

HaMMR Digest

Stay current with economic and mortgage market trends.

October 27, 2025

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Not Enough

- **Key Takeaway:** Consumer inflation undershot expectations in September, as broadening tariff-related costs were countered by easing shelter inflation.
- **Macro Implications:** The Fed will cut rates next week as inflation was not strong enough to alter their risk management stance on the labor market.
- **Housing Implications:** Mortgage rates settling around low-6% range; low enough to spur some sales but not low enough to jolt a strong rebound.

Macro: Could Be Worse. but How Would We Know?

- Lack of data put focus on headline noise around China tariffs and oil sanctions.
- Prelim Oct. PMIs rose despite goods producers noting weakness in exports.
- Los Angeles and Long Beach port activity show seasonally weak imports.

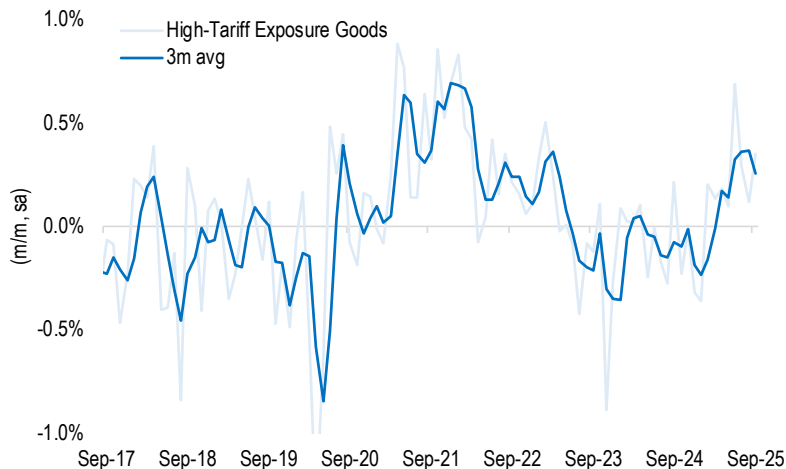
Rates: Be Careful What You Wish For

- 10y yield ended below 4% despite a mid-week rise on oil sanction risk.
- Yield curve bear flattened as breakeven inflation rose with higher oil prices.
- Markets are pricing successive Fed cuts to neutral, risking disappointment.

Consumer Inflation: The End Is Not Nigh?

- Sep. headline CPI inflation cooled modestly, aided by softer food prices.
- Core inflation hit a three-month low aided by strong shelter disinflation.
- Price-increases for tariffed goods remain uneven, but trend remains upward.

Rising Tariff Duties and Uneven Pass-Through to Consumers Point to Business Margin Pressure



Sources: Bureau of Labor Statistics, NAR, BEA, Freddie Mac, Arch Global Economics

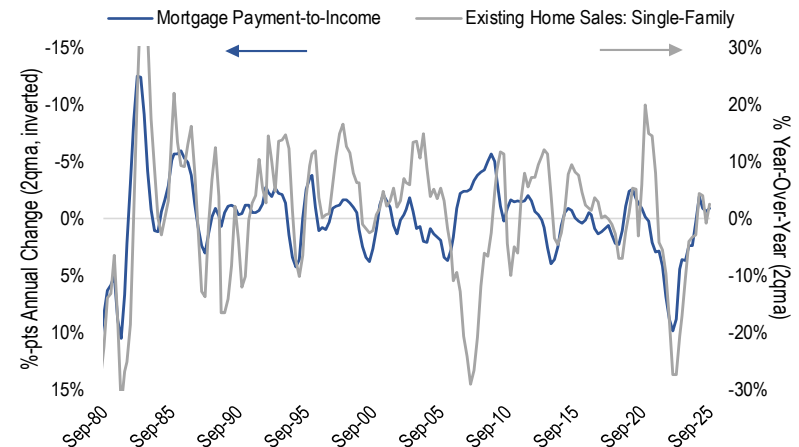
Housing: Calling All Buyers

- Mortgage rates down ~80bps from Jan. high, marking new one-year low.
- Purchase apps have yet to show a meaningful response to lower rates.
- Affordability remains stretched as home price growth has firmed.

