

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.

October 14, 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

### Stickiness or Noise?

- **Key Takeaway:** Inflation hotter than expected amid a few volatile components while shelter inflation finally took a meaningful step slower.
- **Macro Implications:** Fed will keep normalization process rolling with a 25bps rate cut in Nov. as underlying disinflation trend still intact.
- **Housing Implications:** Rebound in mortgage rates will limit further recovery in pending sales, which had inched higher only modestly.

### Macro: Eyes on Retail Sales

- Breadth of consumer and producer inflation has narrowed sufficiently.
- Jobless claims jumped more due to factors other than hurricane impact.
- Consumer confidence fell in preliminary Oct. UMich survey.

### Rates: Settling in above 4

- 10-year UST rose 9bps w/w and +45bps since mid-Sept to 4.09%.
- Market still sees 50bps of cuts in '24; pace of cuts murkier thereafter.
- Only four 25bps rate cuts priced in for '25 after solid recent data.

### Housing: Great Expectations

- Mortgage rates steading in mid-6% range after mid-Sept. dip toward 6%.
- Purchase apps muddling at low levels but have inched slightly higher.
- Fannie Mae survey hits 30-month high on expectations for lower rate.

### Consumer Inflation: Volatility Returns

- Headline CPI inflation held steady at just under 0.2% in September.
- Core inflation up 0.3% on spikes in apparel, airfares and healthcare.
- Housing contributed ~70% of both headline and core annual inflation.

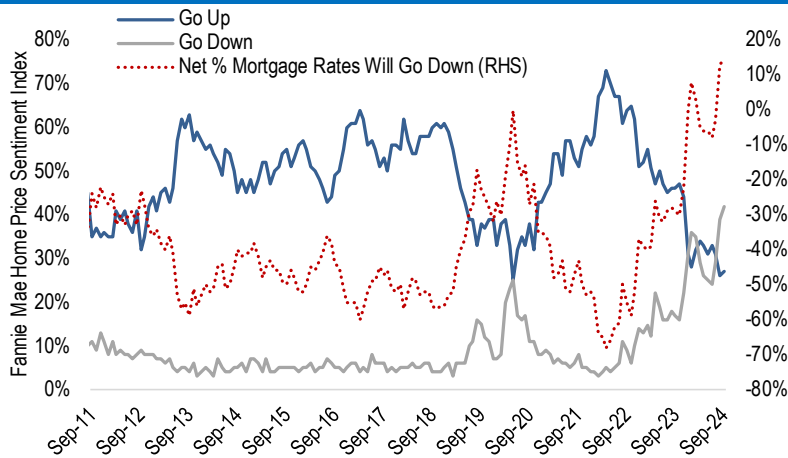
### Consumer Credit: Households Lay off the Plastic

- Total consumer credit was up 0.2% m/m in Aug. and up 2.3% y/y.
- Revolving credit fell -0.1%, well below prior 12-month average.
- Nonrevolving credit rose due to large increase in student loans.

### Small Business Sentiment: Uncertain Times

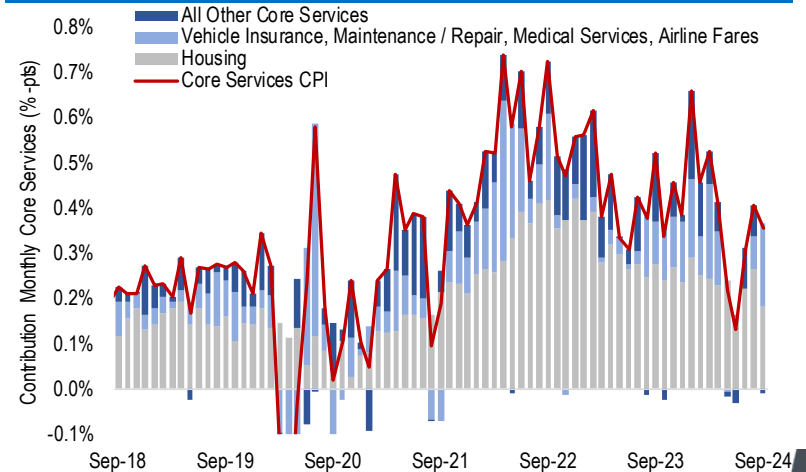
- NFIB Optimism Index rose marginally amid improved earnings outlook.
- Details suggest cost and wage pressures are moderating.
- Credit conditions remain a concern but should steadily improve.

### Consumers on Net Expect Mortgage Rates to Fall in Next Year but Likely to be Disappointed by Degree of Decline

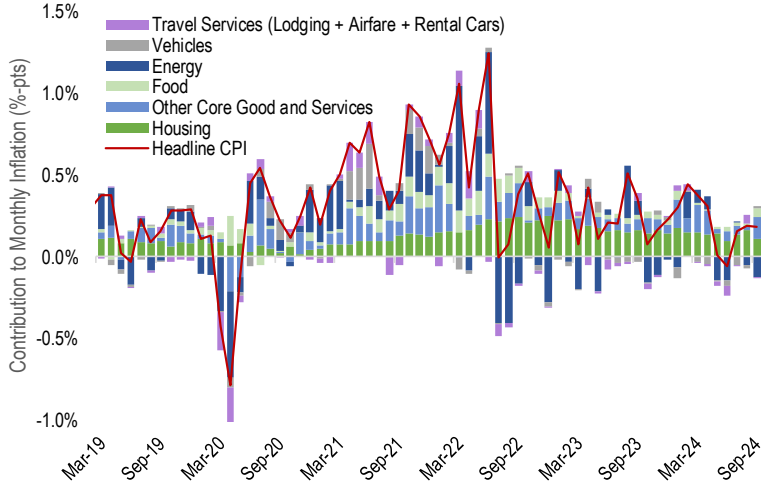


Sources: U.S. Bureau of Labor Statistics (BLS), Fannie Mae, Arch Global Economics

