

HaMMR Digest

Stay current with economic and mortgage market trends.

November 3, 2025

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Hold Your Horses

- **Key Takeaway:** Fed cut 25bps as expected, but Chairman Powell forcefully pushed back against expectations of another rate cut in December.
- **Macro Implications:** The Fed remains deeply divided, absent clear evidence of further labor market weakness, next rate cut unlikely until 2026.
- **Housing Implications:** Rate cut repricing, bear flattening of yield curve and rise in rate volatility not conducive for lower mortgage rates.

Macro: Boo

- Fed Chairman spooked markets by pumping brakes on a Dec. rate cut.
- Chicago Fed prelim Oct. unemployment rate at 4.35%, up from 4.34% in Sept.
- Shutdown pain deepens as SNAP and healthcare benefits at risk.

Rates: Are You Not Entertained?

- 10y yield rose ~8bps on the week to settle back above 4.00%.
- Yield curve bear flattening intensified as front-end rates spiked 10bps+.
- Markets no longer see Dec. Fed rate cut as a certainty, with odds now at ~60%.

Housing: You Were Warned

- NAR pending sales eased as the housing market's fits and starts continue.
- Buyers may take recent rate action as a sign to wait until spring to hunt.
- Early end of the Fed's quantitative tightening won't help mortgage rates.

Consumer Sentiment: Fine Today. Tomorrow, Not so Sure

- Consumer sentiment measures remained at historically low levels.
- Future expectations have been driving headline indexes lower.
- Income expectations still "ok," suggesting modest spending outlook.

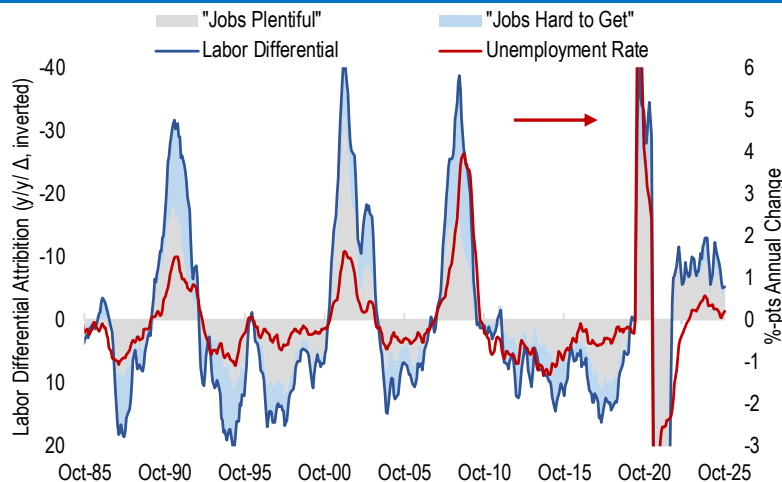
Regional Business Surveys: Could Be Worse, Hope to Be Better

- Goods producers seeing sluggish but better activity from three months ago.
- Services industries in a stall with employment outlook remaining weak.
- More companies under margin pressure and planning to raise prices.

Focus — Wealth Effects: Supporting Spending, But For How Long?

- Stock market gains have buoyed consumer spending in 2025.
- The rise in household wealth has been highly concentrated at the top.
- If equity markets decline meaningfully, spending is likely to follow.

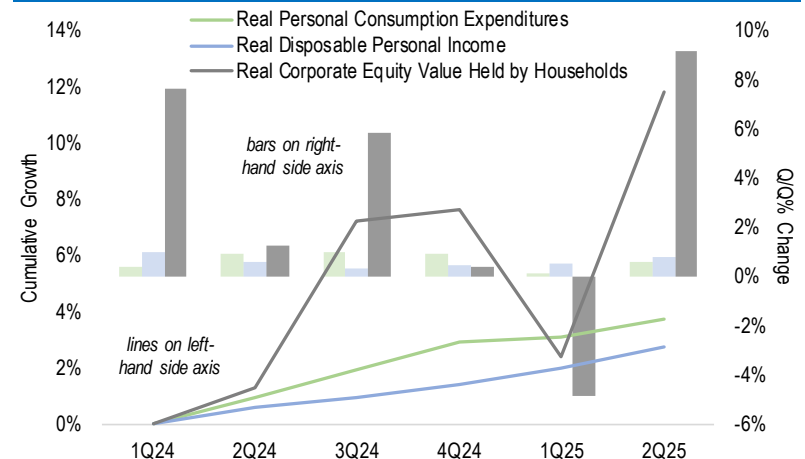
Households' Labor Market Fears Need Much Further Deterioration to See a Spike in Unemployment



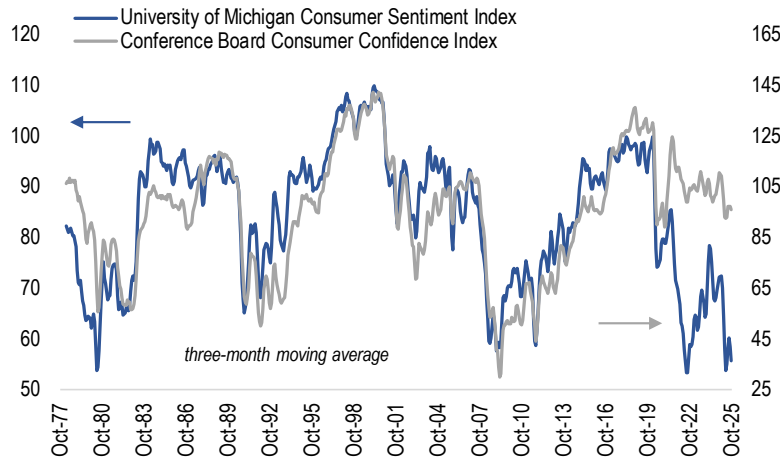
Labor Differential = "Jobs Plentiful" - "Jobs Hard to Get"