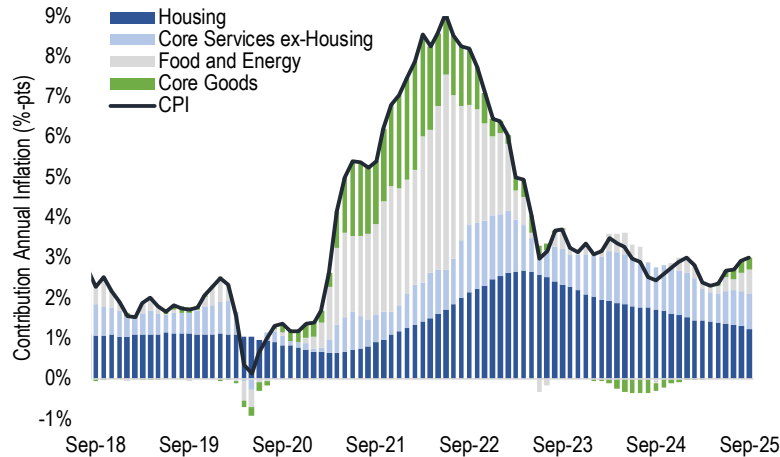
Existing Home Sales: Promising New Trend?

- Existing home sales rose 1.5% in Sep., capping 3% annualized growth for 3Q.
- Inventory fell at a -15% annualized pace in the three months to September.
- Month's supply held at 4.19 in Sep., down from 4.42 peak in April.

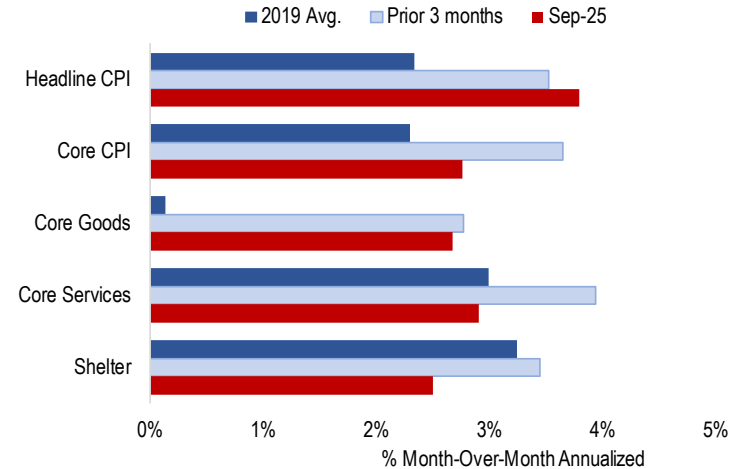
Steady Improvement in Affordability Should See Home Sales Momentum Slowly Inch Higher



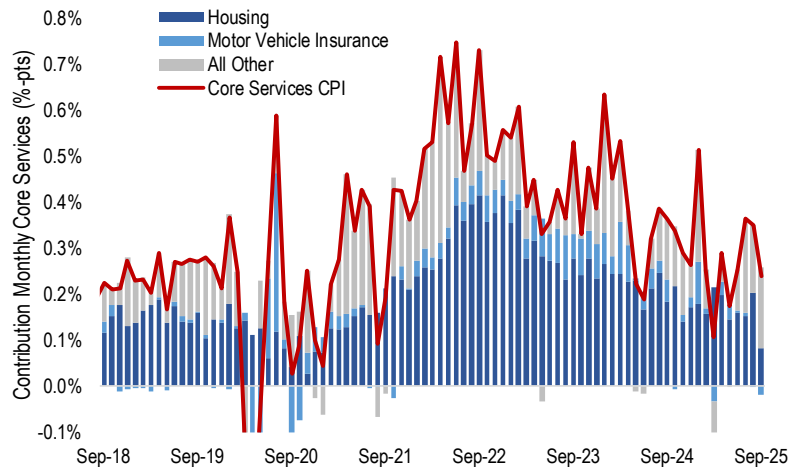
Annual Consumer Inflation Firmed in September on the Back of Stronger Goods and Energy Prices



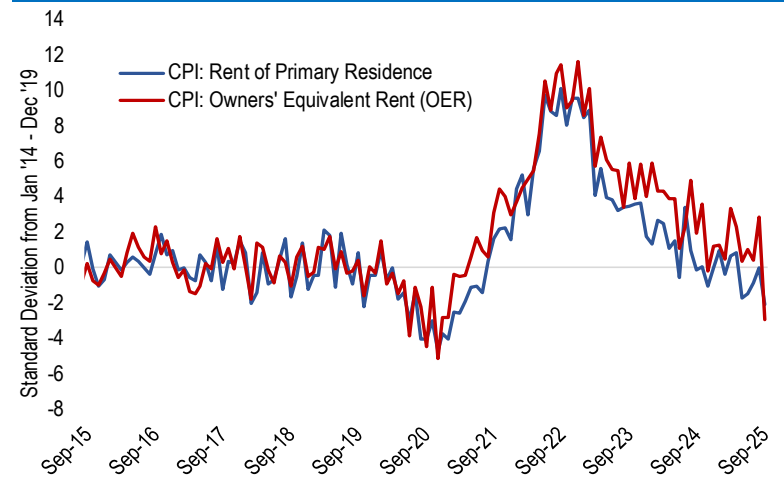
Though Tariff Pass-Through across Categories Is Not Uniform, Core Goods Inflation Remained in Uptrend