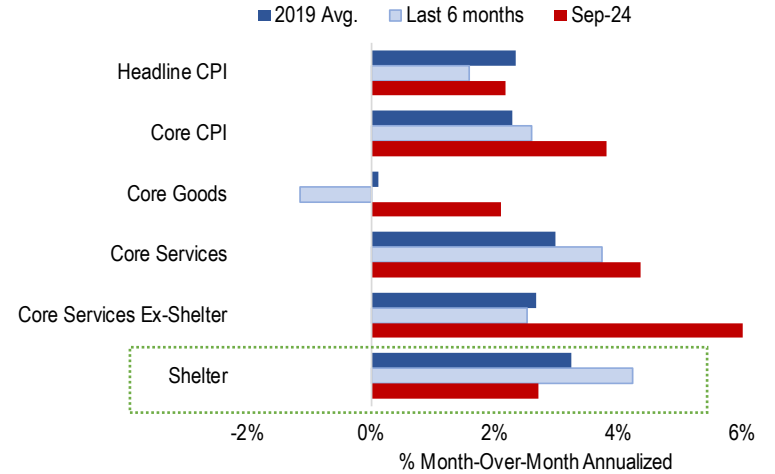
### Monthly Core Services Inflation Still Negligible Outside of a Few Volatile Categories



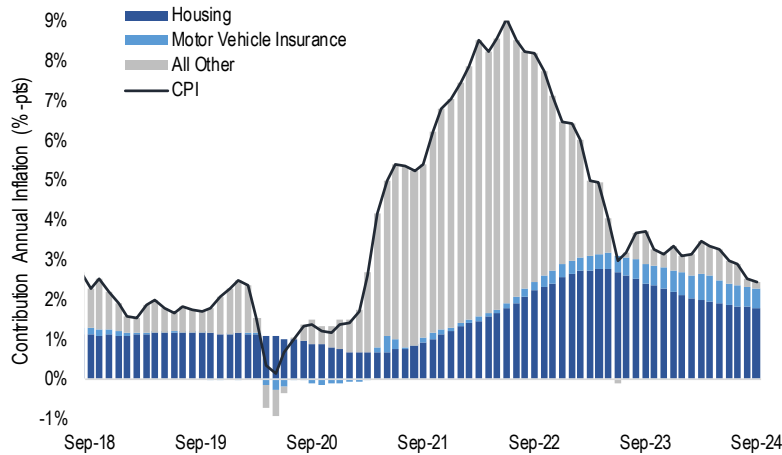
September Consumer Price Inflation Remained Mostly in Line with Prior Month, but Mix of Drivers Evolved



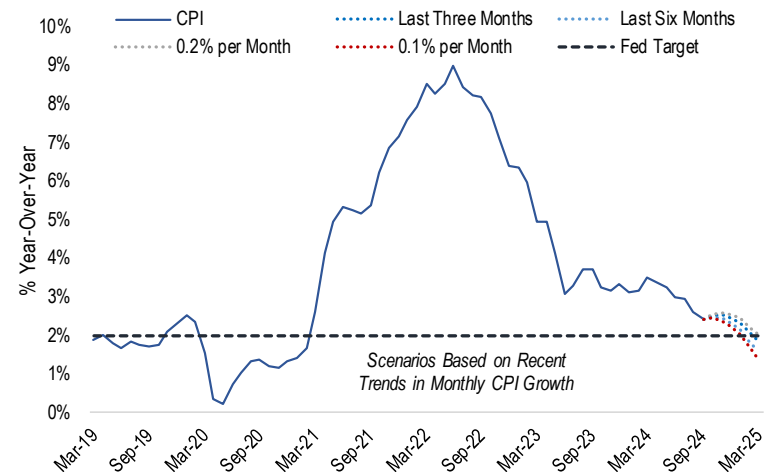
Shelter Took a Step Down but Core Inflation Rose amid Volatile Airfares, Auto Insurance and Medical Services



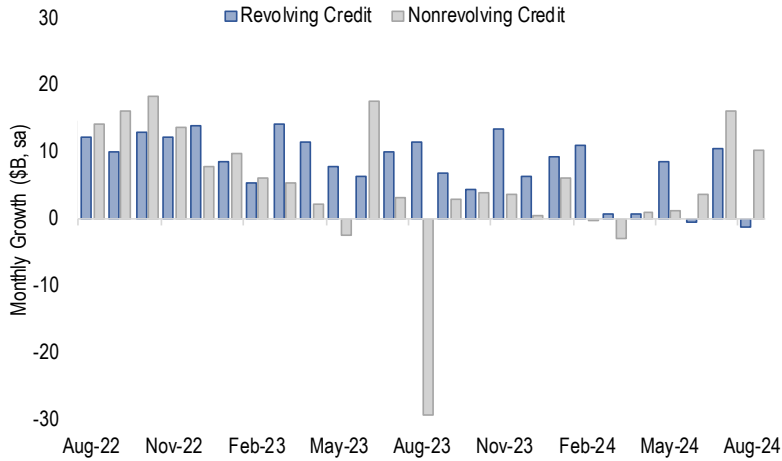
Annual Headline CPI Inflation Remained Mostly a Housing and Auto Insurance Story