Sources: Conference Board, Federal Reserve Board, BEA, Arch Global Economics

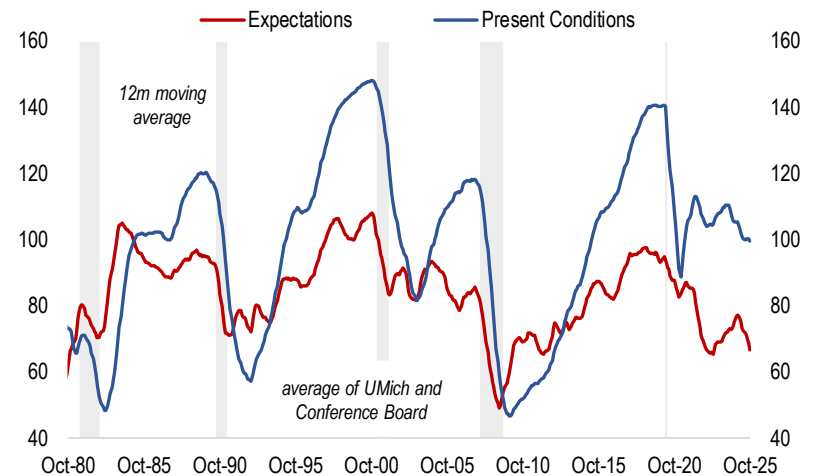
Significant Gains in Stock Market Wealth Have Allowed Spending to Outpace Income Growth



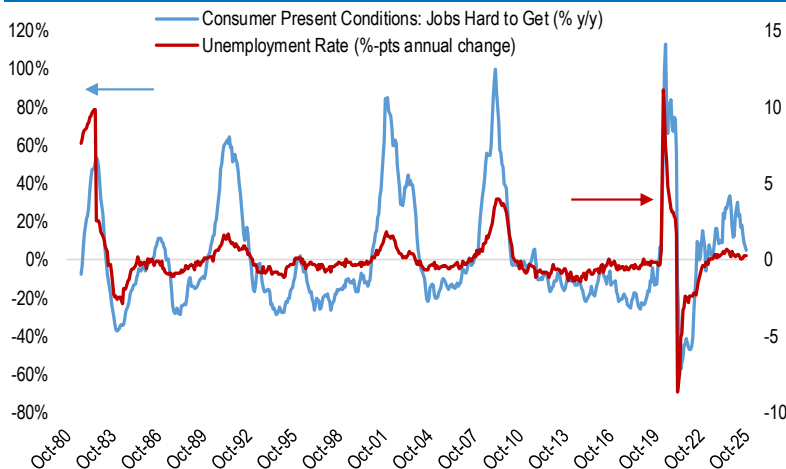
Consumer Sentiment Measures Continue to Bounce along Historically Low Readings ...



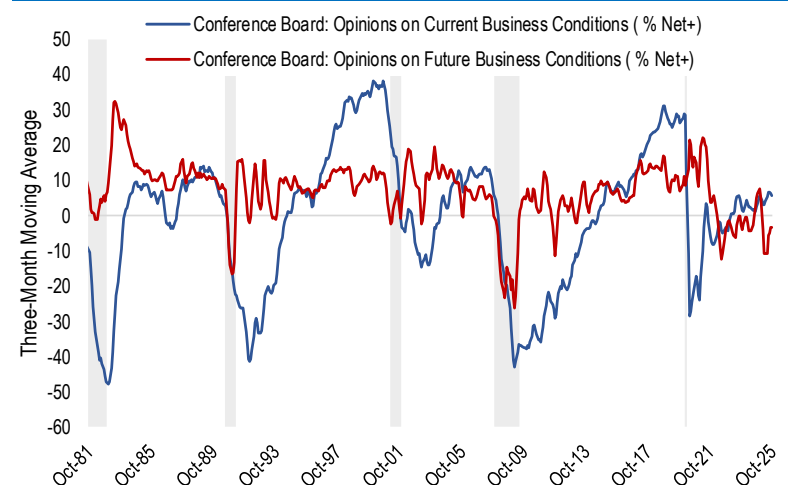
... Driven Primarily by Pessimism over Future Expectations on Inflation and Labor Prospects



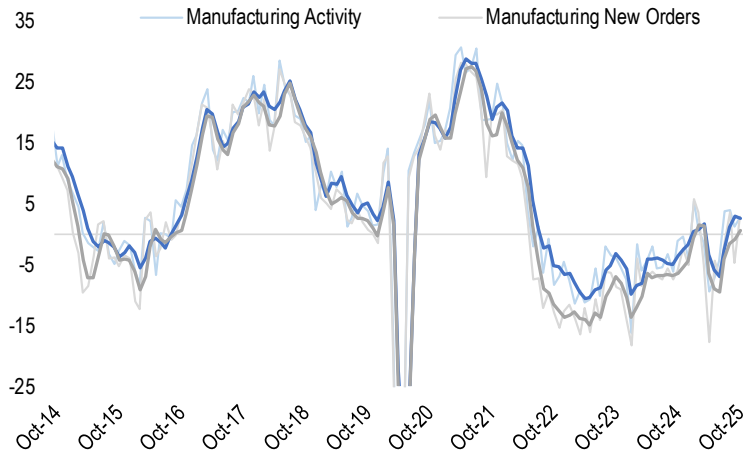
Despite a Sluggish Labor Market, Consumer Perceptions of “Jobs Hard to Get” Has Improved Year-over-Year



