

An aerial photograph of a residential neighborhood with several houses, green lawns, and trees. A large 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.

November 18, 2024

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**Not Too Hot, Not Too Cold**

- **Key Takeaway:** Inflation headlined a busy data week that was generally in-line or stronger than consensus, lifting 10-year UST yields another 13bps.
- **Macro Implications:** Fed still on track to cut 25bps in December but pace thereafter will slow if economy remains on current trajectory.
- **Housing Implications:** With rates unlikely to move meaningfully lower in the near term, sales likely to remain choppy around historically slow pace.

**Macro: Keep Calm and Carry On**

- Realized and expected inflation trajectories keep Fed on normalization path.
- Manufacturing still feeling effects of Boeing/Stellantis strikes.
- Peak labor stress may have passed, but transitory factors muddle signal.

**Rates: 4.5% Ceiling Holds, for Now**

- 10-year UST rose 13bps w/w and +80bps since mid-Sept. to 4.45%.
- Rate path skewed to the downside as policy/economic clarity improves.
- Market pricing in only 50bps of rate cuts in '25 after 25bps cut in Dec.

**Housing: Waiting for Godot?**

- Mortgage rates remain elevated around 7%, weighing on purchase apps.
- Redfin data show pending sales starting to cool at beginning of Nov.
- Fannie Mae Home Purchase Sentiment index remained in slow uptrend.

**Consumer Inflation: Usual Suspects**

- Headline CPI inflation held steady at roughly 0.2% in October.
- Core inflation held at 0.3% amid strong shelter and used-car prices.
- Reacceleration risk remains low, but disinflation progress has slowed.

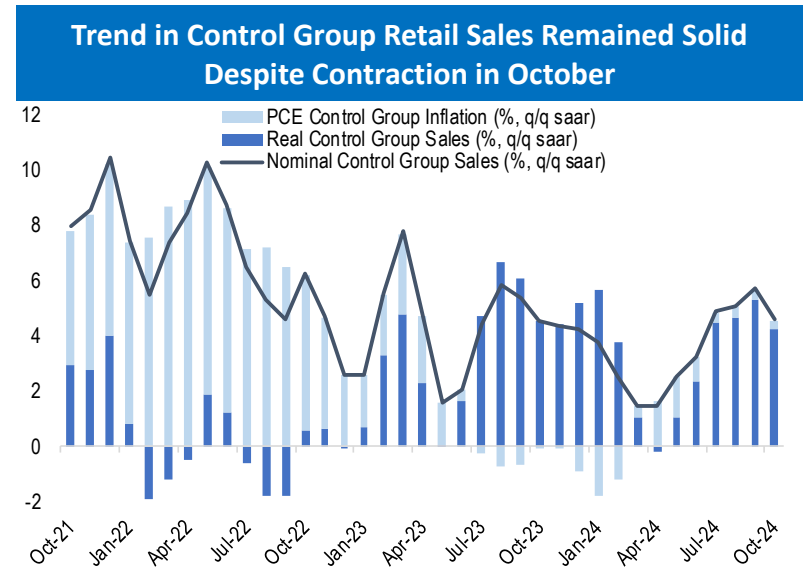
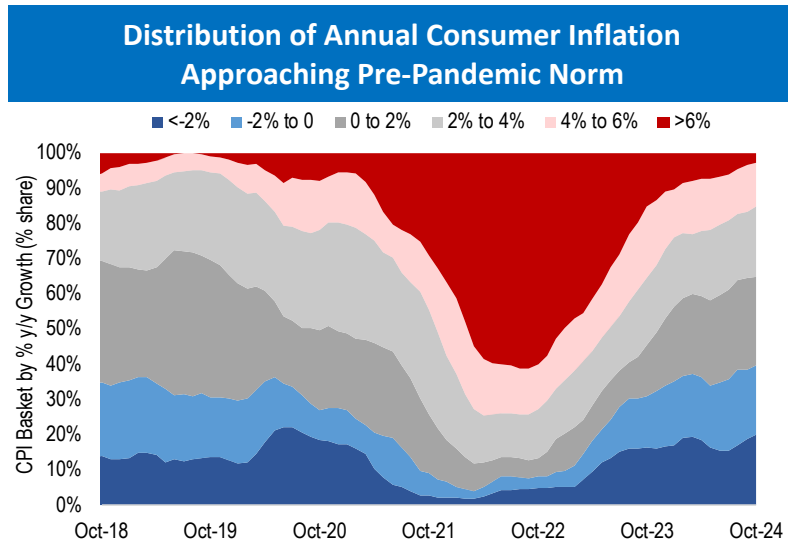
**Retail Sales: Auto Sales Led the Way**

- Oct. retail sales grew 0.4% due to surge in auto sales (0.1% ex-auto).
- Control group sales fell -0.1% amid broad-based weakness.
- Despite monthly noise, real consumption tracking 3% pace for 2H24.

**Banking & Credit: Fewer Banks Still Tightening Credit**

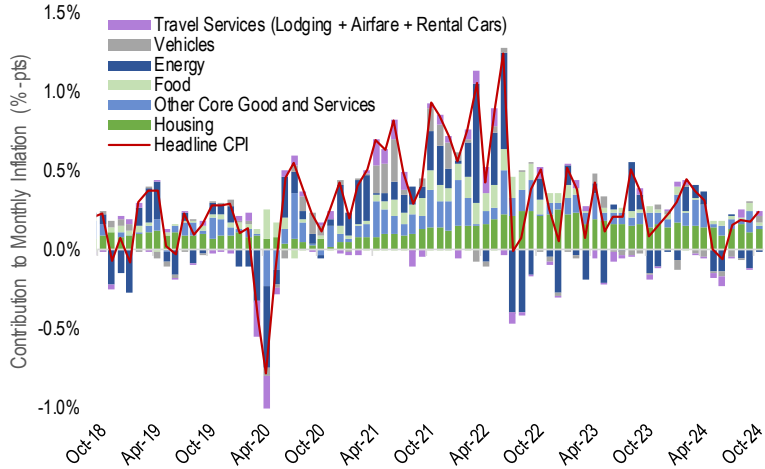
- Smaller net share of banks tightened lending standards in October.
- Credit still tightening most notably for CRE and credit cards.
- Credit card delinquency transition rate cooled; rose for mortgages.

Note: "Control Group" = Retail sales excludes autos, gas, building materials and restaurants

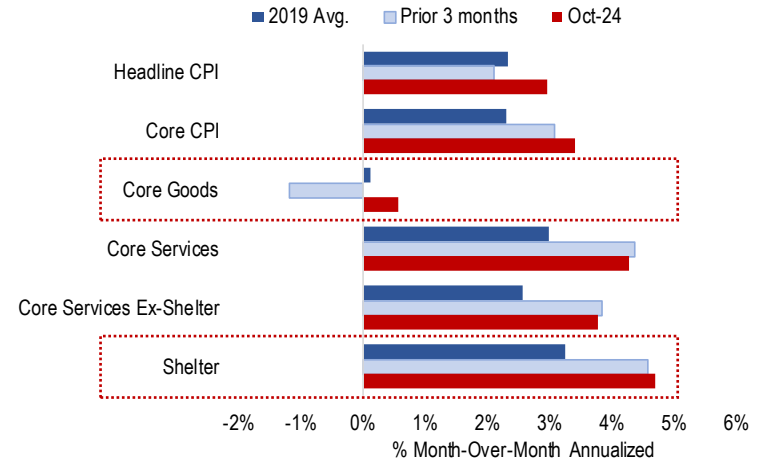


Sources: U.S. Bureau of Labor Statistics, Census Bureau, Bureau of Economic Analysis, Arch Global Economics

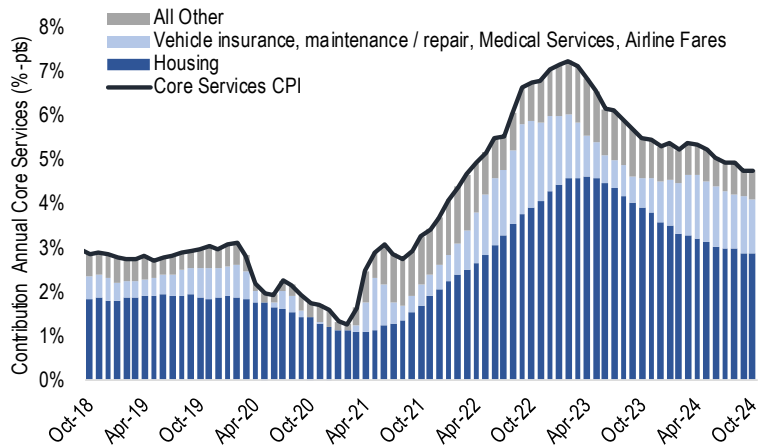
**October Consumer Price Inflation Inched Slightly Higher, but Mix of Drivers Evolved**