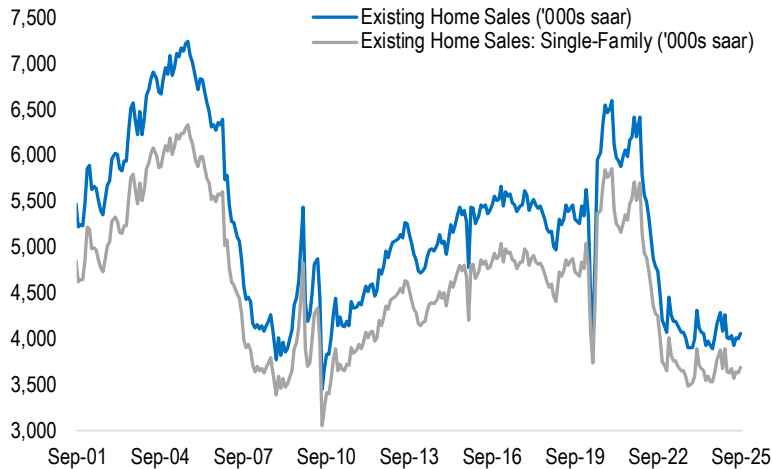
Core Services Inflation Hit a Multi-Month Low as Travel Services and Vehicle Insurance Inflation Cooled ...



... As Well as a Large Step Down in Housing Inflation, Reversing Prior Month's Spike



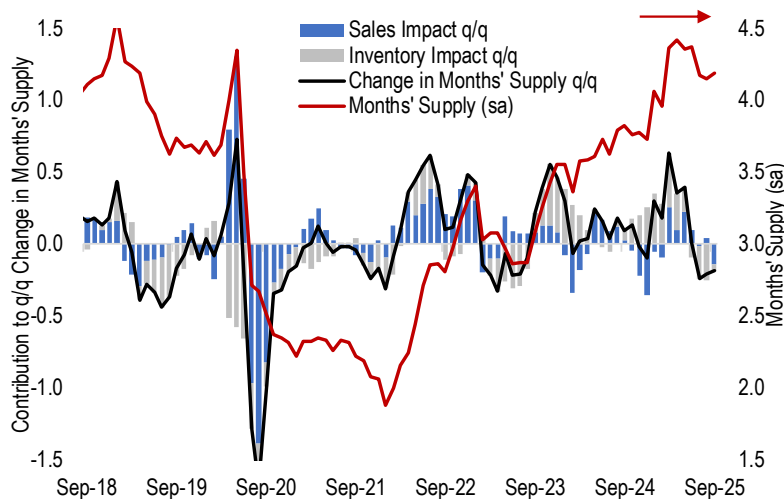
Recent Decline in Mortgage Rates Leading to Fastest Pace of Existing Home Sales Since February



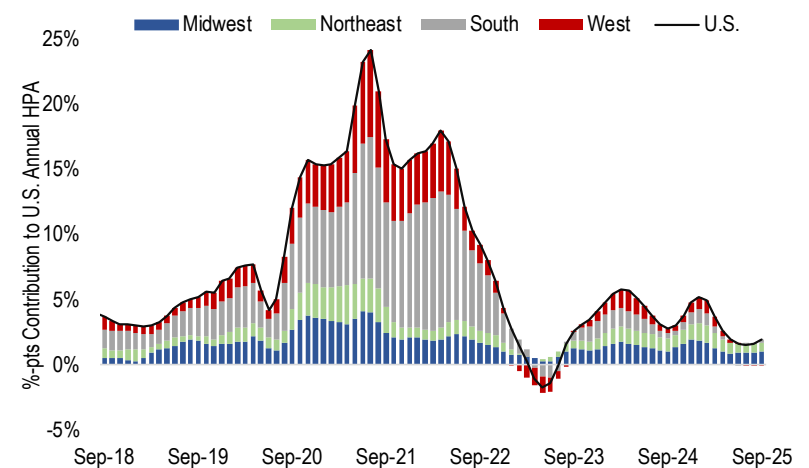
Inventory Rose after Three Straight Months of Declines as Sellers Adjusting to Improved Sales Backdrop