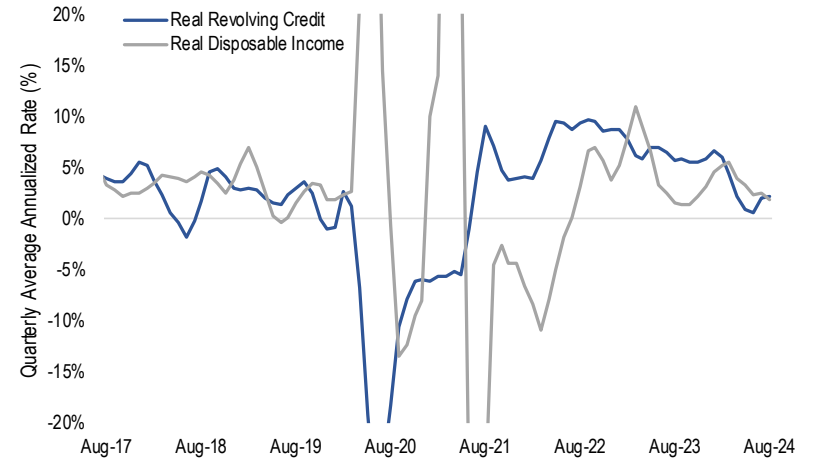
Sustained Reacceleration in Annual Headline Inflation Would Require Another "Shock" to the System



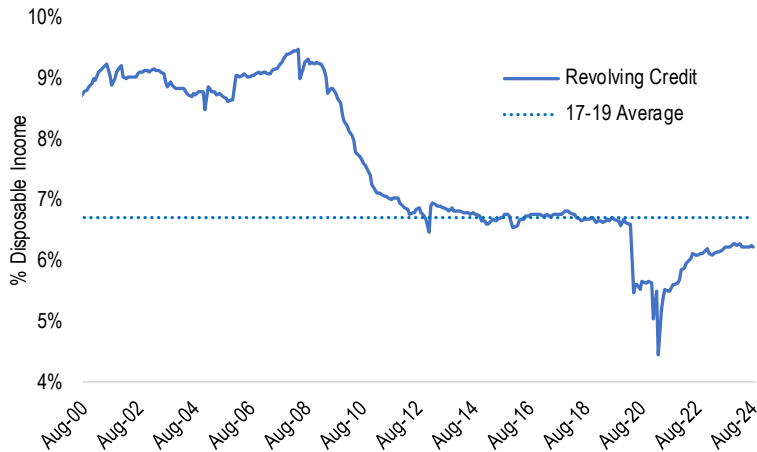
**Total Consumer Credit Rose in August Entirely Due to Surge in Nonrevolving Credit**



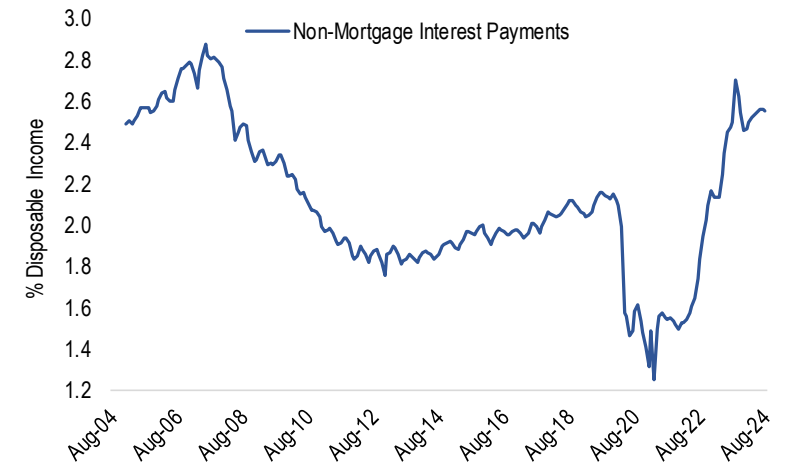
**Revolving Credit Growth Still Muted Given Backdrop of Modest Real Income Growth and Squeezed Budgets**



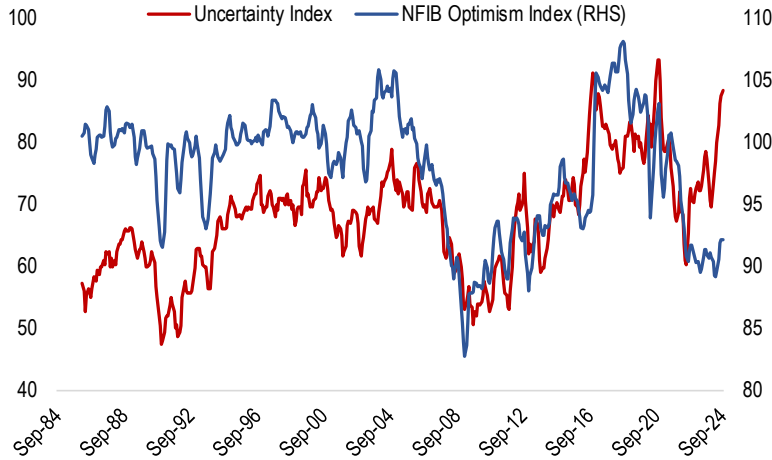
**Revolving Credit Remained Below Pre-Pandemic Norm as a Share of Income**