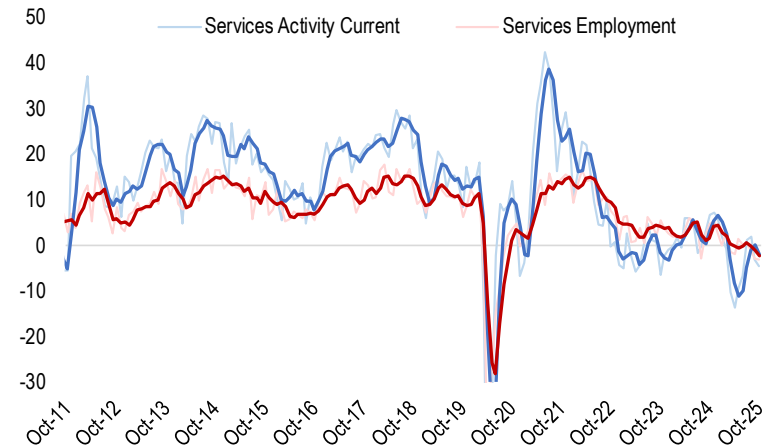
Consumer Outlook on Future Business Conditions Steadily Improving but Still Downbeat



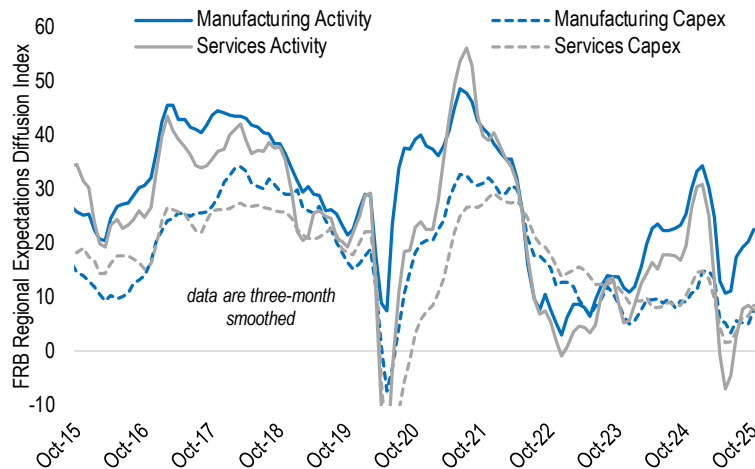
Manufacturing Activity Rebound with Rising New Orders Has Been Broad-Based Aside from the Oil Patch



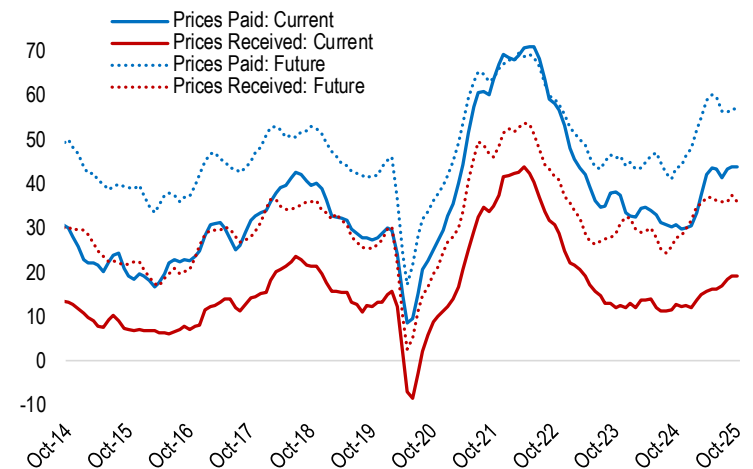
Services Industry Has Been Struggling with Notable Weakness in the Northeast



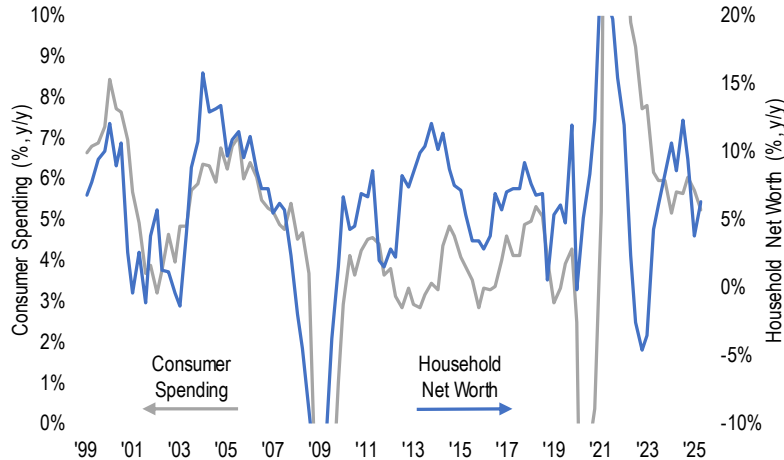
Business Expectations Best Summed Up as "Cautiously Optimistic"



