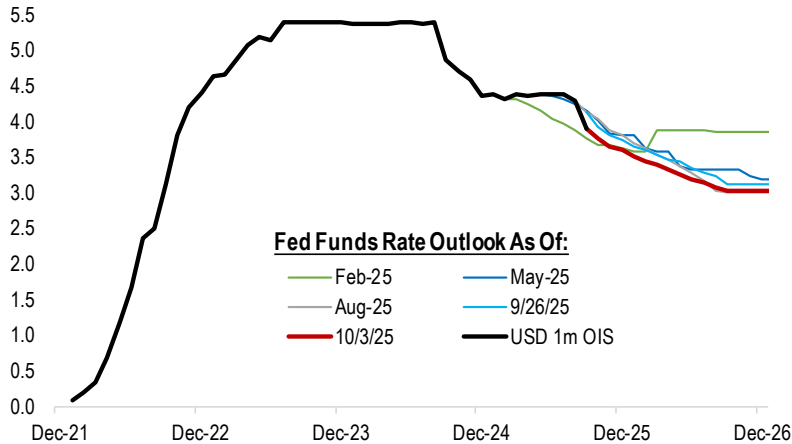
Elevated Share of UI Recipients Exhausting Benefits Means Continuing Claims Worse Than They Appear



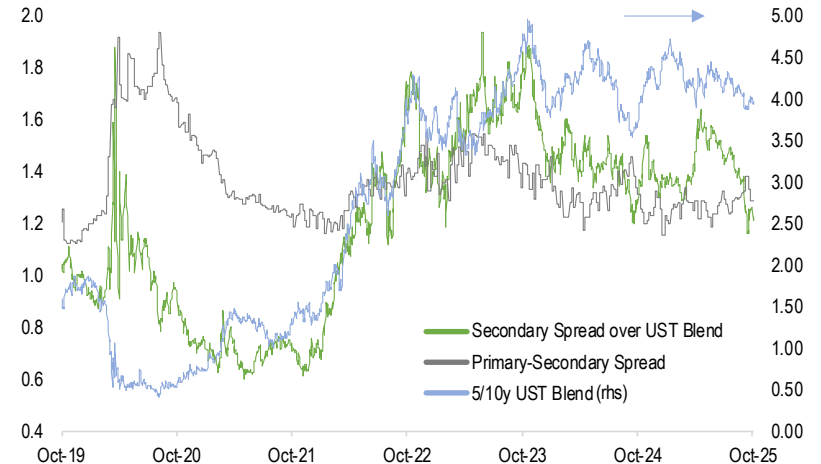
Note: Data based on Arch Global Economics' calculations given delayed DoL data.

SA = Seasonally Adjusted

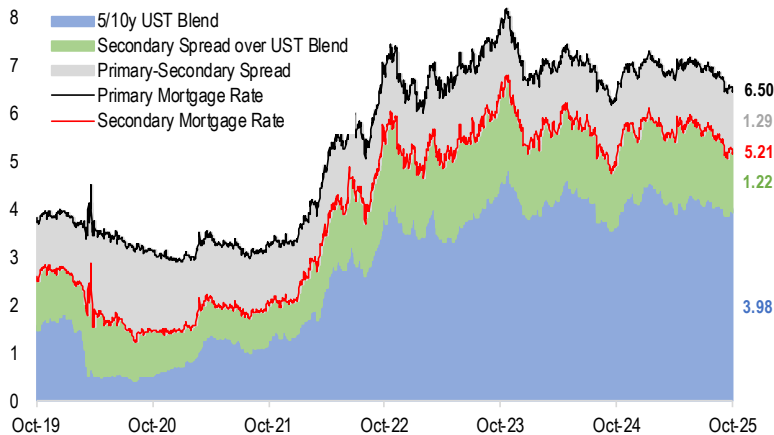
Market Odds of Two More 25bps Rate Cuts in '25 Back Up to ~80% from 60% a Week Ago