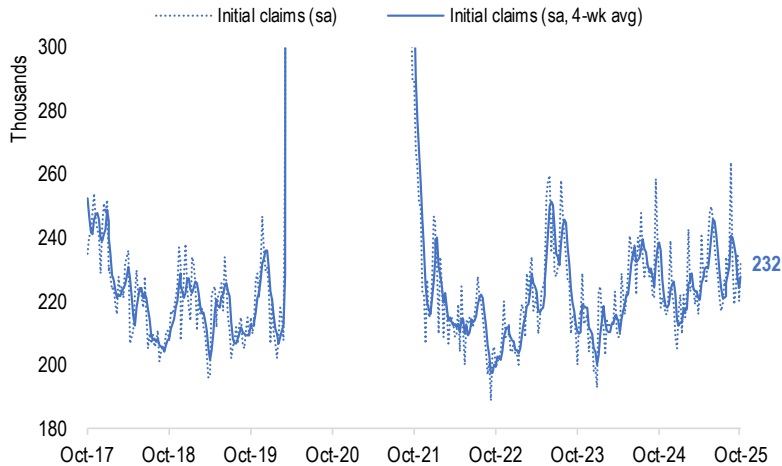
For the Third Quarter, Sales Pace Far Outpaced Inventory Growth, Dragging Months' Supply Lower



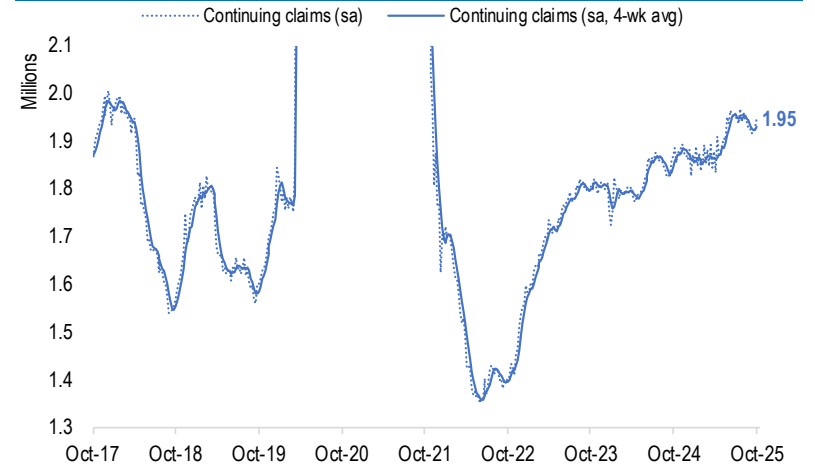
Re-Tightening of Supply-Demand Dynamics Rekindled Positive Home Price Momentum



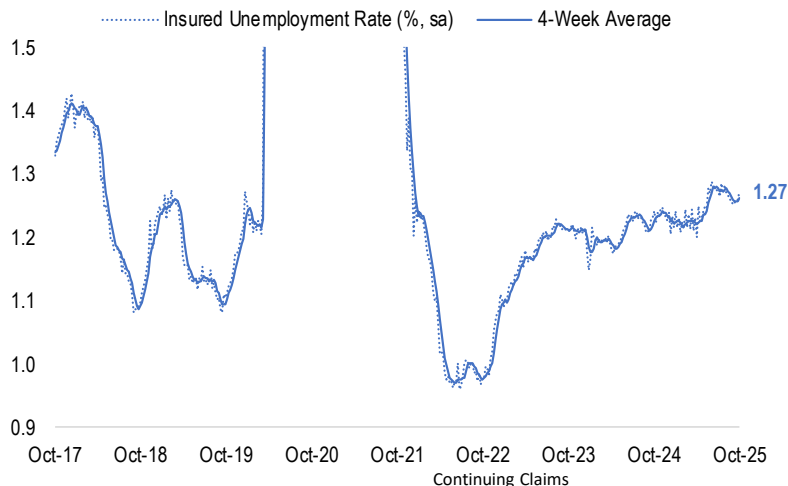
Initial Claims Climbed Back to 232k (sa) in Week Ending Oct. 18, Just Above Post-Pandemic Average



Continuing Claims Also Rose to 1,946k (sa) during Week Ending Oct. 11, Just Below Cycle High



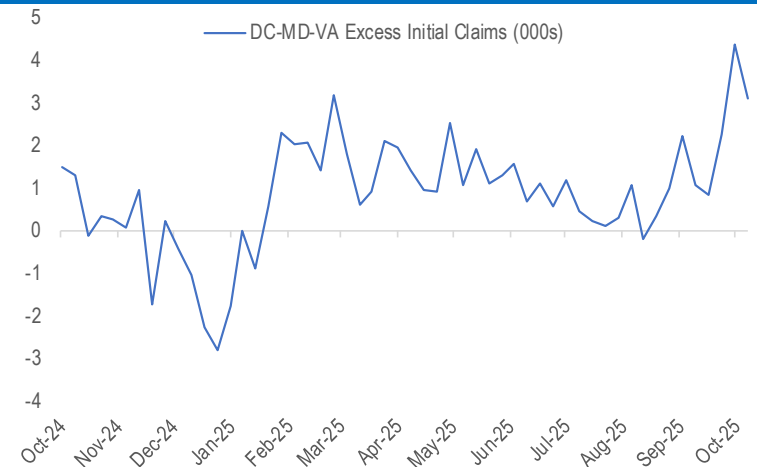
... Which Pushed Insured Unemployment Up, Just Below Recent Post-Pandemic High