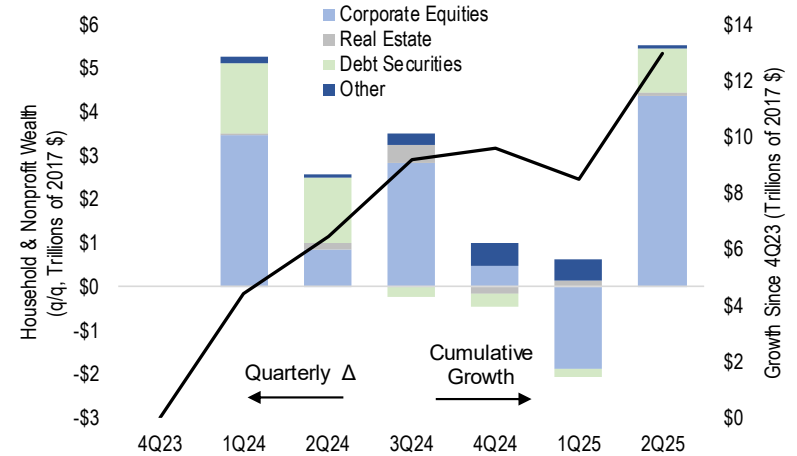
All-Industry Pricing Dynamics Point to Current Margin Squeeze with Plan on Recouping Costs



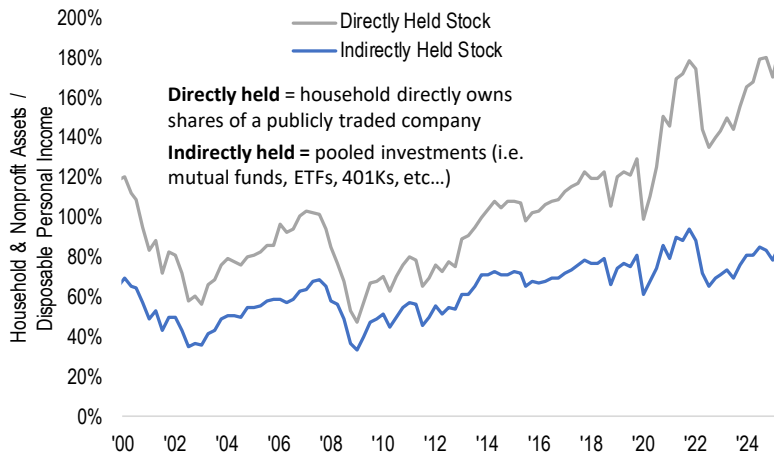
Changes in Household Wealth Translate to Household Spending



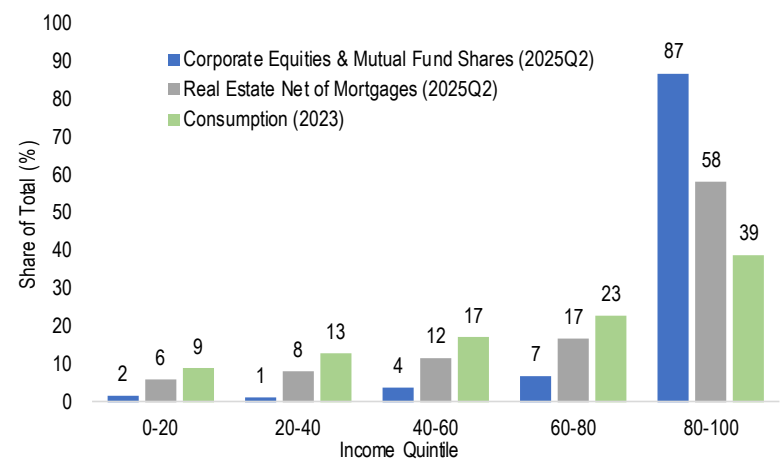
Households Have Added Nearly \$13 Trillion in Real Net Worth Since Beginning of 2024



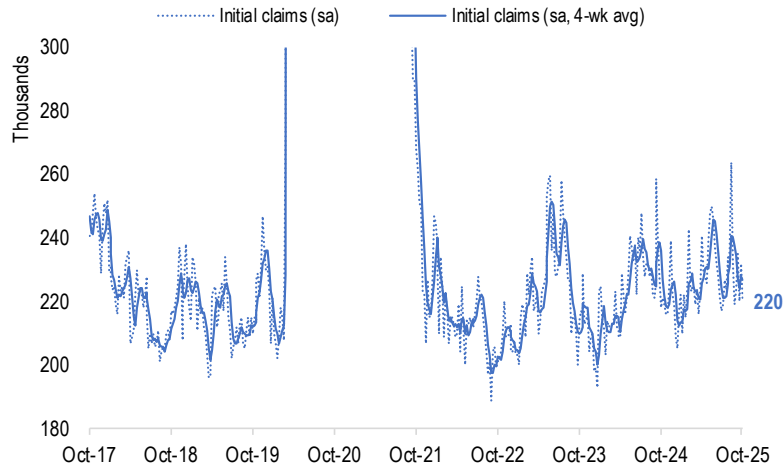
The Robinhood Effect? Retail Investing in Individual Stocks Has Soared in Recent Years ...