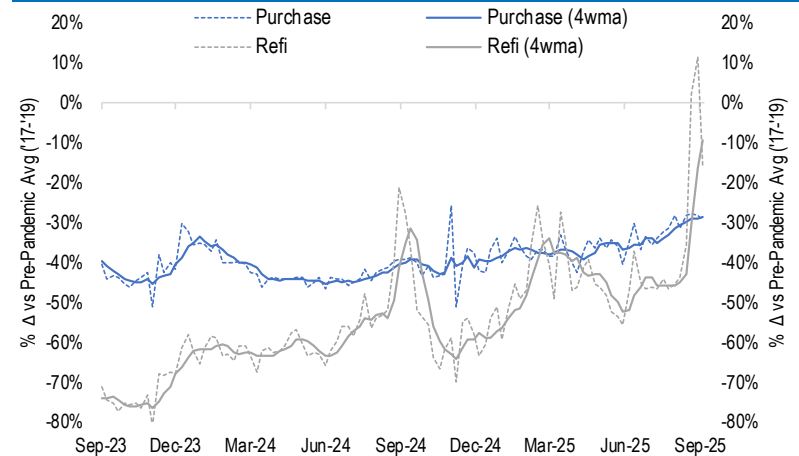
U.S. Treasury Yields Dipped -5bps Last Week and Mortgage Spreads Narrowed -3bps ...



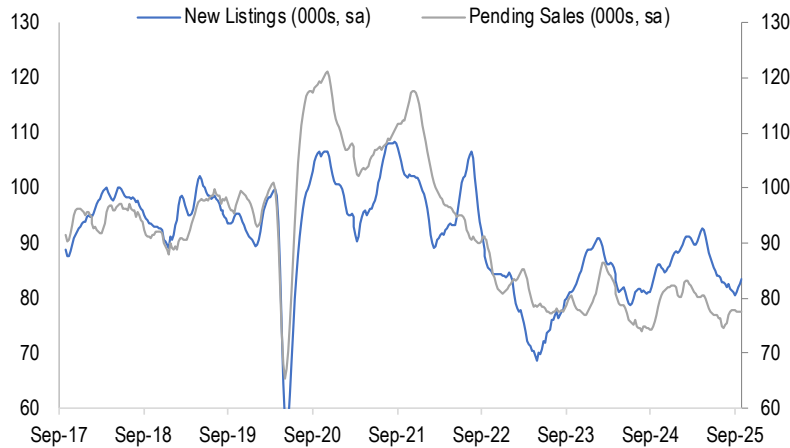
... Which Pulled Mortgage Rates Back Down, Reversing the Prior Two Weeks of Gains



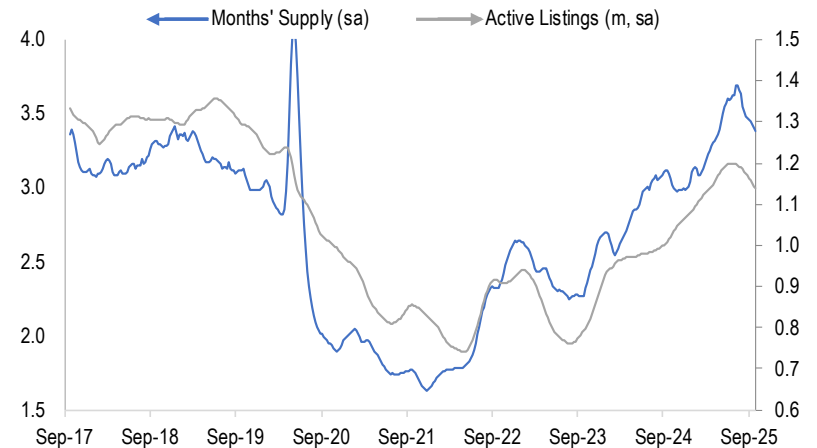
Mortgage Refi Apps Started to Fall Back to Reality in Last Week of Sept., Back Below Pre-Pandemic Level



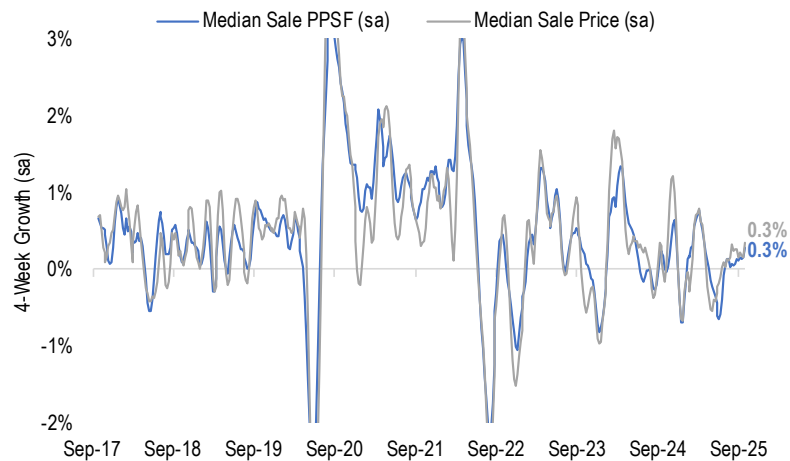
Modest Rebound in Pending Sales Has Faded as New Listings Started Rising Again ...