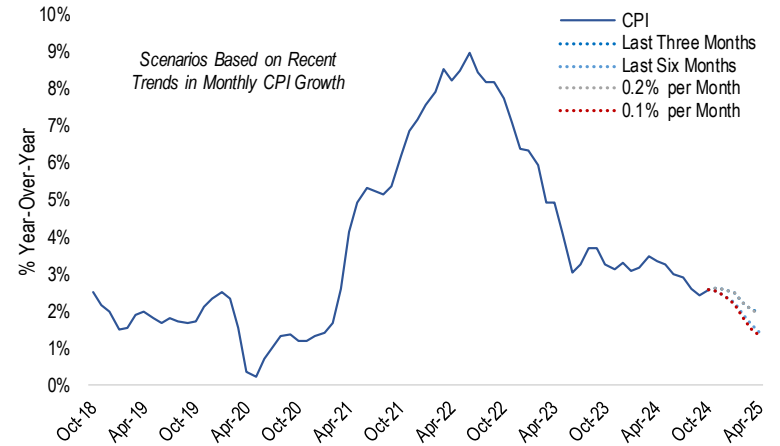
**Core Inflation Rose amid Rebound in Volatile Used-Car and Shelter Inflation**



**Annual Core Services Inflation Has Been Driven by Handful of Categories That the Fed Minimally Impacts**



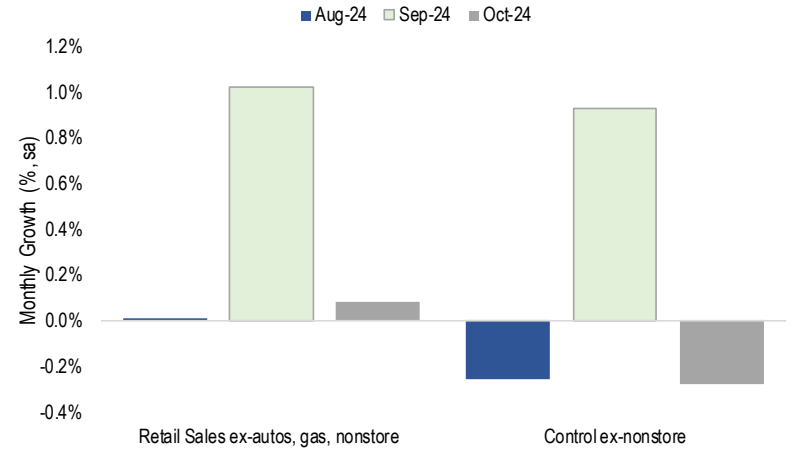
**Sustained Reacceleration in Annual Headline Inflation Would Require Another "Shock" to the System**



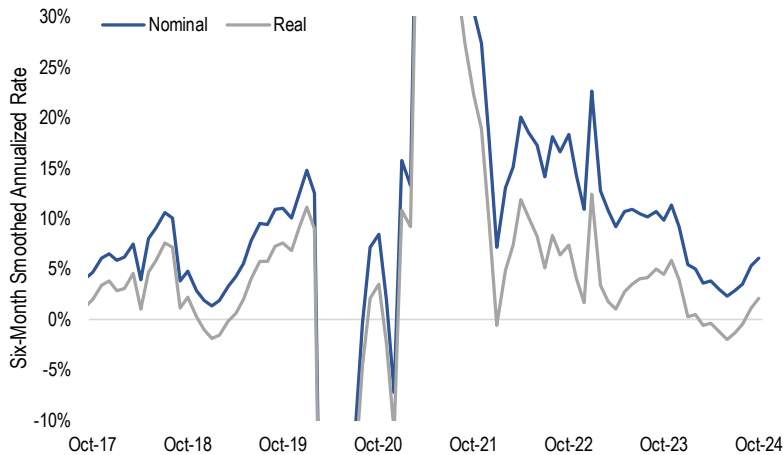
October Retail Sales Took a Step Back but Consumption Trend Remained Solid



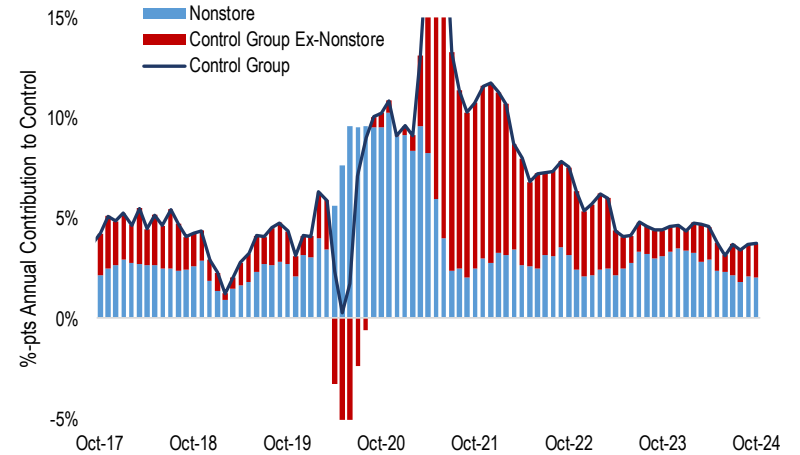
Discretionary Spending Broadly Cooled as Auto Sales Drove Headline Retail Sales Growth



Among Discretionary Categories, Restaurant Spending Growth Led the Way

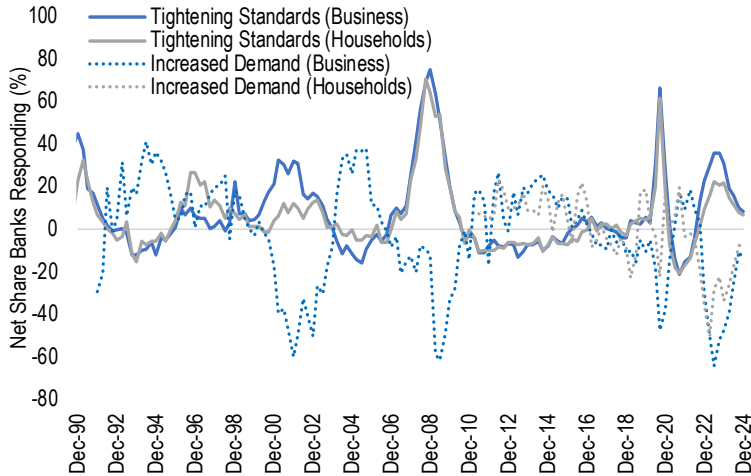


Online Sales (i.e., Nonstore), a Key Support to Control Group Sales, Have Ticked Higher Recently

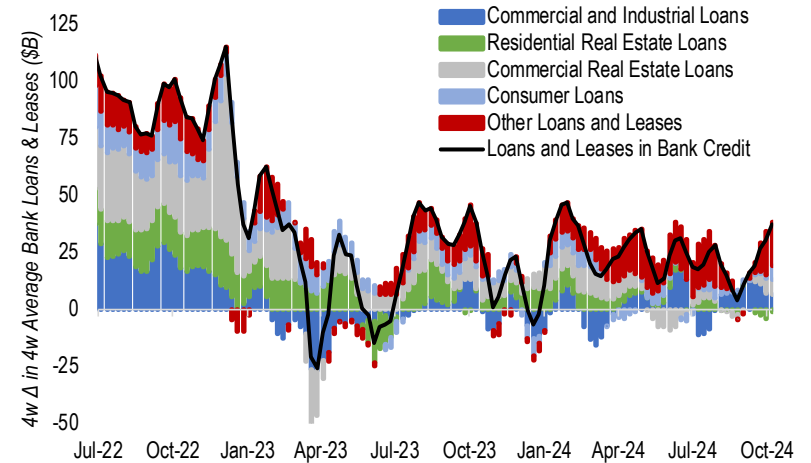


Note: "Control Group" = Retail sales excludes autos, gas, building materials, and restaurants. SA = Seasonally Adjusted  
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