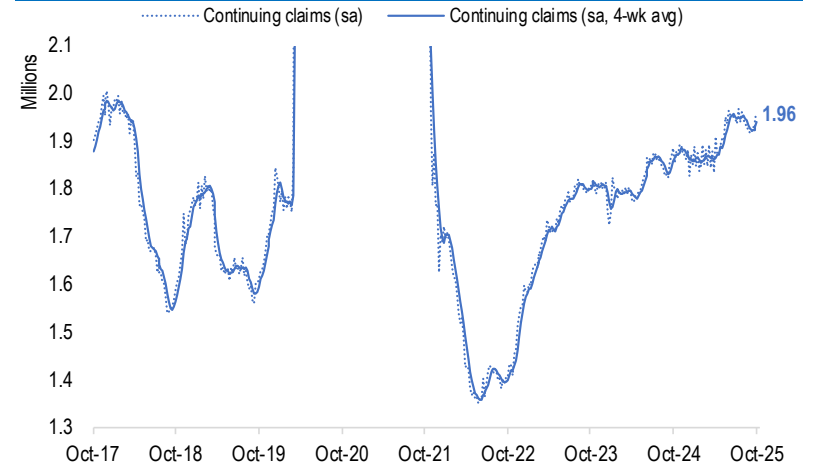
... But Stock Market Wealth, and Thus Spending, Are Highly Concentrated at the Top



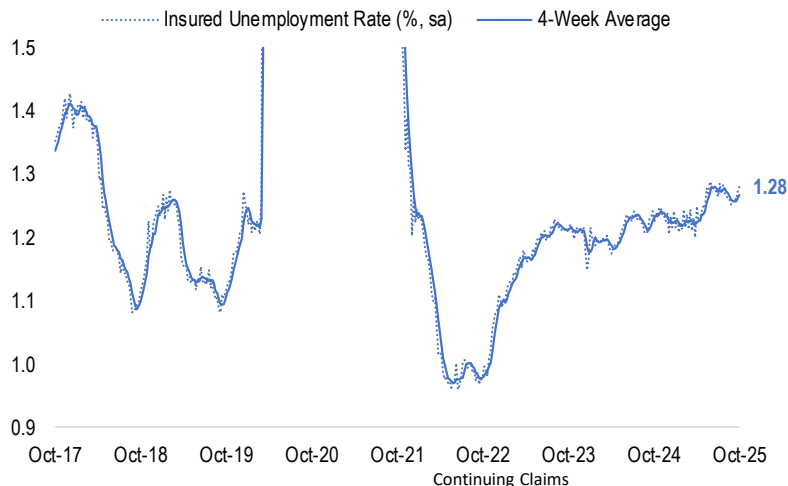
Initial Claims Declined Back to 220k (sa) in Week Ending Oct. 25, in Line with Post-Pandemic Average



Continuing Claims Surged to 1,957k (sa) during Week Ending Oct. 18, Approaching Recent Cycle High



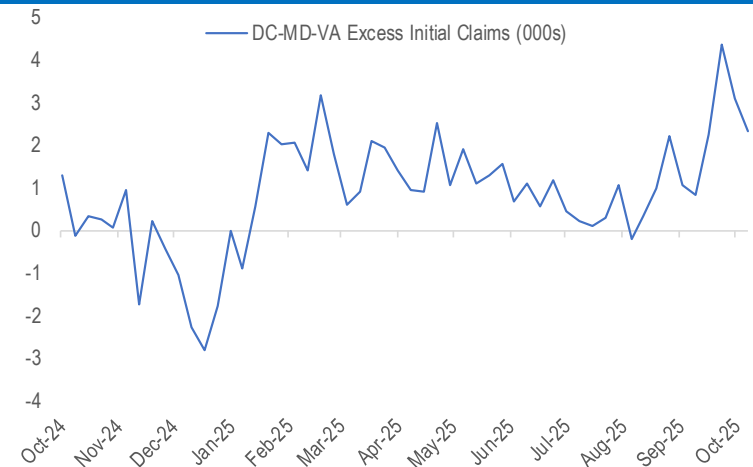
... Which Pushed Insured Unemployment Up, Just Below Recent Post-Pandemic High



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

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

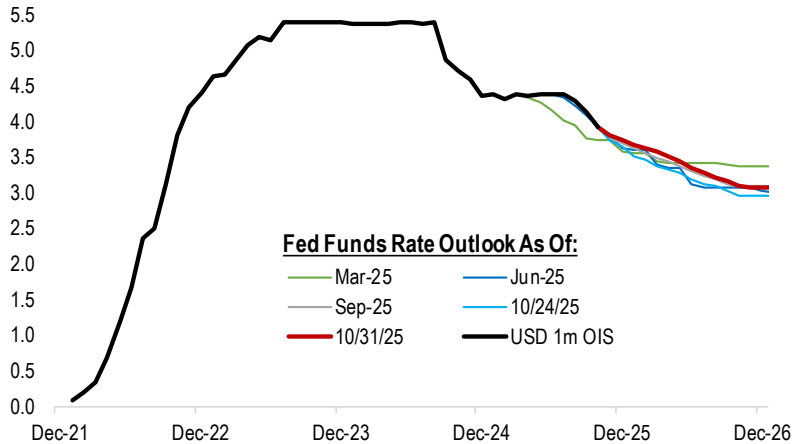
Initial Claims in the DC-Maryland-Virginia Area Surged Following the Federal Government Shutdown