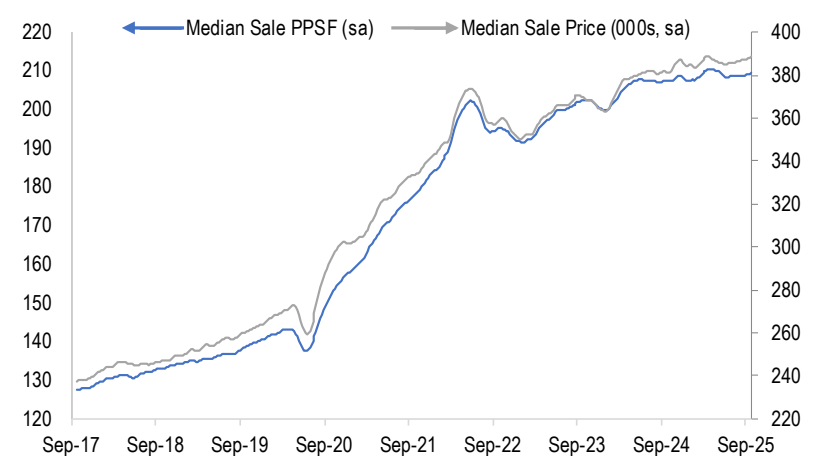
... Causing Pace of Improvement in Market Balance to Cool Even as Inventory Continued to Shrink



Pace of Seasonally Adjusted Home-Price Growth Rebounded Modestly through Late-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	1.3%	0.7%	3.1%	1.9%	6.7%	1.3%	98.4%	-0.4%	-3.5	-10.3	8%	10%	0%
Atlanta	-3.2%	-1.8%	2.5%	2.5%	7.2%	2.2%	97.6%	-0.6%	23.0	7.7	7%	26%	12%
Austin	-3.3%	0.2%	1.1%	3.4%	8.5%	1.0%	96.7%	-0.5%	55.2	40.5	10%	110%	95%
Baltimore	1.3%	-2.0%	3.0%	0.6%	7.1%	0.9%	100.2%	-0.6%	1.8	-8.2	20%	-9%	-26%
Boston	2.6%	-0.3%	6.3%	3.9%	6.5%	0.8%	100.1%	-0.8%	5.4	2.3	17%	11%	-9%
Chicago	3.2%	-0.5%	5.9%	3.0%	4.6%	1.5%	99.6%	0.2%	-10.6	-11.1	-4%	-28%	-25%
Dallas	-3.2%	-0.6%	-0.3%	2.3%	8.9%	1.8%	97.2%	-0.5%	25.8	12.0	14%	68%	33%
Denver	-3.5%	-1.5%	-0.4%	1.8%	9.7%	0.7%	98.4%	-0.6%	25.9	11.4	11%	90%	74%
Houston	-1.9%	-1.4%	1.3%	1.8%	7.9%	2.3%	96.5%	-0.6%	17.0	5.2	13%	41%	18%
Los Angeles	1.1%	0.4%	2.4%	2.2%	4.8%	1.2%	99.3%	-0.9%	8.4	-1.6	10%	28%	21%
Miami	1.8%	-1.4%	-0.1%	-1.4%	4.0%	0.5%	95.2%	-0.8%	25.7	0.9	9%	-11%	-30%
Minneapolis	2.5%	0.8%	3.7%	3.3%	8.1%	2.1%	99.8%	0.1%	-1.1	-2.3	-1%	4%	8%
Nashville	-0.1%	-1.9%	5.5%	3.6%	6.0%	2.0%	98.0%	-0.3%	14.2	4.2	14%	47%	25%
New York	4.4%	-3.3%	3.7%	-2.1%	4.2%	0.3%	100.1%	0.3%	-38.2	-44.8	8%	-20%	-30%
Phoenix	-1.4%	2.0%	0.9%	2.5%	6.9%	0.6%	97.9%	-0.4%	30.5	14.5	14%	74%	61%
Portland	-1.7%	-1.4%	2.8%	3.9%	8.5%	1.2%	99.2%	0.0%	14.9	7.5	12%	52%	37%
Riverside	0.2%	-0.2%	2.4%	0.9%	5.3%	1.2%	98.9%	-0.6%	6.3	-7.8	7%	24%	13%
San Diego	-2.9%	-1.7%	1.3%	2.7%	6.4%	1.6%	98.8%	-0.6%	11.8	1.3	11%	17%	9%
Seattle	1.0%	-1.8%	1.8%	0.7%	7.6%	1.2%	99.1%	-0.7%	9.5	0.5	18%	44%	16%
Tampa	-1.4%	1.6%	4.8%	4.6%	8.5%	1.2%	96.7%	-0.7%	23.1	5.1	0%	47%	50%
Washington DC	1.8%	-1.2%	4.3%	2.4%	6.5%	4.1%	99.4%	-0.7%	24.5	10.8	7%	24%	4%