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

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

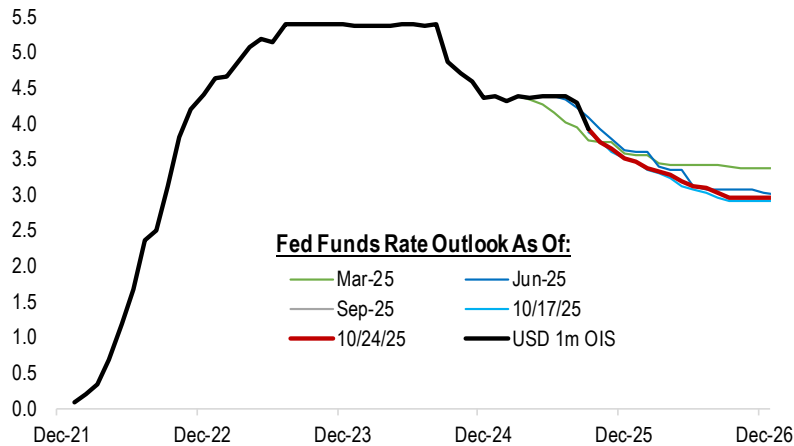
Initial Claims in the DC-Maryland-Virginia Area Have Surged in Recent Weeks During the Shutdown



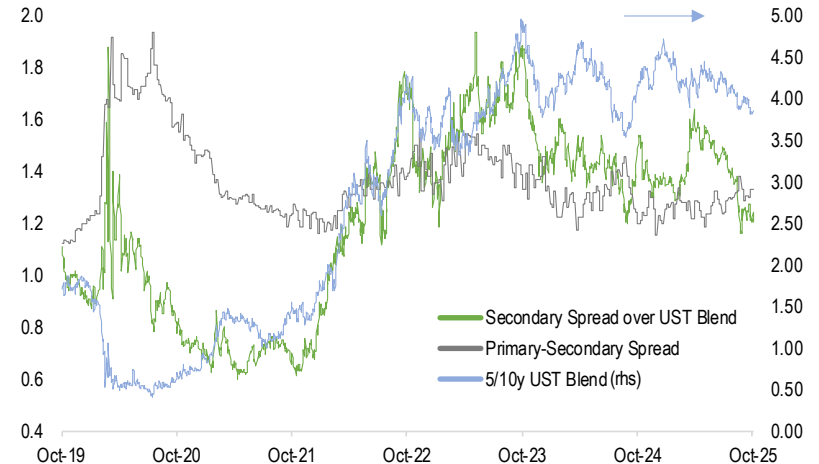
SA = Seasonally Adjusted

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

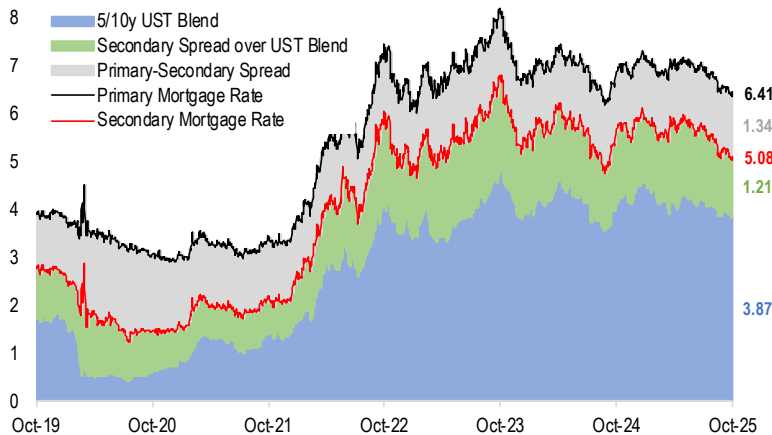
Market Sees a 25bps Rate Cut as Certainty This Week, Followed by 90%+ Odds of Another by Year-End