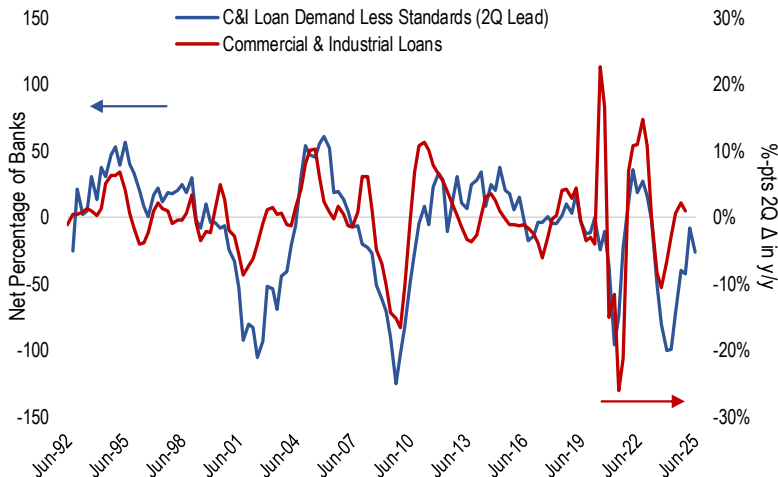
**Credit Tightness Eased Marginally, with Banks Citing Risk Aversion for Reason Against Greater Easing**



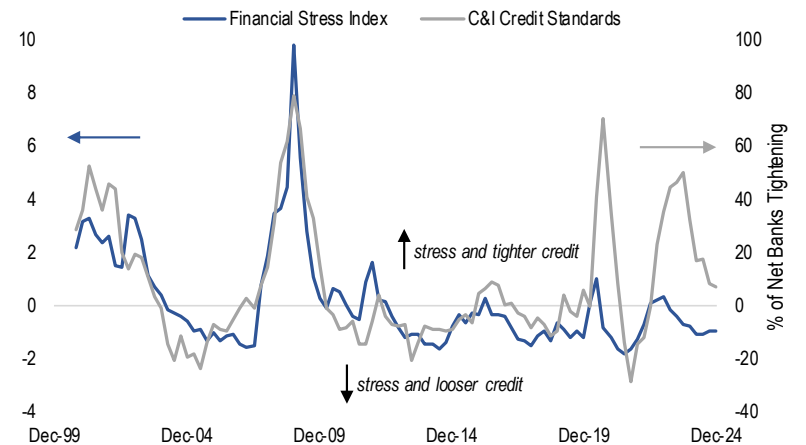
**Bank Credit Impulse Rebounding Led by Commercial Real Estate and Consumer Loans**



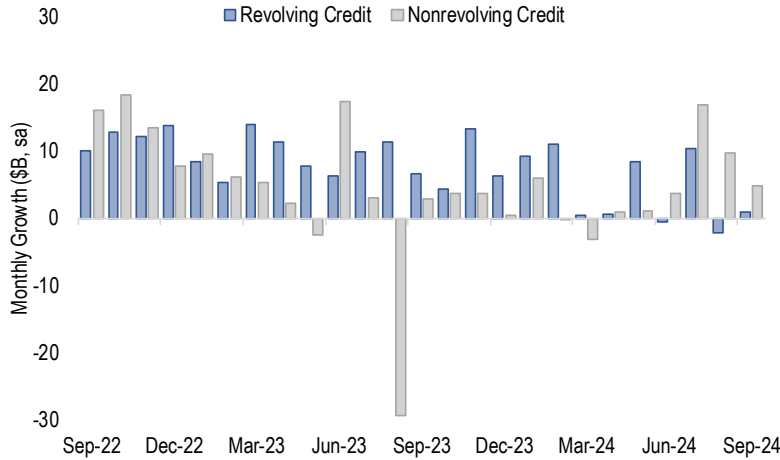
**Banks Noted Weaker Business Loan Demand, Mostly from Small Firms, Which Will Keep Loan Volumes Weak**



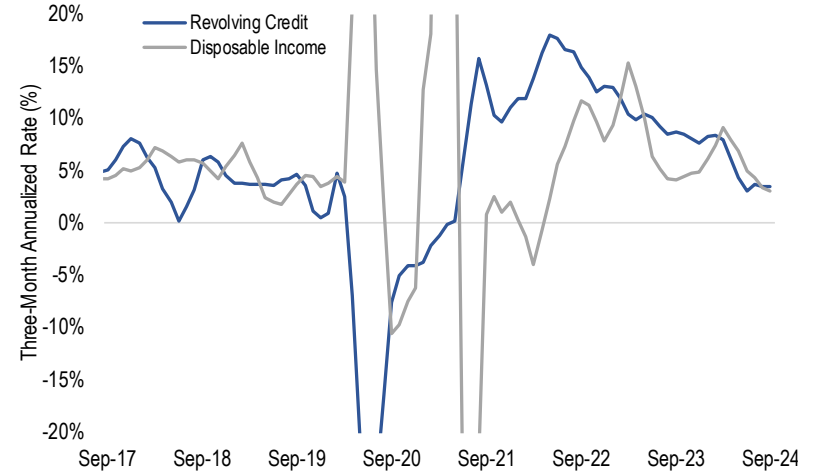
**With Fewer Banks Tightening Credit, Modest Increase in Market Volatility Has Not Led to Financial Stress**



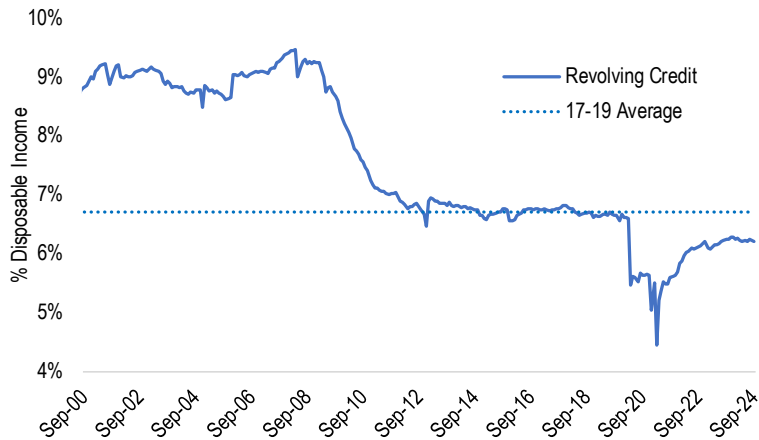
**Total Consumer Credit Rose in September Mostly Due to Nonrevolving Credit Growth Again**



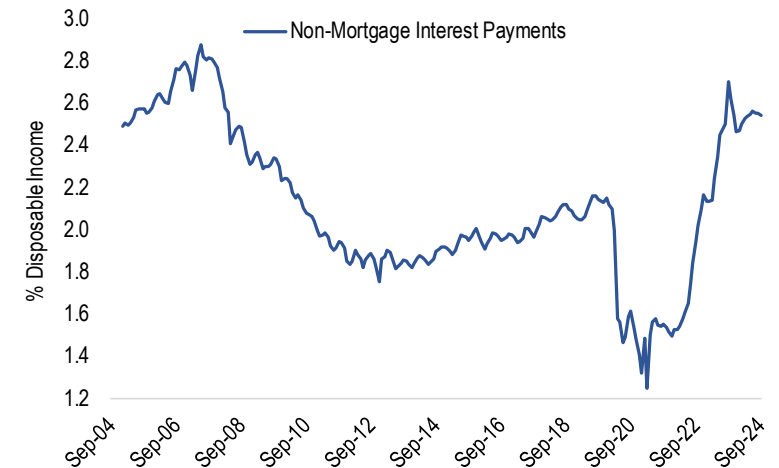
**Revolving Credit Growth Still Muted, Given Backdrop of Modest Real Income Growth and Squeezed Budgets**



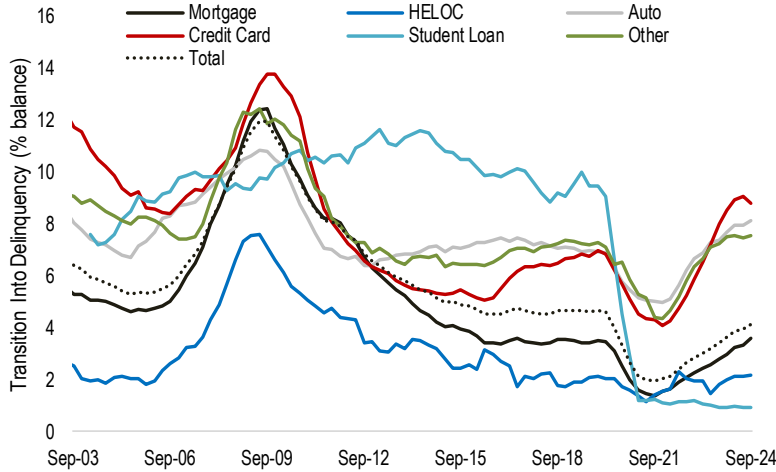
**Revolving Credit Remained below Pre-Pandemic Norm Relative to Disposable Income**