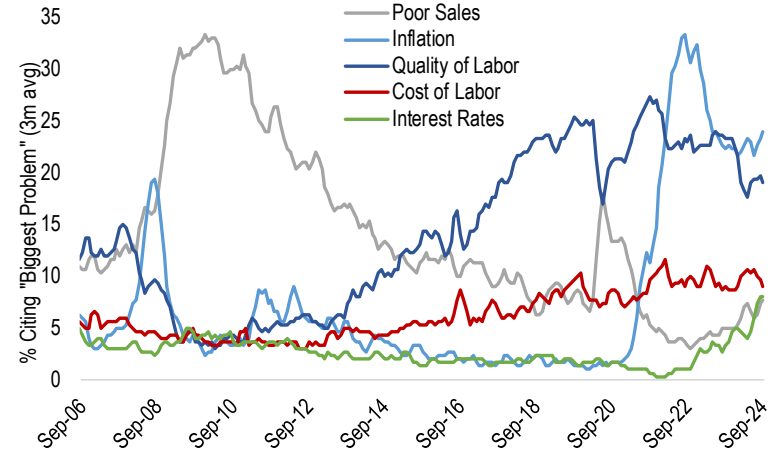
**Elevated Interest Payments Here to Stay Even as Rate Cuts Get Underway**



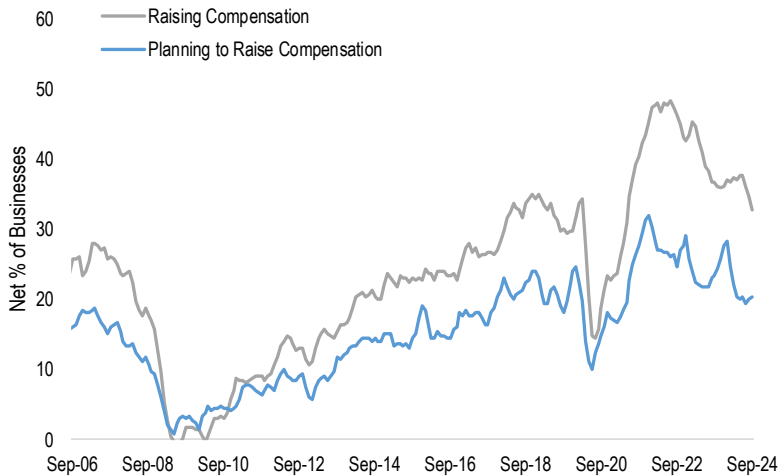
**Small Business Optimism Rose Marginally in September Despite Another Surge in Uncertainty**



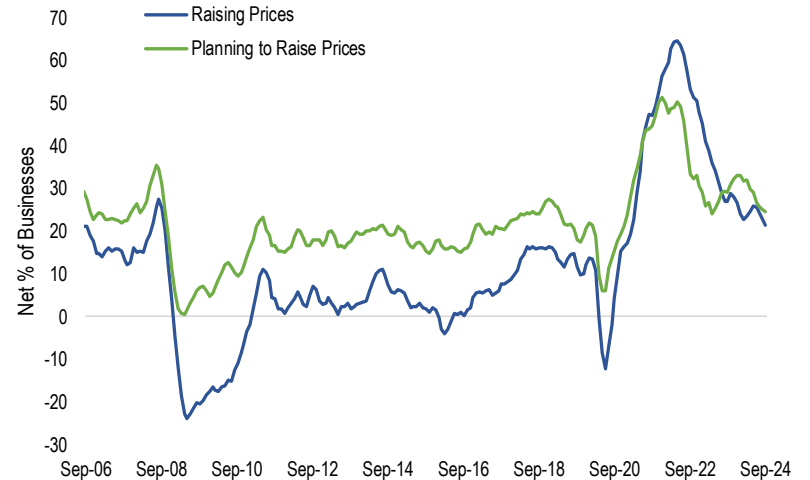
**"Inflation" Remained Top Concern for Small Firms But "Interest Rates" and Poor Sales Continued Ascent**



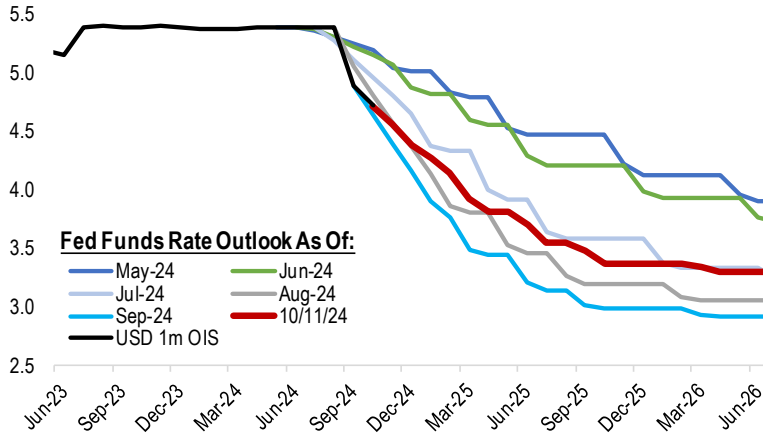
**Wage Pressures Gleaned from Firms Raising/Planning to Raise Wages Back Near Pre-Pandemic Levels**



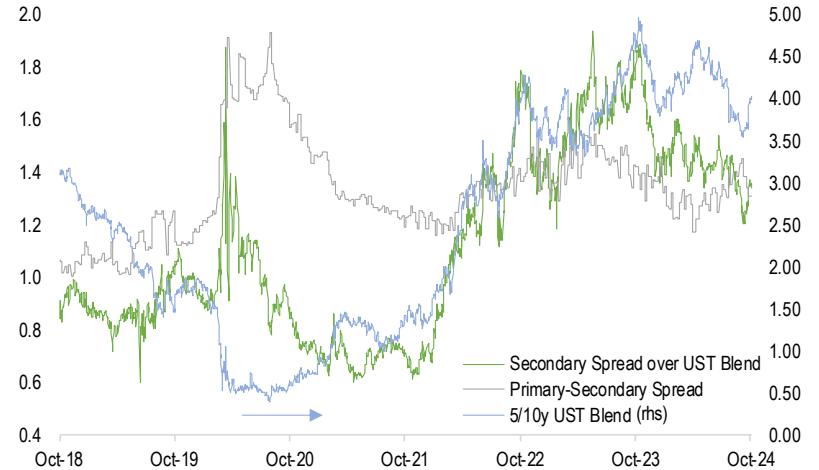
**Fewer Firms Actually Raising Prices as Share of Those Planning to Raise Prices Remained in Downtrend**