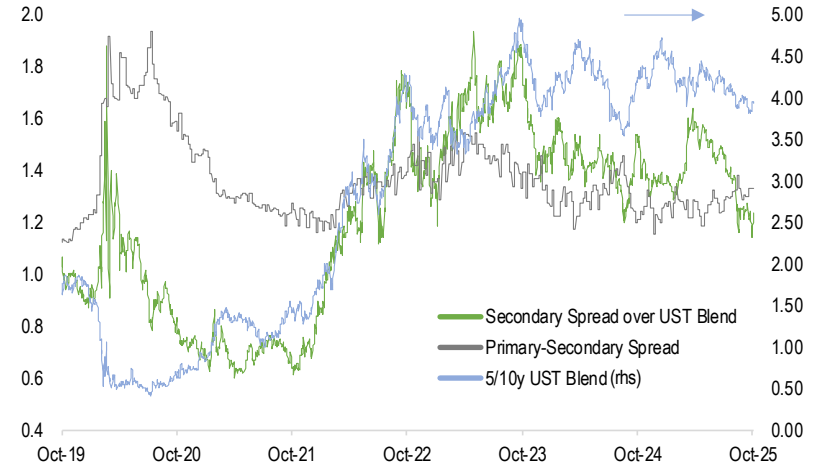
SA = Seasonally Adjusted

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

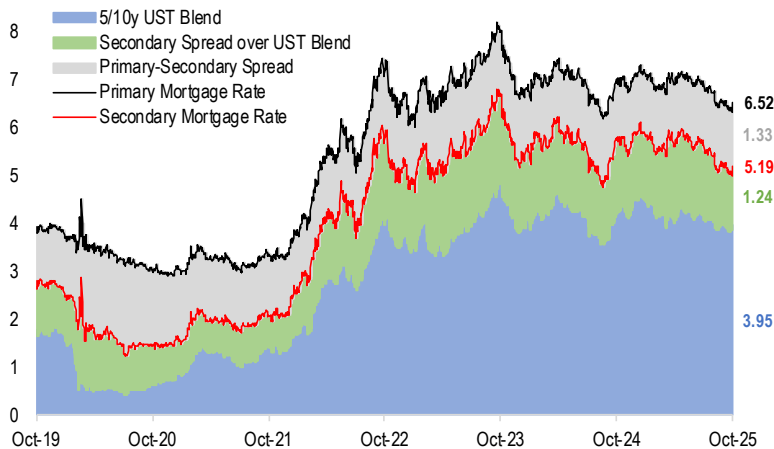
Market Odds of Another 25bps Rate Cut in Dec. Fell From Near 100% to ~60% after Oct. FOMC Meeting



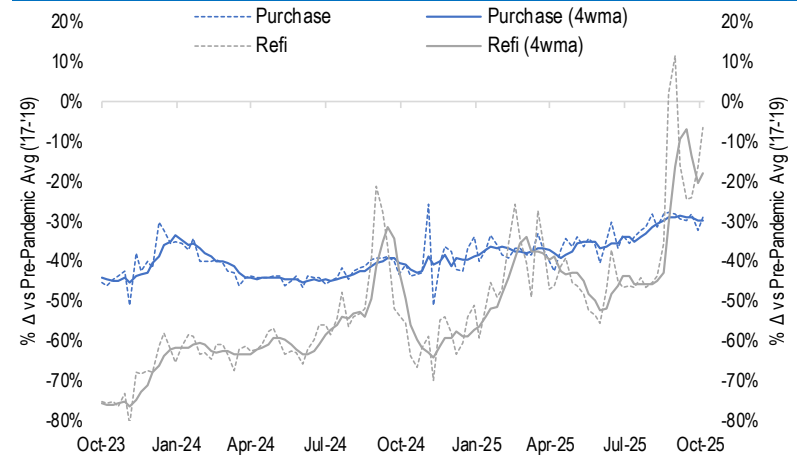
U.S. Treasury Yields Rose 8bps Last Week and Mortgage Spreads Widened Modestly ...



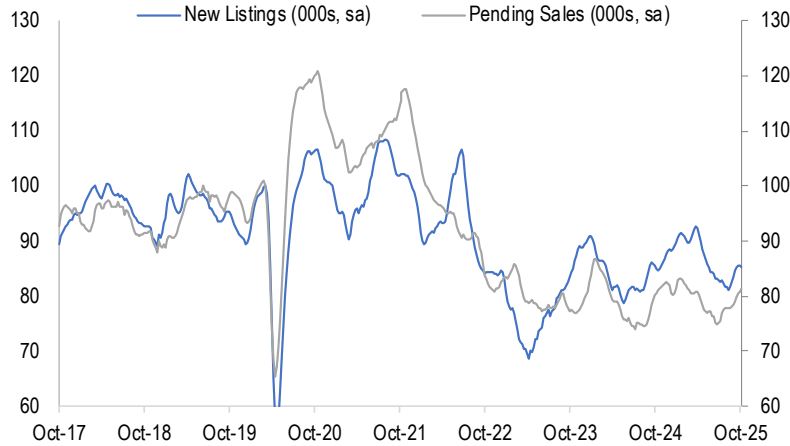
... Which Lifted Mortgage Rates ~11bps One Week after Reaching Lowest Level Since Last October