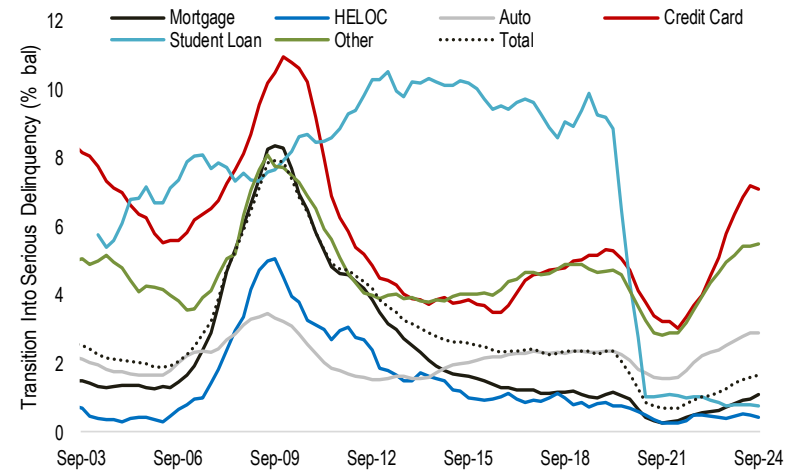
**Non-Mortgage Interest Payments Will Remain Elevated Even as Rate Cuts Get Underway**



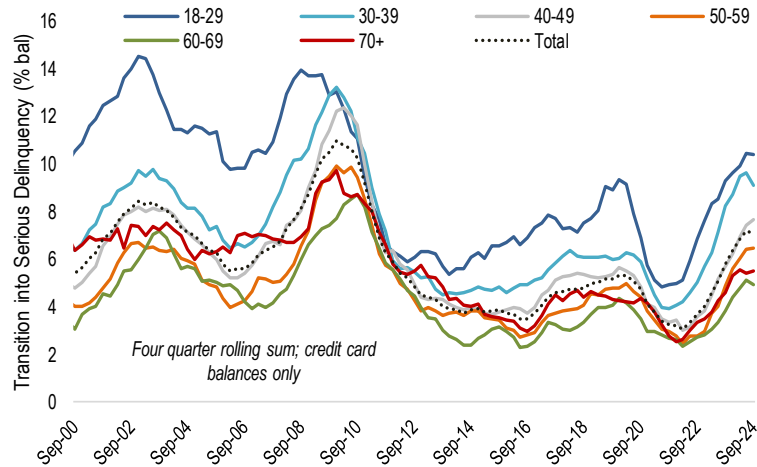
**Early Delinquency Transition Rates (30 Days) Turned a Corner for Credit Cards While Mortgages Keep Rising**



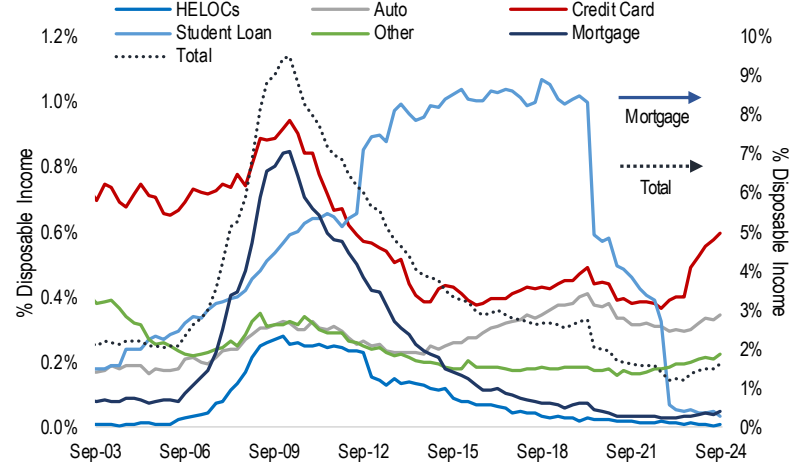
**Transition Rates into Serious Delinquency (90+ Days) Showing Moderating Trends for Most Categories**



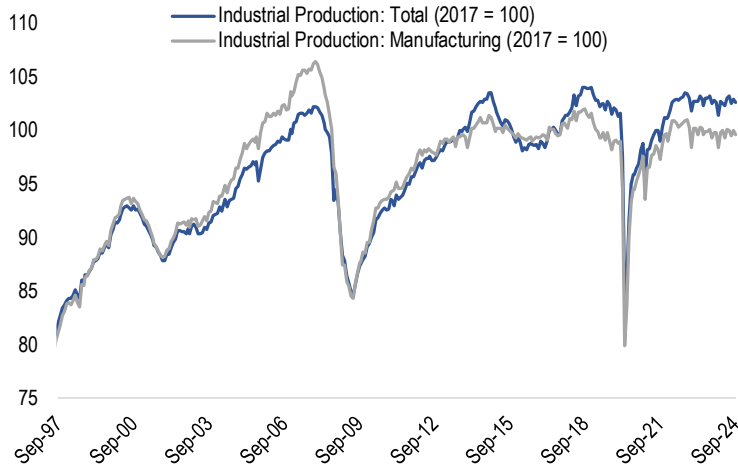
**Credit Card Seriously Delinquent Transition Rates Stemming Ascent across Most Age Groups**



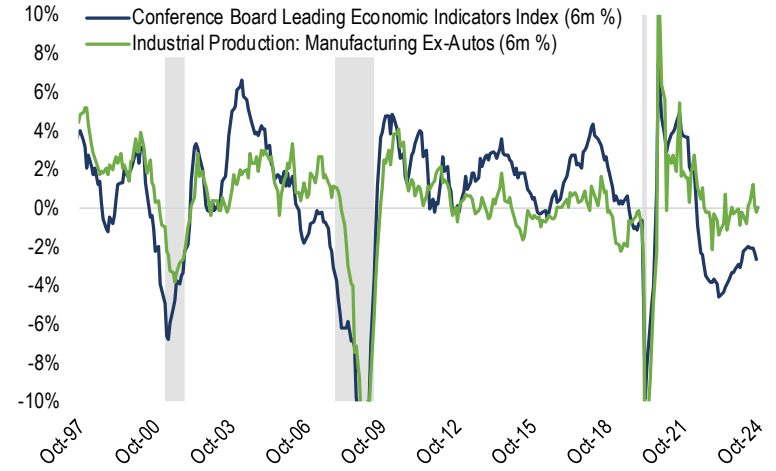
**Delinquent Consumer and Mortgage Debt Remained Low Relative to Income, Aside from Credit Cards**



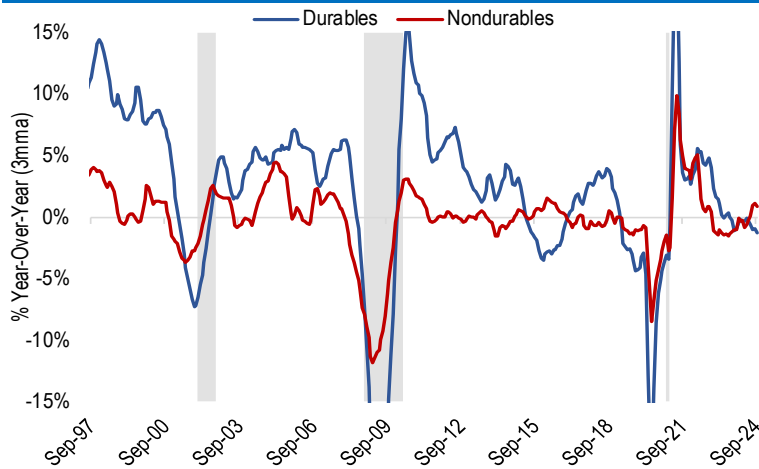
**Total Industrial Production Reversed August Gains in September, Led by Drags in Manufacturing and Mining**