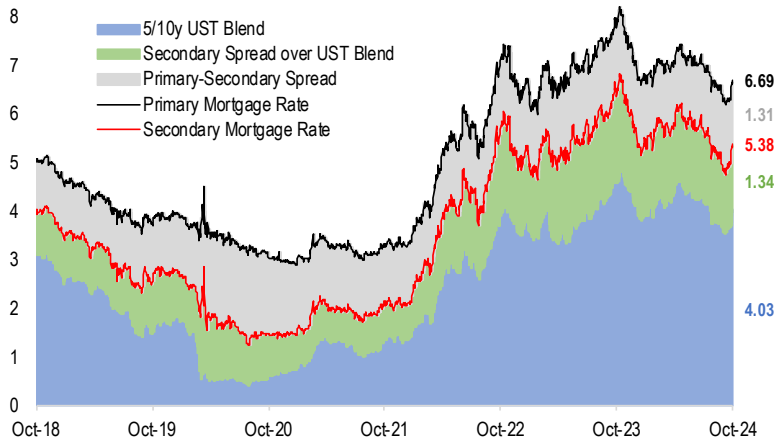
Market Still Sees 50bps of Cuts by Year-End, but a Higher Neutral Rate of 3.3% vs. 2.9% Last Month



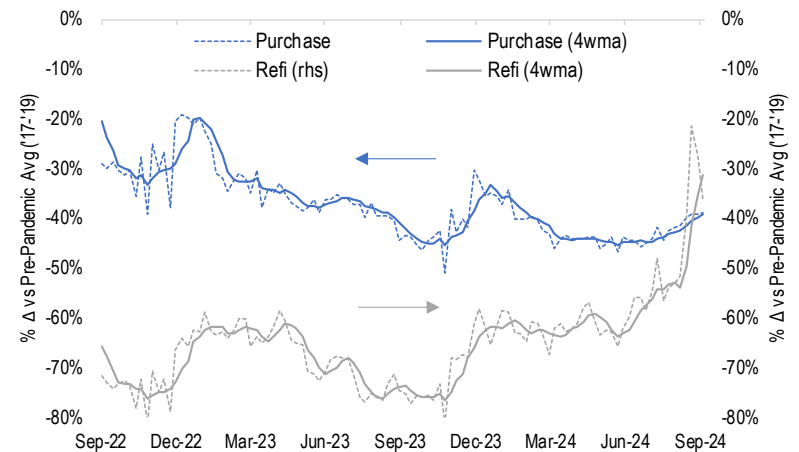
UST Yields Rose Another 12bps, While Combined Mortgage Spreads Were Roughly Unchanged ...



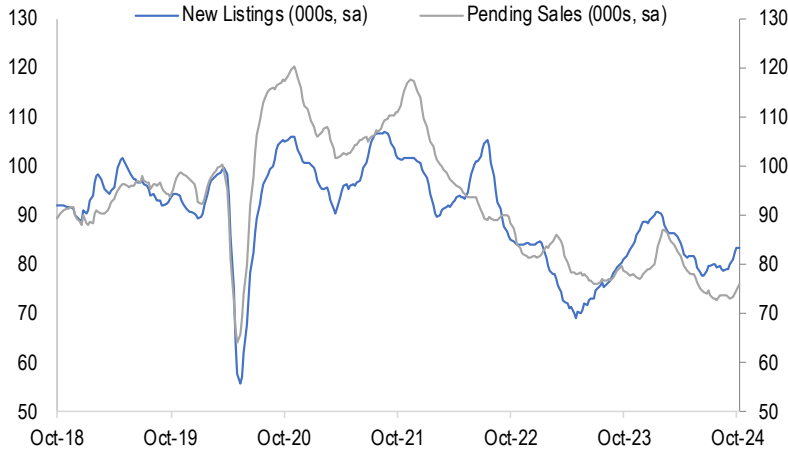
... Which Lifted Mortgage Rates by Another 12bps after Reaching a Two-Year Low Four Weeks Ago



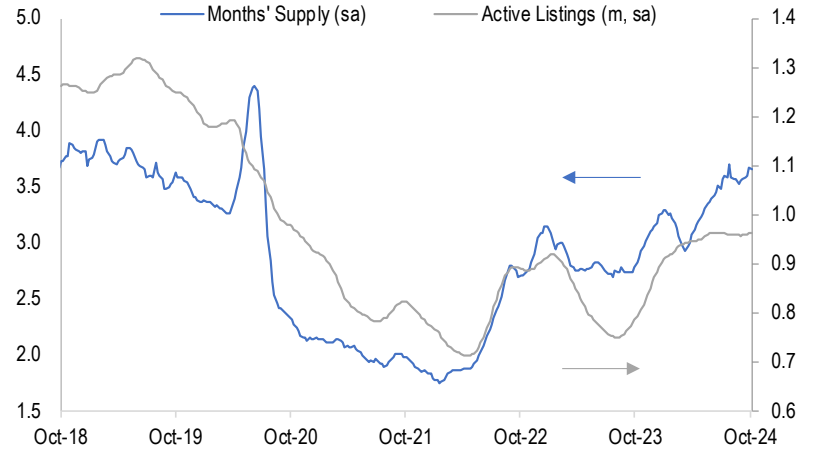
Mortgage Purchase Apps Continued Modest Recovery, While Refi Apps Cooled Further on Higher Rates