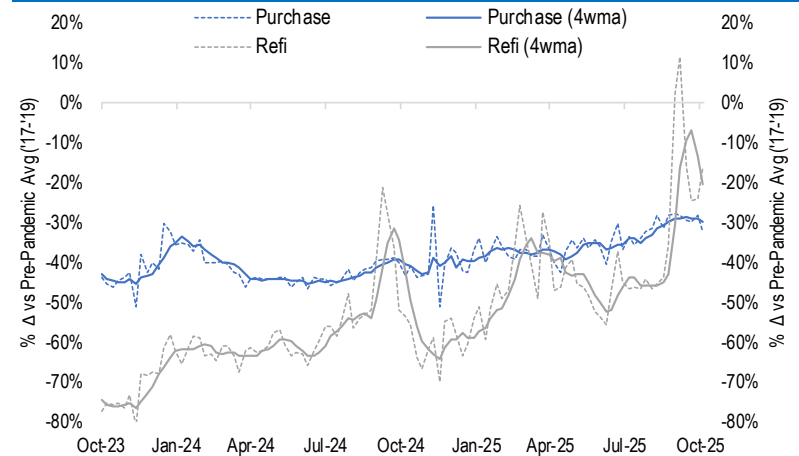
U.S. Treasury Yields and Mortgage Spreads Were Relatively Unchanged Last Week



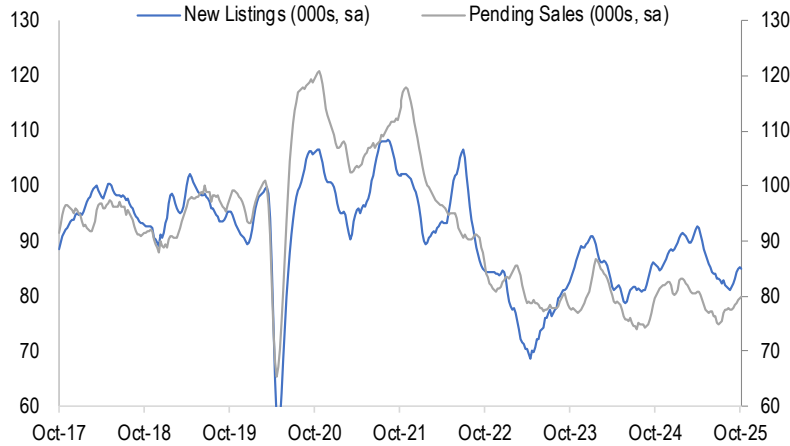
... Which Left Mortgage Rates Near Lowest Level Since Last October



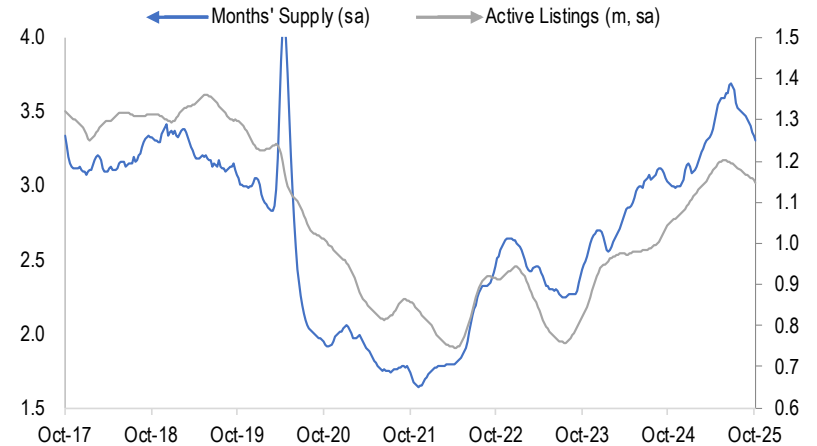
Mortgage Refi Apps Have Perked Back Up as Mortgage Rates Have Remained Near Multi-Year Low



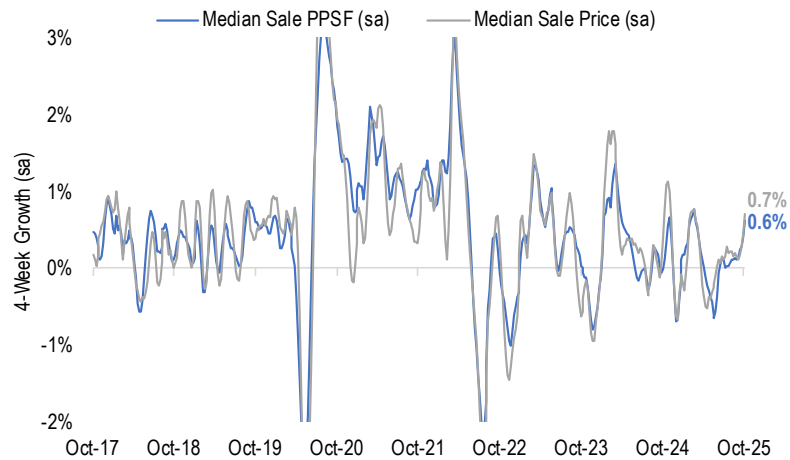
Pending Sales and New Listings Have Turned Higher Again over the Past Month, Reversing Prior Slide ...