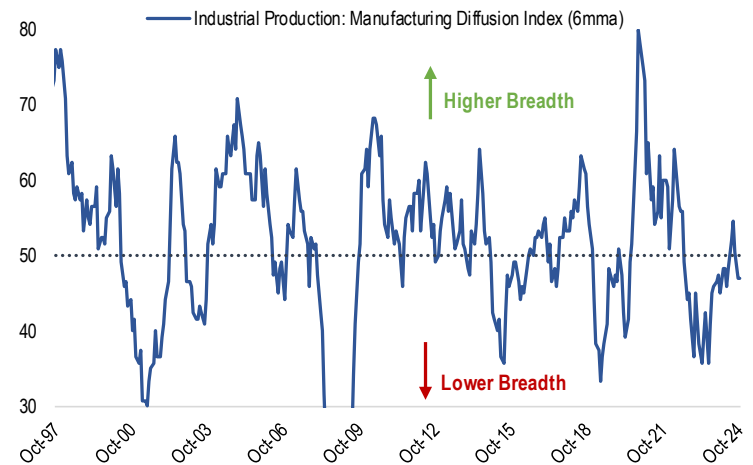
**Manufacturing Ex-Autos Made a Dramatic Turn Lower Due to Boeing Strike (-8% Decline in Aerospace Output)**



**Nondurables Continued to Account for Rising Share of Manufacturing Production Activity**

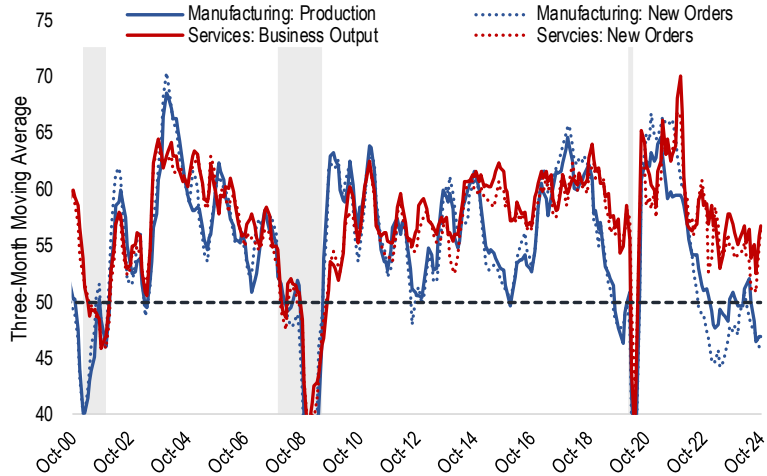


**Weather, Boeing Strike/Furloughs Dragged the Manufacturing Diffusion Index to a Multi-Month Low**

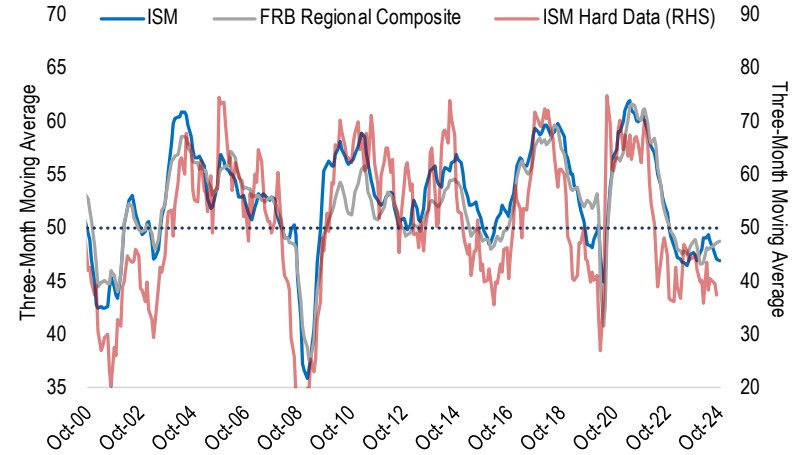




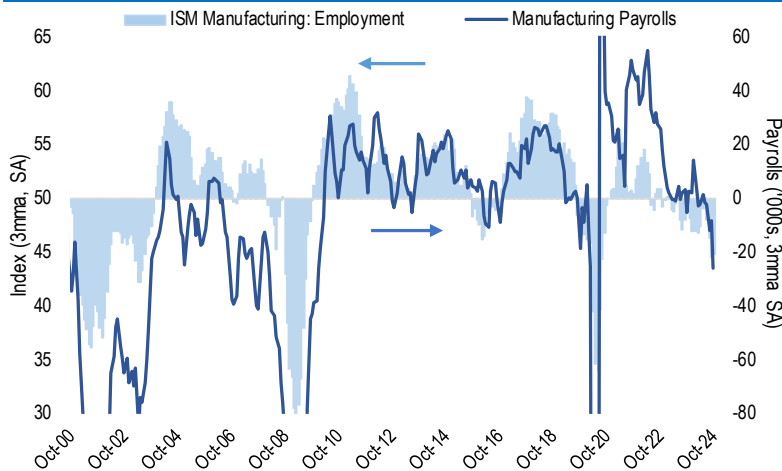
**Services Sector PMI Trend Improving While Manufacturing Remained Mired in Weakness**



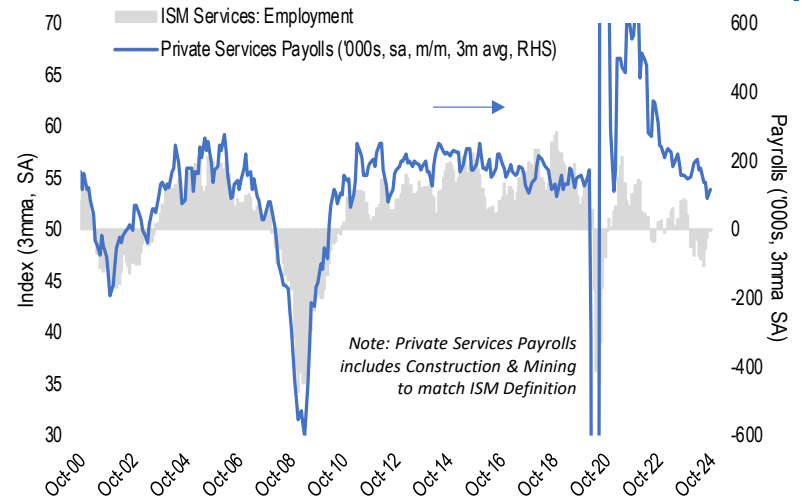
**ISM "Hard Data" Shifted Lower Led by Declines in Production and Employment**



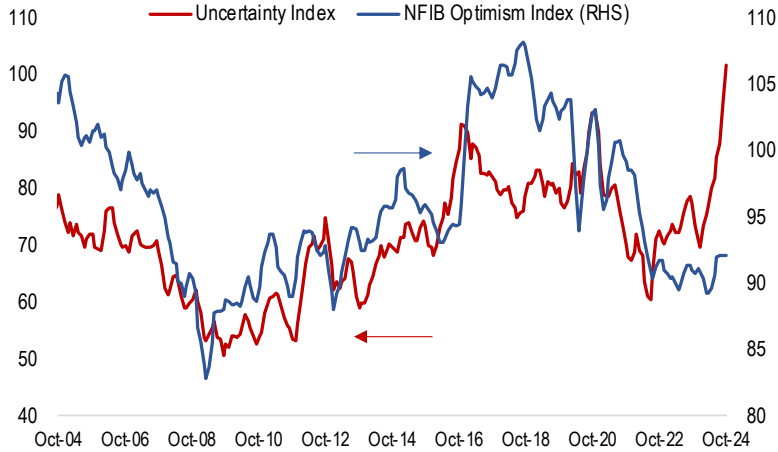
**Manufacturing Employment Momentum Has Evaporated on Strikes and Weakness in Durables Segment**



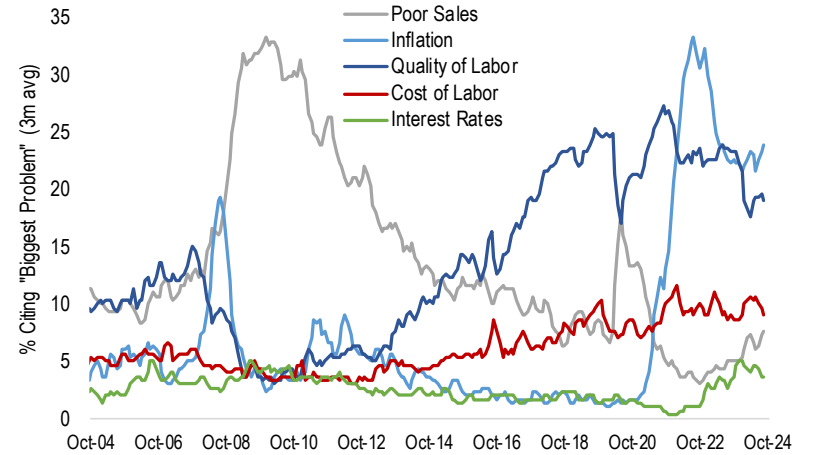
**Services PMI Employment Index Firmed for Third Straight Month, Suggesting Modest Job Growth Upside**