Data as of Sept. 28, 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
10/7/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	Sep	--	--	--	3.2	%
10/7/25	3:00 PM	Consumer Credit m/m	Aug	--	14.0	--	16.0	\$B, sa
10/8/25	7:00 AM	MBA Mortgage Applications w/w	Oct 3	--	--	--	-12.7	%, sa
10/8/25	2:00 PM	FOMC Meeting Minutes	Sep 17	--	--	--	--	
10/9/25	8:30 AM	Initial Jobless Claims	Oct 4	--	228	--	--	k, sa
10/9/25	8:30 AM	Continuing Claims	Sep 27	--	1,925	--	--	k, sa
10/9/25	10:00 AM	Wholesale Trade Sales m/m	Aug	--	0.6	--	1.4	%, sa
10/9/25	10:00 AM	Wholesale Inventories m/m	Aug F	--	-0.2	--	-0.2	%, sa
10/10/25	10:00 AM	U. of Mich. Sentiment	Oct P	--	54.0	--	55.1	index, nsa
10/10/25	10:00 AM	U. of Mich. 1 Yr Inflation	Oct P	--	4.7	--	4.7	nsa
10/10/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Oct P	--	3.7	--	3.7	nsa

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
9/29/25	10:00 AM	Pending Home Sales m/m	Aug	4.0	0.4	-0.3	-0.4	%, sa
9/29/25	10:00 AM	Pending Home Sales y/y	Aug	0.5	0.0	0.5	0.3	%, nsa
9/30/25	9:00 AM	FHFA House Price Index m/m	Jul	-0.1	-0.2	--	-0.2	%, sa
9/30/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Jul	-0.1	-0.2	-0.2	-0.3	%, sa
9/30/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Jul	1.8	1.6	2.2	2.1	%, nsa
9/30/25	10:00 AM	JOLTS Job Openings	Aug	7,227	7,200	7,208	7,181	k, sa
9/30/25	10:00 AM	Conf. Board Consumer Confidence	Sep	94.2	96.0	97.8	97.4	index, sa
10/1/25	11:00 AM	Wards Total Vehicle Sales	Sep	16.4	16.2	--	16.1	m, saar
10/1/25	7:00 AM	MBA Mortgage Applications w/w	Sep 26	-12.7	--	--	0.6	%, sa
10/1/25	8:15 AM	ADP Employment m/m	Sep	-32.0	50.5	-3.0	54.0	k, sa
10/1/25	9:45 AM	S&P Global US Manufacturing PMI	Sep F	52.0	52.0	--	52.0	index, sa
10/1/25	10:00 AM	ISM Manufacturing	Sep	49.1	49.0	--	48.7	index, sa
10/1/25	10:00 AM	ISM Prices Paid	Sep	61.9	62.7	--	63.7	index, nsa
10/2/25	8:30 AM	Initial Jobless Claims	Sep 27	DELAYED	--	--	--	k, sa
10/3/25	8:30 AM	Continuing Claims	Sep 20	DELAYED	--	--	--	k, sa
10/3/25	9:45 AM	S&P Global US Services PMI	Sep F	54.2	53.9	--	53.9	index, sa
10/3/25	9:45 AM	S&P Global US Composite PMI	Sep F	53.9	53.6	--	53.6	index, sa
10/3/25	10:00 AM	ISM Services Index	Sep	50.0	51.7	--	52.0	index, nsa
10/3/25	8:30 AM	Nonfarm Payrolls m/m	Sep	DELAYED	--	--	--	k, sa
10/3/25	8:30 AM	Private Payrolls m/m	Sep	DELAYED	--	--	--	k, sa
10/3/25	8:30 AM	Average Hourly Earnings m/m	Sep	DELAYED	--	--	--	%, sa
10/3/25	8:30 AM	Average Hourly Earnings y/y	Sep	DELAYED	--	--	--	%, nsa
10/3/25	8:30 AM	Average Weekly Hours All Employees	Sep	DELAYED	--	--	--	sa
10/3/25	8:30 AM	Unemployment Rate	Sep	DELAYED	--	--	--	%, sa
10/3/25	8:30 AM	Labor Force Participation Rate	Sep	DELAYED	--	--	--	%, sa

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