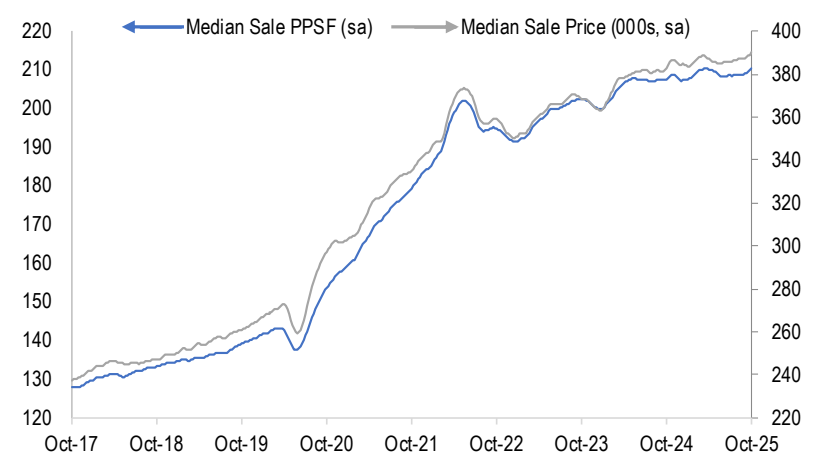
... Keeping Inventory in Check and Months' Supply Heading Lower



Pace of Seasonally Adjusted Home-Price Growth Continued to Accelerate through Mid-October



Home Prices Have Started to Inch Higher in Q3 and Early Q4 after Modest Decline in Q2



Annual Home-Price Declines Becoming More Widespread as Many 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	1.9%	1.3%	3.4%	2.9%	8.2%	2.9%	98.4%	-0.4%	-5.1	-11.3	7%	8%	-2%
Atlanta	-3.0%	-1.1%	2.5%	3.1%	7.5%	2.5%	97.7%	-0.4%	25.3	11.3	5%	19%	4%
Austin	-3.9%	0.9%	1.4%	2.5%	8.8%	1.4%	97.0%	-0.2%	53.1	37.8	8%	102%	67%
Baltimore	1.9%	-1.0%	3.5%	1.9%	7.4%	0.8%	100.1%	-0.4%	-5.7	-10.5	19%	-13%	-31%
Boston	2.6%	-0.2%	3.3%	2.3%	7.3%	1.5%	100.2%	-1.0%	4.5	1.5	16%	4%	-14%
Chicago	3.1%	-1.6%	6.3%	2.3%	4.5%	1.4%	99.3%	0.1%	-13.2	-13.5	-6%	-31%	-28%
Dallas	-5.2%	-1.5%	-0.5%	2.5%	9.3%	2.2%	97.2%	-0.4%	23.7	11.7	10%	42%	27%
Denver	-3.6%	-0.7%	1.9%	4.9%	9.8%	0.8%	98.3%	-0.5%	22.7	13.5	8%	78%	57%
Houston	-7.1%	-6.3%	1.1%	1.4%	8.0%	2.2%	97.8%	0.9%	4.2	-0.3	11%	N/A	7%
Los Angeles	-0.5%	0.0%	2.4%	2.6%	4.8%	1.1%	99.1%	-1.0%	10.4	0.4	6%	26%	23%
Miami	-1.0%	-1.2%	1.4%	-0.2%	4.3%	1.0%	95.2%	-0.5%	32.2	7.8	7%	34%	21%
Minneapolis	2.5%	2.2%	3.2%	2.3%	8.3%	2.0%	99.6%	0.2%	-1.1	-0.9	-3%	2%	5%
Nashville	3.0%	1.8%	4.4%	2.3%	5.9%	2.0%	97.7%	-0.5%	15.3	5.5	10%	30%	12%
New York	5.0%	-1.1%	4.0%	-1.2%	3.9%	0.4%	99.8%	0.1%	-35.8	-44.1	6%	-16%	-30%
Phoenix	-2.0%	1.5%	0.6%	2.9%	7.6%	1.1%	97.9%	-0.3%	27.0	14.8	10%	58%	50%
Portland	-1.4%	-1.3%	2.4%	3.2%	8.6%	1.1%	99.2%	-0.4%	14.5	7.8	10%	34%	24%
Riverside	0.0%	0.4%	2.6%	3.1%	5.5%	1.3%	98.8%	-0.5%	7.3	-10.3	4%	19%	20%
San Diego	-1.7%	0.3%	-1.0%	1.5%	6.7%	1.6%	98.6%	-0.7%	10.8	0.0	6%	8%	9%
Seattle	2.6%	3.2%	2.0%	3.3%	8.1%	1.1%	99.3%	-0.8%	6.5	-2.5	17%	31%	3%
Tampa	1.2%	4.7%	8.8%	6.9%	8.6%	3.8%	96.8%	-0.3%	21.3	7.5	3%	55%	156%
Washington DC	0.5%	-1.3%	2.2%	-0.6%	6.4%	1.4%	99.4%	-0.8%	9.0	-0.3	22%	14%	-10%