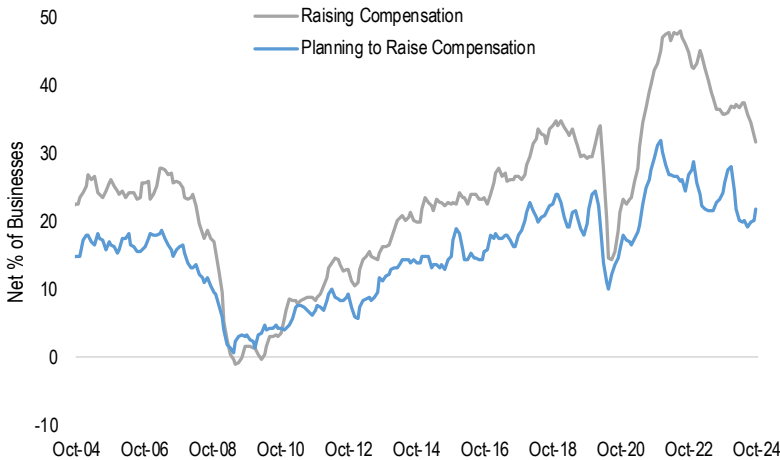
**Small Business Optimism Rose Marginally in October Despite Another Surge in Uncertainty**



**“Inflation” Remained Top Concern for Small Firms While “Poor Sales” Continued its Ascent**



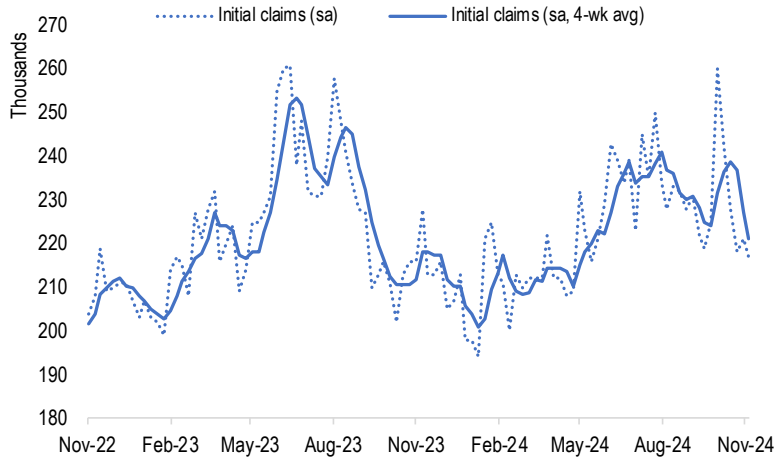
**Wage Pressures Gleaned from Firms Raising/Planning to Raise Wages Back Near Pre-Pandemic Levels**



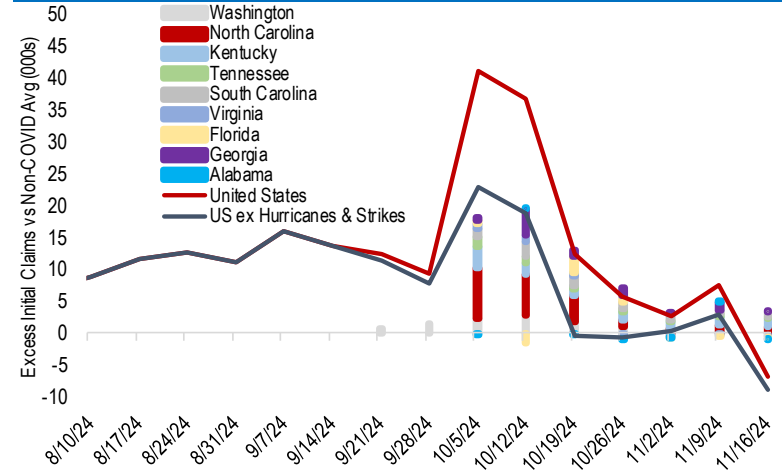
**Fewer Firms Actually Raising Prices While Share Planning to Raise Prices Remained in Downtrend**



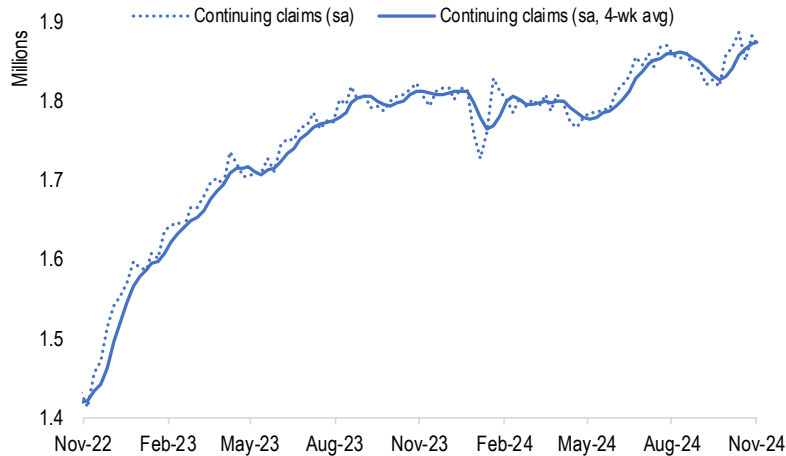
**Initial Claims Declined During Week Ending Nov. 16, Approaching Lows of the Year**



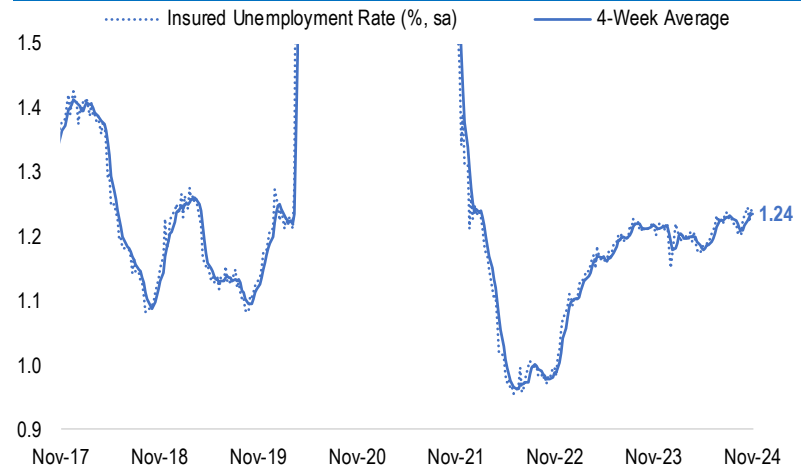
**Initial Claims Moved Meaningfully Lower, Assisted by Fading Hurricane and Strike Impacts**



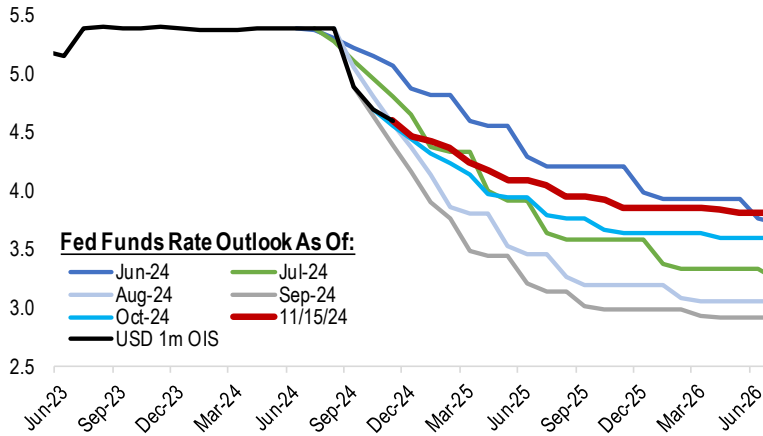
**Meanwhile, Continuing Claims Remained Elevated Even as Transitory Factors Faded**