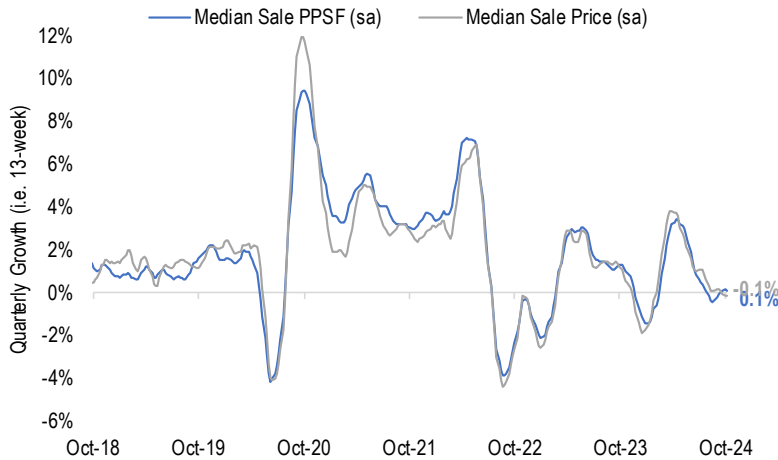
**Pending Home Sales Inched Higher Again as New Listings Leveled Off ...**



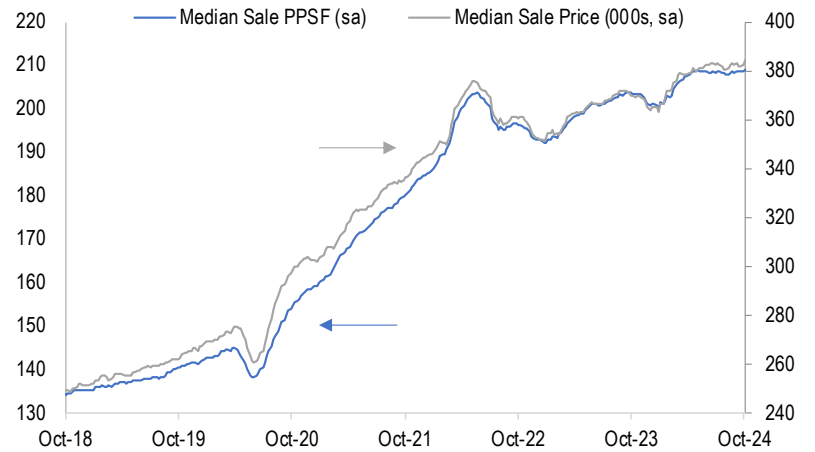
**... Which Pushed Months' Supply Down Even as Inventory Moved Sideways**



**Softer Market Conditions Have Continued to Weigh on Seasonally Adjusted Quarterly Home-Price Growth ...**



**... and the Seasonally Adjusted National Median Sales Price/SF Has Mostly Moved Sideways Since Spring**



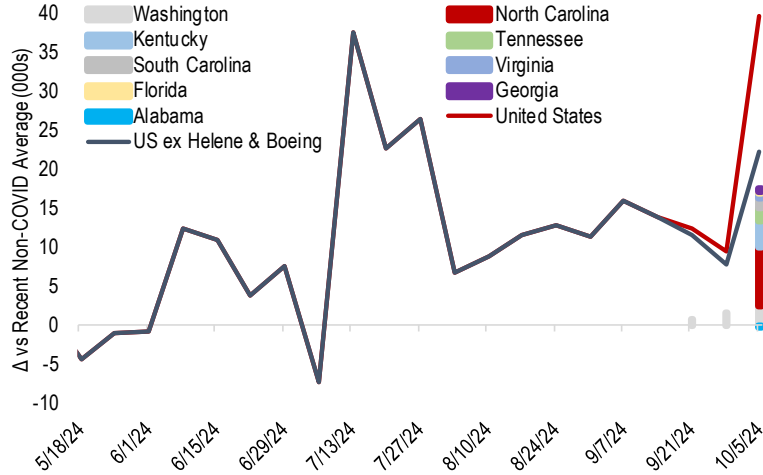
## With National Market Near Pre-COVID-19 Balance, Some Markets Are Becoming Increasingly Oversupplied