Data as of Oct. 19, 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
10/28/25	9:00 AM	FHFA House Price Index m/m	Aug	--	-0.1	--	-0.1	%, sa
10/28/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Aug	--	-0.1	--	-0.1	%, sa
10/28/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Aug	--	1.3	--	1.8	%, nsa
10/28/25	10:00 AM	Richmond Fed Manufact. Index	Oct	--	-11.5	--	-17.0	index, sa
10/28/25	10:00 AM	Conf. Board Consumer Confidence	Oct	--	93.4	--	94.2	index, sa
10/29/25	7:00 AM	MBA Mortgage Applications w/w	Oct 24	--	--	--	-0.3	%, sa
10/29/25	8:30 AM	Retail Inventories m/m	Sep	--	--	--	0.0	%, sa
10/29/25	8:30 AM	Wholesale Inventories m/m	Sep P	--	-0.2	--	--	%, sa
10/29/25	10:00 AM	Pending Home Sales m/m	Sep	--	1.5	--	4.0	%, sa
10/29/25	10:00 AM	Pending Home Sales y/y	Sep	--	--	--	0.5	%, nsa
10/29/25	2:00 PM	FOMC Rate Decision (Upper Bound)	Oct 29	--	4.0	--	4.3	%
10/30/25	8:30 AM	Initial Jobless Claims	Oct 25	--	229	--	--	k, sa
10/30/25	8:30 AM	Continuing Claims	Oct 18	--	1,931	--	--	k, sa
10/30/25	8:30 AM	GDP Annualized q/q	3Q A	--	3.0	--	3.8	%, saar
10/30/25	8:30 AM	Personal Consumption q/q	3Q A	--	3.2	--	2.5	%, saar
10/30/25	8:30 AM	Core PCE Deflator q/q	3Q A	--	3.0	--	2.6	%, saar
10/31/25	8:30 AM	Personal Income m/m	Sep	--	0.4	--	0.4	%, sa
10/31/25	8:30 AM	Personal Spending m/m	Sep	--	0.4	--	0.6	%, sa
10/31/25	8:30 AM	Real Personal Spending m/m	Sep	--	0.2	--	0.4	%, sa
10/31/25	8:30 AM	PCE Inflation m/m	Sep	--	0.3	--	0.3	%, sa
10/31/25	8:30 AM	PCE Inflation y/y	Sep	--	2.8	--	2.7	%, nsa
10/31/25	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Sep	--	0.2	--	0.2	%, sa
10/31/25	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Sep	--	2.9	--	2.9	%, nsa
10/31/25	8:30 AM	Employment Cost Index q/q	3Q	--	0.9	--	0.9	%, sa

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
10/22/25	7:00 AM	MBA Mortgage Applications w/w	Oct 17	-0.3	--	--	-1.8	%, sa
10/23/25	10:00 AM	Existing Home Sales	Sep	4.1	4.1	--	4.0	m, saar
10/23/25	10:00 AM	Existing Home Sales m/m	Sep	1.5	1.5	--	-0.2	%, sa
10/23/25	11:00 AM	Kansas City Fed Manf. Activity	Oct	6.0	2.0	--	4.0	sa, index
10/24/25	8:30 AM	CPI m/m	Sep	0.3	0.4	--	0.4	%, sa
10/24/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Sep	0.2	0.3	--	0.3	%, sa
10/24/25	8:30 AM	CPI y/y	Sep	3.0	3.1	--	2.9	%, nsa
10/24/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Sep	3.0	3.1	--	3.1	%, nsa
10/24/25	9:45 AM	S&P Global US Manufacturing PMI	Oct P	52.2	52.0	--	52.0	index, sa
10/24/25	9:45 AM	S&P Global US Services PMI	Oct P	55.2	53.5	--	54.2	index, sa
10/24/25	9:45 AM	S&P Global US Composite PMI	Oct P	54.8	53.5	--	53.9	index, sa
10/24/25	10:00 AM	U. of Mich. Sentiment	Oct F	53.6	54.5	--	55.0	index, nsa
10/24/25	10:00 AM	U. of Mich. 1 Yr Inflation	Oct F	4.6	4.6	--	4.6	nsa
10/24/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Oct F	3.9	3.7	--	3.7	nsa

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