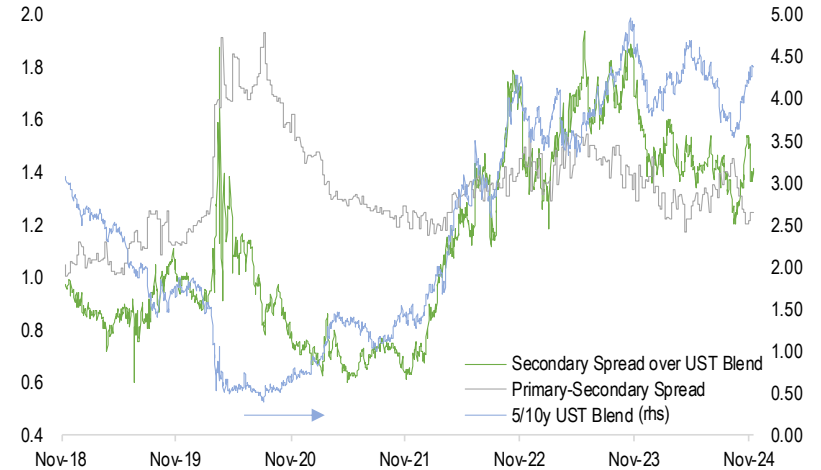
**Normalizing for the Size of the Labor Force, Insured Unemployment Has Increased Modestly in 2024**



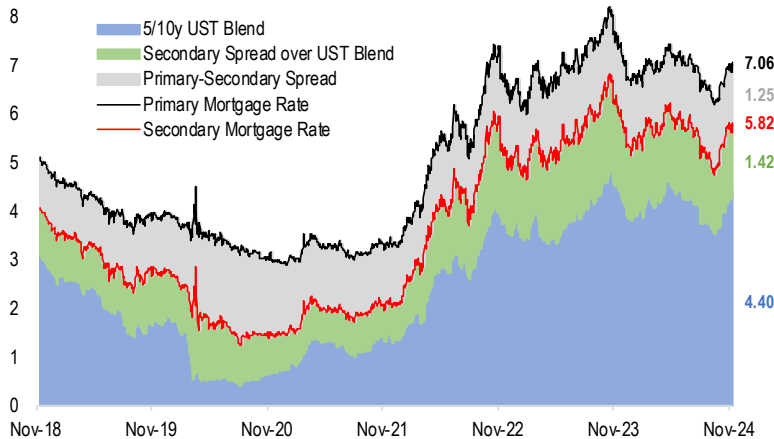
Market Odds of a 25bps Cut in Dec. Inched Closer to a Toss-up, Only Two Additional Cuts Priced in for '25 ...



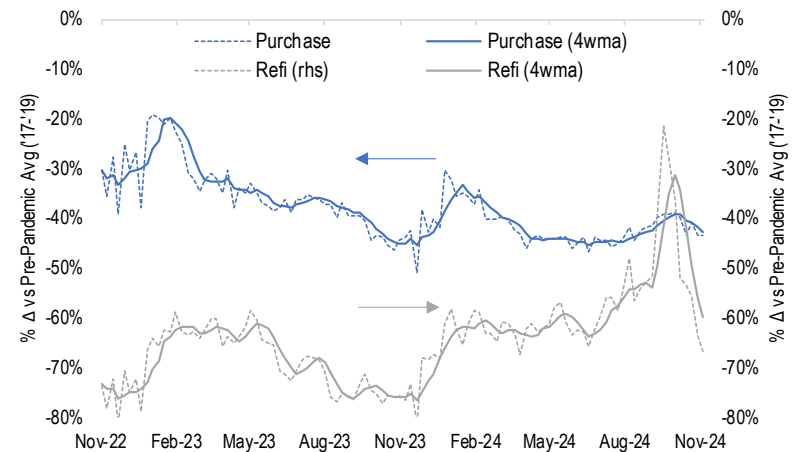
... Which Lifted UST Yields Another 13bps and Mortgage Spreads Also Widened 5bps



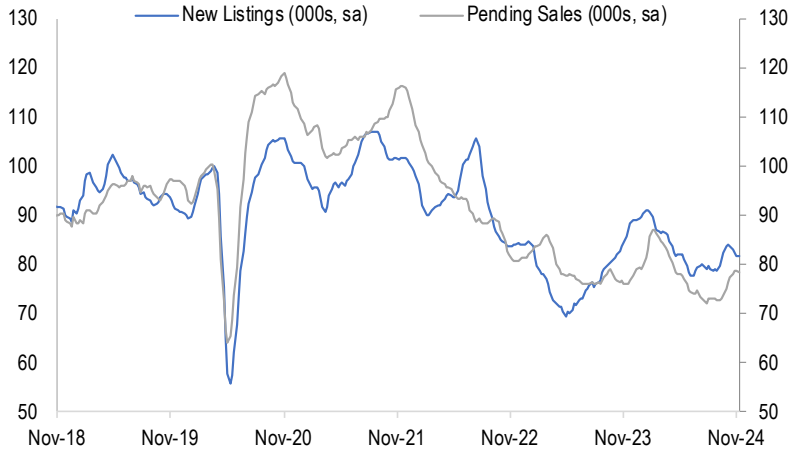
Implied Mortgage Rates Accordingly Climbed Back above 7%, up 80bps+ over the Past Two Months



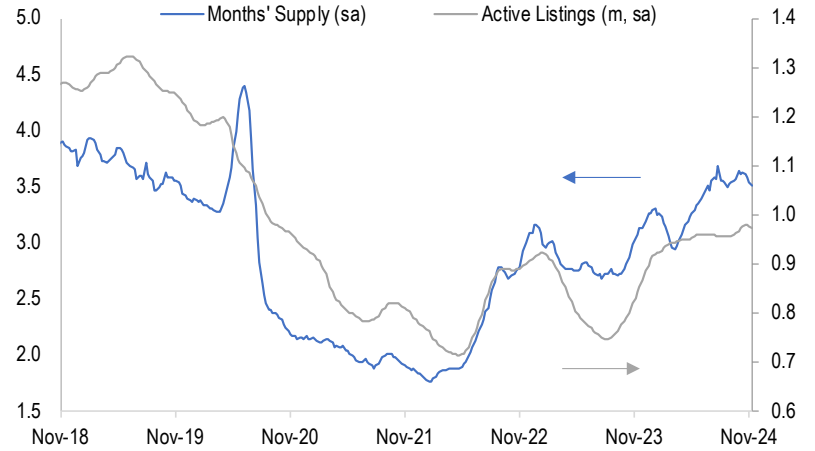
Mortgage Purchase Apps Still in a Downtrend Along with Refi Apps, Which Collapsed after Brief Spike



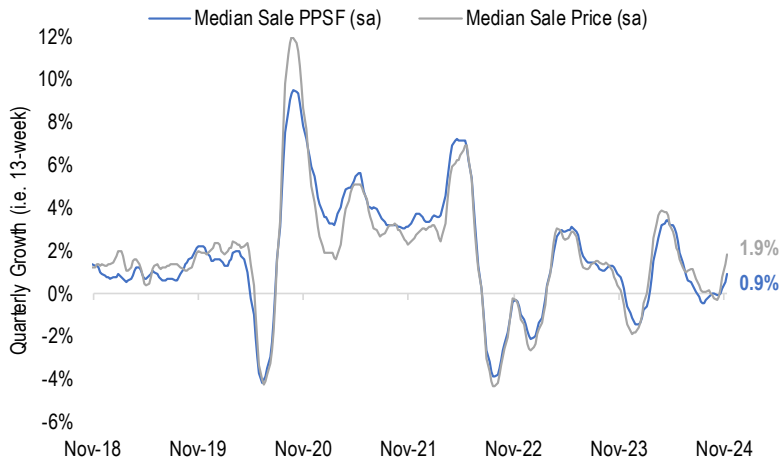
**Pending Home Sales Only Recently Turned Lower, While the Cooling Pace of New Listings Eased ...**



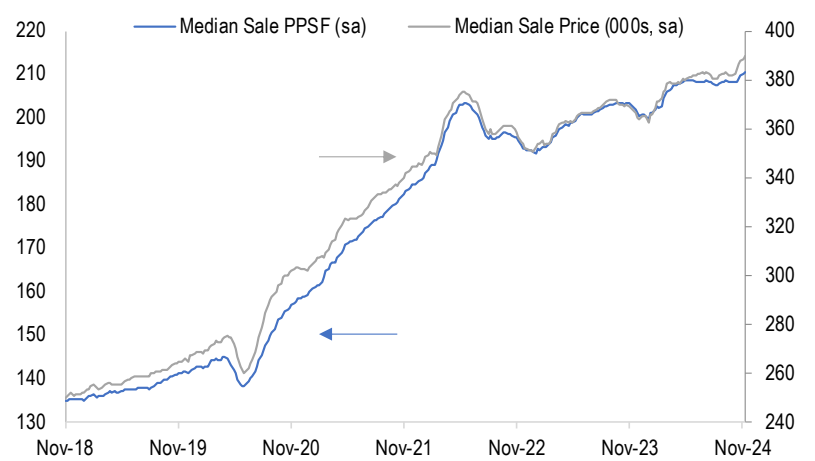
**... Which Brought Months' Supply Lower Again as Inventory Also Inched Lower**