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	2.7%	-1.0%	6.2%	2.3%	6.7%	0.8%	98.8%	-0.4%	-9.2	-16.3	18%	-1%	-19%
Atlanta	1.8%	-0.6%	2.4%	0.1%	6.9%	1.2%	98.3%	-0.4%	9.7	-6.7	1%	-7%	-11%
Austin	-4.5%	-0.8%	0.0%	4.5%	8.6%	-0.9%	97.1%	-0.1%	39.1	25.8	13%	87%	57%
Baltimore	4.9%	1.8%	6.4%	2.1%	7.4%	1.0%	100.9%	-0.3%	-8.9	-15.5	17%	-28%	-40%
Boston	2.9%	-1.0%	6.3%	2.5%	6.2%	0.9%	101.1%	-0.9%	2.3	0.8	16%	-12%	-19%
Chicago	8.2%	0.8%	7.8%	2.9%	4.4%	1.3%	99.4%	-0.3%	14.3	12.0	-6%	-19%	-21%
Dallas	-0.2%	-0.2%	3.3%	3.1%	8.5%	0.2%	97.7%	-0.5%	9.5	-4.5	37%	24%	-5%
Denver	-0.2%	0.0%	3.0%	1.3%	10.4%	-0.5%	98.9%	-0.3%	12.3	0.8	36%	62%	21%
Houston	0.2%	-0.9%	4.3%	1.7%	7.7%	0.8%	97.0%	-0.6%	1.5	-8.3	17%	6%	-8%
Los Angeles	2.7%	-3.2%	3.1%	-0.5%	4.6%	1.0%	100.2%	-0.8%	-0.3	-8.3	25%	15%	-3%
Miami	3.4%	-0.6%	9.0%	8.1%	4.4%	1.1%	96.1%	-0.9%	2.6	-14.0	35%	-17%	-54%
Minneapolis	1.1%	-0.5%	3.2%	-0.3%	7.9%	0.6%	99.6%	-0.6%	-1.9	-6.2	10%	4%	-10%
Nashville	1.1%	-1.5%	3.5%	2.3%	5.8%	1.0%	98.1%	-0.1%	7.0	0.7	19%	21%	0%
New York	6.2%	-1.2%	10.0%	2.9%	4.3%	1.0%	99.9%	0.1%	-34.0	-25.2	-8%	-24%	-23%
Phoenix	-0.3%	-3.7%	3.5%	1.9%	7.2%	0.0%	98.2%	-0.3%	15.0	-2.0	39%	46%	12%
Portland	0.9%	1.5%	1.7%	-0.4%	8.2%	1.3%	99.3%	-0.1%	8.8	0.6	13%	21%	10%
Riverside	2.6%	-2.5%	4.6%	-0.8%	5.3%	0.6%	99.4%	-0.3%	-8.8	-17.3	23%	9%	-10%
San Diego	2.1%	-3.3%	6.7%	0.7%	6.6%	1.4%	99.4%	-0.9%	1.8	-10.1	46%	5%	-24%
Seattle	3.1%	-1.8%	6.9%	3.9%	7.7%	0.6%	99.8%	-0.1%	0.0	-5.3	30%	9%	-10%
Tampa	-5.3%	-6.7%	-2.5%	-2.9%	8.0%	-1.1%	97.2%	-0.7%	6.8	-11.0	43%	57%	-8%
Washington DC	3.2%	-0.7%	6.4%	2.2%	5.7%	0.5%	100.1%	-0.1%	4.8	1.0	12%	-7%	-14%

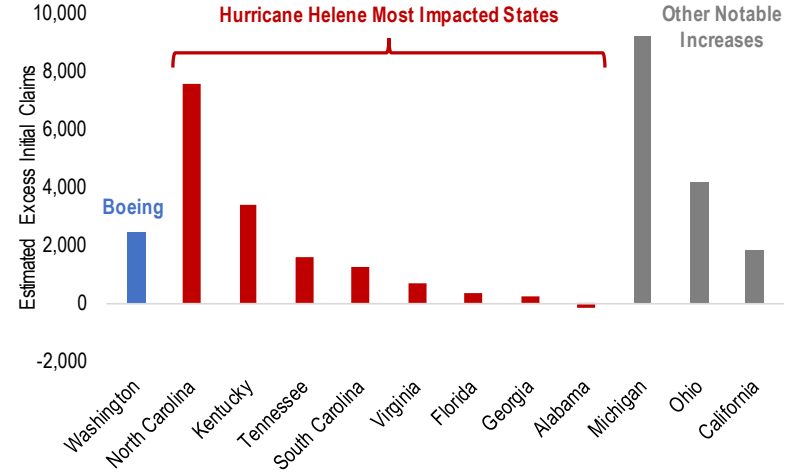
Data as of Oct. 6, 2024, and reflects 4-week averages.



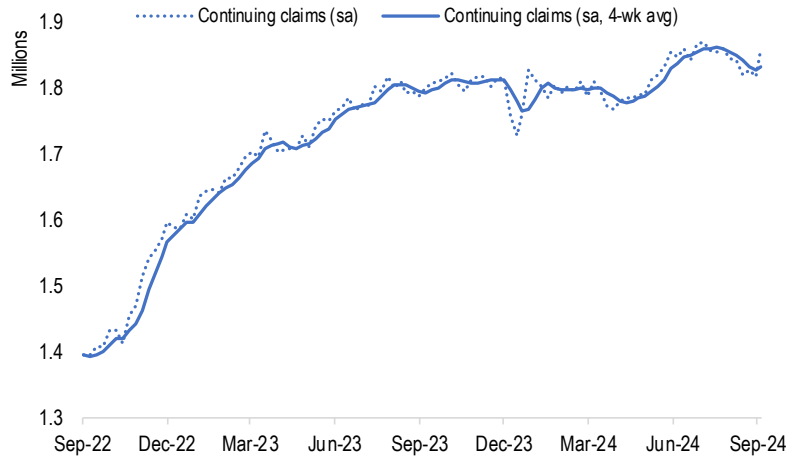
**Initial Claims Jumped by 33k to 258k (SA), with Roughly 16k Due to Hurricane Helene and Boeing Furloughs**