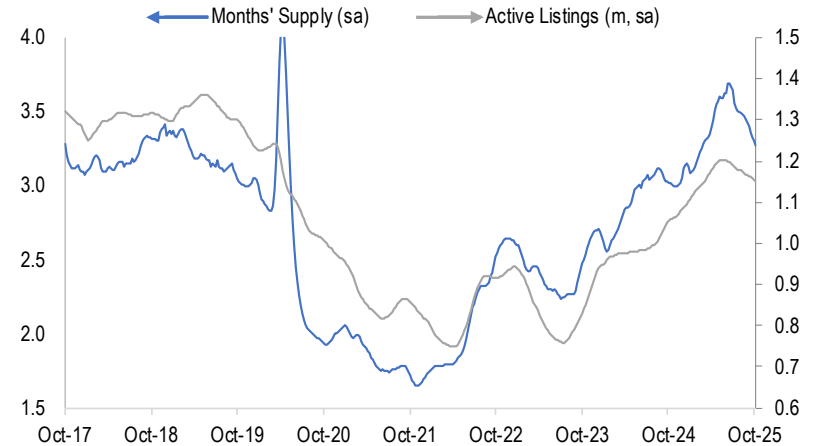
Mortgage Refi Apps Have Perked Back Up, but Purchase Apps Have Cooled despite Lower Rates



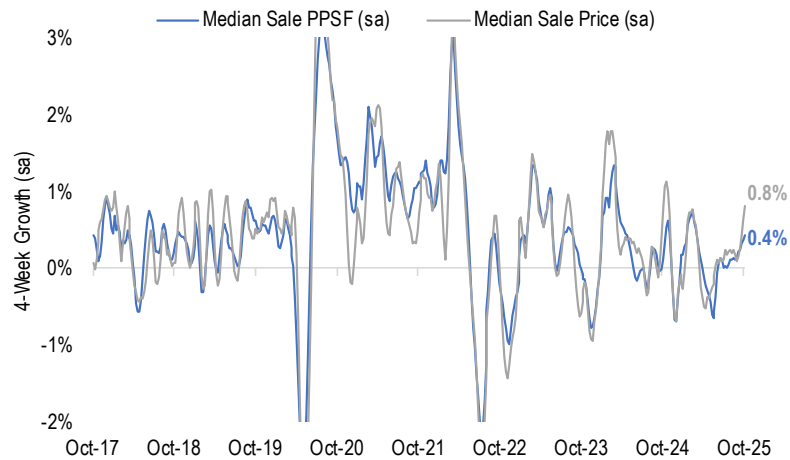
Pending Sales and New Listings Have Turned Higher Again over the Past Month, Reversing Prior Slide...



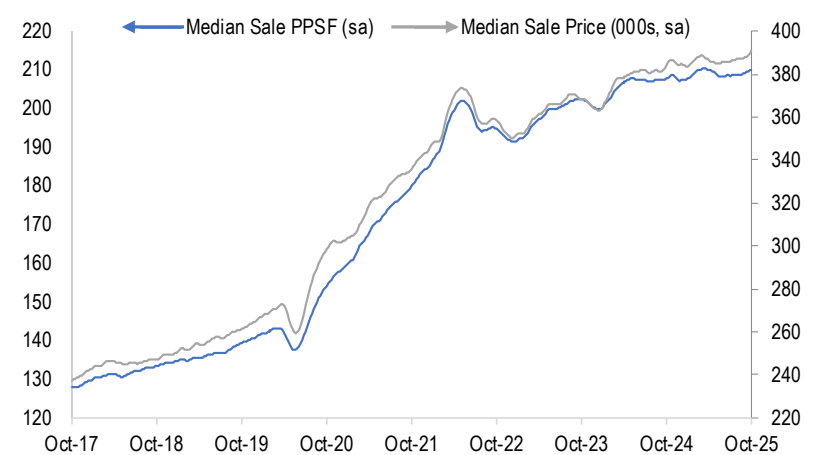
... Keeping Inventory in Check and Months' Supply Heading Lower



Pace of Seasonally Adjusted Home-Price Growth Continued to Accelerate through Late 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	1.3%	0.6%	3.3%	2.9%	9.0%	3.8%	98.3%	-0.4%	-5.2	-11.2	7%	3%	-5%
Atlanta	-2.4%	-0.9%	2.9%	3.8%	7.5%	2.4%	97.7%	-0.3%	26.0	13.5	4%	13%	3%
Austin	-2.8%	3.0%	2.3%	4.0%	8.9%	1.8%	96.9%	-0.2%	52.8	38.9	8%	93%	61%
Baltimore	2.0%	-1.3%	3.9%	2.1%	7.3%	0.8%	100.0%	-0.5%	-6.2	-11.5	19%	-16%	-36%
Boston	2.7%	0.0%	2.5%	1.1%	7.2%	1.8%	100.3%	-1.0%	4.0	1.4	16%	-2%	-19%
Chicago	4.7%	0.5%	5.8%	1.8%	4.5%	1.4%	99.4%	0.2%	-13.8	-13.5	-6%	-33%	-30%
Dallas	-4.5%	-1.3%	-0.9%	2.0%	9.1%	2.2%	97.2%	-0.3%	23.6	11.6	10%	43%	24%
Denver	-3.1%	-0.2%	1.6%	3.4%	9.6%	0.9%	98.3%	-0.4%	23.7	12.9	7%	72%	54%
Houston	-1.7%	-0.7%	1.5%	1.4%	8.0%	2.3%	96.2%	-0.8%	14.4	-1.5	10%	20%	7%
Los Angeles	-1.1%	-0.6%	2.1%	2.7%	4.7%	1.1%	99.3%	-0.9%	10.0	-0.3	6%	22%	19%
Miami	2.1%	3.5%	-0.6%	-2.4%	4.4%	1.2%	95.2%	-0.6%	30.6	9.1	6%	28%	13%
Minneapolis	1.1%	1.1%	2.9%	1.7%	8.4%	2.3%	99.6%	0.3%	-0.9	-1.9	-3%	0%	0%
Nashville	3.7%	2.6%	3.7%	1.5%	6.0%	2.2%	97.6%	-0.5%	16.1	6.3	10%	30%	13%
New York	3.9%	-1.9%	4.0%	-1.0%	4.0%	0.5%	99.7%	-0.1%	-36.3	-44.5	6%	-19%	-30%
Phoenix	-2.5%	0.3%	0.6%	2.5%	7.6%	1.2%	97.9%	-0.3%	27.1	14.8	10%	54%	46%
Portland	-1.3%	-0.8%	2.5%	3.9%	8.4%	1.3%	99.2%	-0.4%	14.2	5.9	10%	32%	17%
Riverside	-0.6%	0.6%	2.1%	3.1%	5.5%	1.4%	98.7%	-0.5%	7.9	-9.1	3%	15%	17%
San Diego	-2.1%	-0.5%	-1.0%	1.0%	6.7%	1.7%	98.7%	-0.5%	8.8	0.3	5%	3%	5%
Seattle	1.9%	3.8%	2.0%	2.9%	8.0%	1.3%	99.2%	-0.8%	5.3	-3.7	17%	23%	-4%
Tampa	1.5%	5.0%	6.9%	6.6%	8.5%	3.0%	96.9%	-0.1%	22.0	9.8	4%	52%	129%
Washington DC	-0.3%	-1.5%	2.0%	-0.8%	6.1%	1.2%	99.3%	-0.9%	7.6	-0.9	22%	9%	-14%