**Improvement in Market Balance Has Lifted Seasonally Adjusted Home-Price Growth ...**



**... and the National Median Sales Price/SF (SA) Has Perked up as Well**



### Some Housing Markets Becoming Increasingly Oversupplied Even as Most Have Rebounded over Past Three Months

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	4.1%	1.4%	5.2%	1.1%	6.0%	0.1%	98.7%	-0.2%	-9.8	-17.0	12%	-3%	-12%
Atlanta	1.3%	-0.4%	1.4%	-0.5%	6.3%	0.6%	98.1%	-0.6%	11.8	-5.9	-1%	-5%	-3%
Austin	-1.9%	1.2%	0.5%	4.6%	7.6%	-0.7%	97.2%	-0.1%	30.5	22.4	3%	62%	60%
Baltimore	3.7%	-0.3%	4.6%	0.5%	6.7%	-0.5%	100.7%	-0.5%	-12.3	-20.5	12%	-30%	-32%
Boston	5.1%	1.5%	5.3%	0.8%	5.4%	-0.4%	101.3%	-0.8%	1.7	0.7	8%	-12%	-14%
Chicago	6.6%	-0.1%	5.3%	-1.9%	4.1%	1.0%	99.2%	0.0%	11.4	9.2	-6%	-23%	-17%
Dallas	-0.4%	-0.7%	3.7%	2.7%	7.9%	0.2%	97.6%	-0.3%	3.7	-5.0	24%	19%	3%
Denver	1.9%	2.5%	1.5%	0.5%	7.9%	-1.1%	98.7%	-0.1%	11.8	4.9	30%	59%	37%
Houston	1.5%	0.4%	3.4%	1.9%	7.6%	0.9%	97.2%	-0.4%	-7.0	-15.5	10%	9%	2%
Los Angeles	3.7%	-0.8%	3.4%	-0.9%	4.2%	0.4%	100.1%	-0.6%	0.0	-6.8	19%	11%	7%
Miami	5.5%	0.2%	9.7%	7.7%	4.2%	0.5%	95.9%	-0.8%	1.7	-14.3	29%	17%	-22%
Minneapolis	1.9%	-0.1%	3.3%	1.5%	7.0%	0.1%	99.3%	-0.4%	-1.5	-5.5	6%	3%	1%
Nashville	2.3%	-0.1%	3.8%	2.8%	5.0%	0.3%	98.1%	0.0%	8.2	3.2	16%	20%	6%
New York	7.7%	-0.2%	14.0%	7.9%	3.7%	0.0%	99.9%	0.3%	-36.6	-16.4	-6%	-25%	-23%
Phoenix	0.2%	0.6%	3.5%	2.7%	6.6%	-1.2%	98.4%	0.0%	11.4	-1.3	28%	39%	27%
Portland	0.2%	-0.1%	2.3%	1.1%	6.9%	0.3%	99.5%	0.2%	4.7	-0.1	6%	11%	25%
Riverside	4.4%	-0.6%	5.8%	0.9%	4.8%	0.3%	99.2%	-0.1%	-6.1	-15.1	20%	8%	-1%
San Diego	5.6%	1.0%	1.6%	-0.9%	6.0%	0.7%	99.2%	-0.7%	0.5	-12.0	37%	-2%	-18%
Seattle	4.5%	-2.0%	5.5%	2.3%	6.3%	-0.9%	99.8%	0.0%	-0.8	-4.3	21%	-2%	2%
Tampa	-2.7%	-1.9%	2.8%	0.9%	8.3%	-1.4%	97.2%	-0.4%	8.4	-11.6	19%	38%	16%
Washington DC	6.0%	1.3%	5.0%	-0.2%	5.0%	-0.5%	100.0%	0.1%	0.3	-1.5	8%	-7%	-9%

Data as of Nov. 10, 2024, 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
11/18/24	10:00 AM	NAHB Housing Market Index	Nov	--	42.5	--	43.0	index, sa
11/19/24	8:30 AM	Housing Starts	Oct	--	1,335	--	1,354	k, saar
11/19/24	8:30 AM	Building Permits	Oct	--	1,440	--	1,428	k, saar
11/19/24	8:30 AM	Housing Starts m/m	Oct	--	-1.4	--	-0.5	%, sa
11/19/24	8:30 AM	Building Permits m/m	Oct	--	1.0	--	-2.9	%, sa
11/20/24	7:00 AM	MBA Mortgage Applications w/w	Nov 15	--	--	--	0.5	%, sa
11/21/24	8:30 AM	Philadelphia Fed Business Outlook	Nov	--	7.0	--	10.3	index, sa
11/21/24	8:30 AM	Initial Jobless Claims	Nov 16	--	220	--	217	k, sa
11/21/24	8:30 AM	Continuing Claims	Nov 9	--	1,887	--	1,873	k, sa
11/21/24	10:00 AM	Conference Board Leading Index m/m	Oct	--	-0.3	--	-0.5	%, sa
11/21/24	10:00 AM	Existing Home Sales	Oct	--	3.95	--	3.84	m, saar
11/21/24	10:00 AM	Existing Home Sales m/m	Oct	--	2.9	--	-1.0	%, sa
11/21/24	11:00 AM	Kansas City Fed Manf. Activity	Nov	--	--	--	-4.0	sa, index
11/22/24	9:45 AM	S&P Global US Manufacturing PMI	Nov P	--	48.9	--	48.5	index, sa
11/22/24	9:45 AM	S&P Global US Services PMI	Nov P	--	55.1	--	55.0	index, sa
11/22/24	9:45 AM	S&P Global US Composite PMI	Nov P	--	54.4	--	54.1	index, sa
11/22/24	10:00 AM	U. of Mich. Sentiment	Nov F	--	73.7	--	73.0	index, nsa
11/22/24	10:00 AM	U. of Mich. 1 Yr Inflation	Nov F	--	--	--	2.6	nsa
11/22/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Nov F	--	--	--	3.1	nsa

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
11/12/24	6:00 AM	NFIB Small Business Optimism	Oct	93.7	92.0	--	91.5	index, sa
11/12/24	11:00 AM	NY Fed 1-Yr Inflation Expectations	Oct	2.9	3.0	--	3.0	%
11/13/24	7:00 AM	MBA Mortgage Applications w/w	Nov 8	0.5	--	--	-10.8	%, sa
11/13/24	8:30 AM	CPI m/m	Oct	0.2	0.2	--	0.2	%, sa
11/13/24	8:30 AM	CPI Core (ex Food and Energy) m/m	Oct	0.3	0.3	--	0.3	%, sa
11/13/24	8:30 AM	CPI y/y	Oct	2.6	2.6	--	2.4	%, nsa
11/13/24	8:30 AM	CPI Core (ex Food and Energy) y/y	Oct	3.3	3.3	--	3.3	%, nsa
11/14/24	8:30 AM	PPI Final Demand m/m	Oct	0.2	0.2	0.1	0.0	%, sa
11/14/24	8:30 AM	PPI Core (ex Food and Energy) m/m	Oct	0.3	0.2	--	0.2	%, sa
11/14/24	8:30 AM	PPI Final Demand y/y	Oct	2.4	2.3	1.9	1.8	%, nsa
11/14/24	8:30 AM	PPI Core (ex Food and Energy) y/y	Oct	3.1	3.0	2.9	2.8	%, nsa
11/14/24	8:30 AM	Initial Jobless Claims	Nov 9	217	220	--	221	k, sa
11/14/24	8:30 AM	Continuing Claims	Nov 2	1,873	1,873	1,884	1,892	k, sa
11/15/24	8:30 AM	Advance Retail Sales m/m	Oct	0.4	0.3	0.8	0.4	%, sa
11/15/24	8:30 AM	Retail Sales Control Group m/m	Oct	-0.1	0.3	1.2	0.7	%, sa
11/15/24	8:30 AM	Import Price Index m/m	Oct	0.3	-0.1	--	-0.4	%, nsa
11/15/24	8:30 AM	Import Price Index y/y	Oct	0.8	0.3	--	-0.1	%, nsa
11/15/24	9:15 AM	Capacity Utilization	Oct	77.1	77.1	77.4	77.5	sa
11/15/24	10:00 AM	Business Inventories m/m	Sep	0.1	0.2	--	0.3	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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