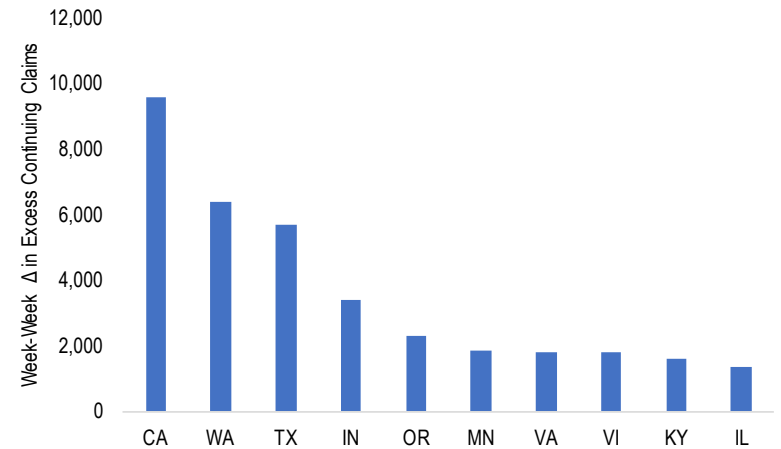
**Accordingly, More Than Half of Weekly Increase Driven by Surge in States Not Impacted by Hurricane or Boeing**



**Continuing Claims Spiked by 42k to 1,861k (SA) the Week before Hurricane Helene**



**Thus, the Jump in Continuing Claims Is More Notable as It Was Driven by Non-Hurricane Factors**



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

SA = Seasonally Adjusted  
NSA = Not Seasonally Adjusted

## UPCOMING DATA RELEASES

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
10/15/24	8:30 AM	Empire Manufacturing	Oct	--	3.6	--	11.5	index, sa
10/15/24	11:00 AM	NY Fed 1-Yr Inflation Expectations	Sep	--	--	--	3.0	%
10/16/24	7:00 AM	MBA Mortgage Applications w/w	Oct 11	--	--	--	-5.1	%, sa
10/16/24	8:30 AM	Import Price Index m/m	Sep	--	-0.3	--	-0.3	%, nsa
10/16/24	8:30 AM	Import Price Index y/y	Sep	--	0.0	--	0.8	%, nsa
10/17/24	8:30 AM	Advance Retail Sales m/m	Sep	--	0.3	--	0.1	%, sa
10/17/24	8:30 AM	Retail Sales Control Group m/m	Sep	--	0.4	--	0.3	%, sa
10/17/24	8:30 AM	Philadelphia Fed Business Outlook	Oct	--	3.5	--	1.7	index, sa
10/17/24	8:30 AM	Initial Jobless Claims	Oct 12	--	253	--	258	k, sa
10/17/24	8:30 AM	Continuing Claims	Oct 5	--	1,888	--	1,861	k, sa
10/17/24	9:15 AM	Capacity Utilization	Sep	--	77.8	--	78.0	sa
10/17/24	10:00 AM	Business Inventories m/m	Aug	--	0.3	--	0.4	%, sa
10/17/24	10:00 AM	NAHB Housing Market Index	Oct	--	42	--	41	index, sa
10/18/24	8:30 AM	Housing Starts	Sep	--	1,350	--	1,356	k, saar
10/18/24	8:30 AM	Building Permits	Sep	--	1,455	1,470	1,475	k, saar
10/18/24	8:30 AM	Housing Starts m/m	Sep	--	-0.4	--	9.6	%, sa
10/18/24	8:30 AM	Building Permits m/m	Sep	--	-1.0	4.6	4.9	%, 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
10/7/24	3:00 PM	Consumer Credit m/m	Aug	<b>8.9</b>	12.0	26.6	25.5	\$B, sa
10/8/24	6:00 AM	NFIB Small Business Optimism	Sep	<b>91.5</b>	92.0	--	91.2	index, sa
10/9/24	7:00 AM	MBA Mortgage Applications w/w	Oct 4	<b>-5.1</b>	--	--	-1.3	%, sa
10/9/24	10:00 AM	Wholesale Inventories m/m	Aug F	<b>0.1</b>	0.2	--	0.2	%, sa
10/9/24	10:00 AM	Wholesale Trade Sales m/m	Aug	<b>-0.1</b>	0.4	--	1.1	%, sa
10/9/24	2:00 PM	FOMC Meeting Minutes	Sep 18	--	--	--	--	
10/10/24	8:30 AM	CPI m/m	Sep	<b>0.2</b>	0.1	--	0.2	%, sa
10/10/24	8:30 AM	CPI Core (ex Food and Energy) m/m	Sep	<b>0.3</b>	0.2	--	0.3	%, sa
10/10/24	8:30 AM	CPI y/y	Sep	<b>2.4</b>	2.3	--	2.5	%, nsa
10/10/24	8:30 AM	CPI Core (ex Food and Energy) y/y	Sep	<b>3.3</b>	3.2	--	3.2	%, nsa
10/10/24	8:30 AM	Initial Jobless Claims	Oct 5	<b>258</b>	230	--	225	k, sa
10/10/24	8:30 AM	Continuing Claims	Sep 28	<b>1,861</b>	1,830	1,819	1,826	k, sa
10/11/24	8:30 AM	PPI Final Demand m/m	Sep	<b>0.0</b>	0.1	--	0.2	%, sa
10/11/24	8:30 AM	PPI Core (ex Food and Energy) m/m	Sep	<b>0.2</b>	0.2	--	0.3	%, sa
10/11/24	8:30 AM	PPI Final Demand y/y	Sep	<b>1.8</b>	1.6	1.9	1.7	%, nsa
10/11/24	8:30 AM	PPI Core (ex Food and Energy) y/y	Sep	<b>2.8</b>	2.6	2.6	2.4	%, nsa
10/11/24	10:00 AM	U. of Mich. Sentiment	Oct P	<b>68.9</b>	71.0	--	70.1	index, nsa
10/11/24	10:00 AM	U. of Mich. 1 Yr Inflation	Oct P	<b>2.9</b>	2.7	--	2.7	nsa
10/11/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Oct P	<b>3.0</b>	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)