Data as of Oct. 26, 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
11/3/25	10:00 AM	Wards Total Vehicle Sales	Oct	15.3	15.5	--	16.4	m, saar
11/3/25	9:45 AM	S&P Global US Manufacturing PMI	Oct F	52.5	52.2	--	52.2	index, sa
11/3/25	10:00 AM	ISM Manufacturing	Oct	48.7	49.5	--	49.1	index, sa
11/3/25	10:00 AM	ISM Prices Paid	Oct	58.0	62.5	--	61.9	index, nsa
11/4/25	10:00 AM	JOLTS Job Openings	Sep	--	7,130	--	7,227	k, sa
11/4/25	10:00 AM	Durable Goods Orders m/m	Sep F	--	--	--	--	%, sa
11/4/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Sep F	--	--	--	--	%, sa
11/4/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Sep F	--	--	--	--	%, sa
11/5/25	7:00 AM	MBA Mortgage Applications w/w	Oct 31	--	--	--	7.1	%, sa
11/5/25	8:15 AM	ADP Employment m/m	Oct	--	40.0	--	-32.0	k, sa
11/5/25	9:45 AM	S&P Global US Services PMI	Oct F	--	55.2	--	55.2	index, sa
11/5/25	9:45 AM	S&P Global US Composite PMI	Oct F	--	54.8	--	54.8	index, sa
11/5/25	10:00 AM	ISM Services Index	Oct	--	50.7	--	50.0	index, nsa
11/6/25	8:30 AM	Nonfarm Productivity q/q	3Q P	--	3.3	--	3.3	%, saar
11/6/25	8:30 AM	Unit Labor Costs q/q	3Q P	--	1.0	--	1.0	%, saar
11/6/25	8:30 AM	Initial Jobless Claims	Nov 1	--	225	--	--	k, sa
11/6/25	8:30 AM	Continuing Claims	Oct 25	--	1,946	--	--	k, sa
11/6/25	10:00 AM	Wholesale Trade Sales m/m	Sep	--	--	--	--	%, sa
11/6/25	10:00 AM	Wholesale Inventories m/m	Sep F	--	--	--	--	%, sa
11/7/25	8:30 AM	Nonfarm Payrolls m/m	Oct	--	-25	--	--	k, sa
11/7/25	8:30 AM	Private Payrolls m/m	Oct	--	40	--	--	k, sa
11/7/25	8:30 AM	Unemployment Rate	Oct	--	4.4	--	--	%, sa
11/7/25	8:30 AM	Labor Force Participation Rate	Oct	--	--	--	--	%, sa
11/7/25	8:30 AM	Average Hourly Earnings m/m	Oct	--	--	--	--	%, sa

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

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
10/28/25	9:00 AM	FHFA House Price Index m/m	Aug	0.4	-0.1	0.0	-0.1	%, sa
10/28/25	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Aug	0.2	-0.1	-0.1	-0.1	%, sa
10/28/25	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Aug	1.6	1.3	1.8	1.8	%, nsa
10/28/25	10:00 AM	Richmond Fed Manufact. Index	Oct	-4.0	-11.5	--	-17.0	index, sa
10/28/25	10:00 AM	Conf. Board Consumer Confidence	Oct	94.6	93.4	95.6	94.2	index, sa
10/29/25	7:00 AM	MBA Mortgage Applications w/w	Oct 24	7.1	--	--	-0.3	%, sa
10/29/25	10:00 AM	Pending Home Sales m/m	Sep	0.0	1.2	4.2	4.0	%, sa
10/29/25	10:00 AM	Pending Home Sales y/y	Sep	1.5	--	--	0.5	%, nsa
10/29/25	2:00 PM	FOMC Rate Decision (Upper Bound)	Oct 29	4.00	4.00	--	4.25	%

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