

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.

December 9, 2024

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The Labor Market is Fine ... If You Have a Job

- **Key Takeaway:** Job growth bounced back in November, improving the three-month trend, but underlying labor demand remains on weak footing.
- **Macro Implications:** A labor market with rising unemployment duration and a weak pace of hiring solidifies a Fed cut next week.
- **Housing Implications:** With rates unlikely to move meaningfully lower in the near-term, sales likely to remain choppy around a historically slow pace.

Macro: Chugging Along

- Fed's account of business activity through Nov. showed improvement.
- Consumer confidence continued to recover from summer lull.
- Oct. real construction spending was weak apart from residential segment.

Jobs Report: Payrolls Rebounded, but so Did Unemployment

- Unemployment ticked higher to 4.24% in Nov., highest level since July.
- Private sector jobs rose 194k, partly recovering from strikes and weather.
- Flows into employment slowed further; permanent job losers hit a 3-yr. high.

Labor Market Turnover: Mixed Bag

- Net hiring remained positive, led by increase in smaller-sized firms.
- Quits pace rebounded but remained in broader multi-year downtrend.
- Layoffs in business services, manufacturing and construction eased.

Rates: Back to Our Regular Scheduled Programming ... for Now

- 10-year UST down 2bps w/w to 4.15 and 30ps from recent peak in Nov.
- Rates likely remain rangebound in low-to-mid 4% range in near-term.
- Rise in unemployment rate solidifies Fed cut in Dec; 75bps priced for '25.

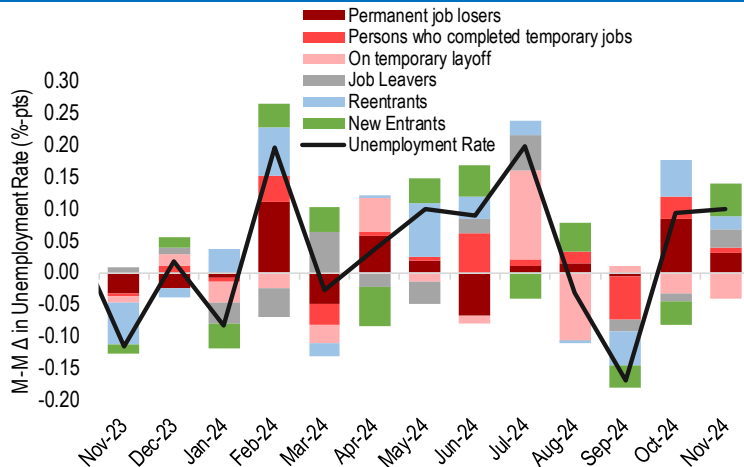
Housing: Mortgage Rates Ease Alongside UST Yields

- Mortgage rates have dropped to ~6.7%, down 30bps+ from Nov.
- Purchase application activity distorted by holiday, but trend remained weak.
- Housing momentum unlikely to gather much steam without lower rates.

Personal Income: Jumping in October

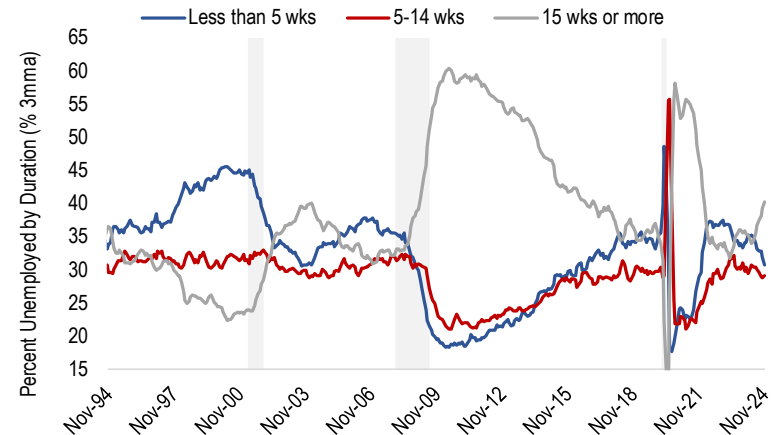
- Real disposable income rose 0.4% m/m, strongest pace since January.
- Real spending rose just 0.1% m/m, allowing for a pickup in savings.
- Spending momentum remained solid with a strong Q4 expected.

The Rise in the Unemployment Rate Will Give Fed Impetus to Lean into a December Rate Cut



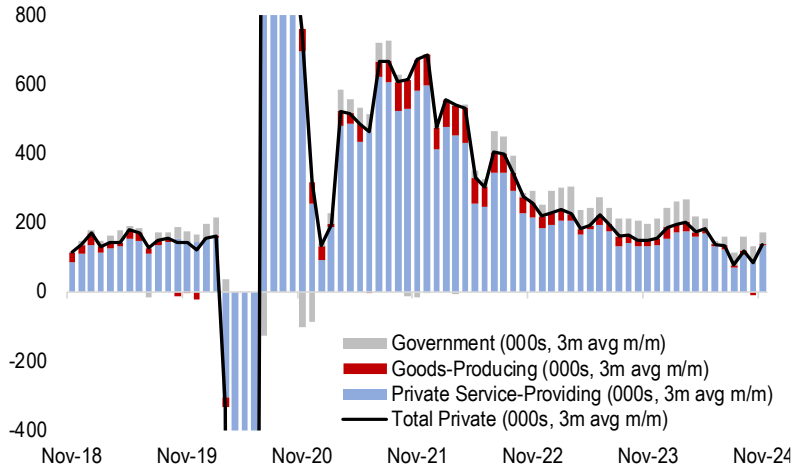
Sources: U.S. Bureau of Labor Statistics (BLS), U.S. Bureau of Economic Analysis (BEA), Arch Global Economics

Hiring Pace Cannot Absorb All Those on the Sidelines, Lifting the Duration of Unemployment to a Cycle High

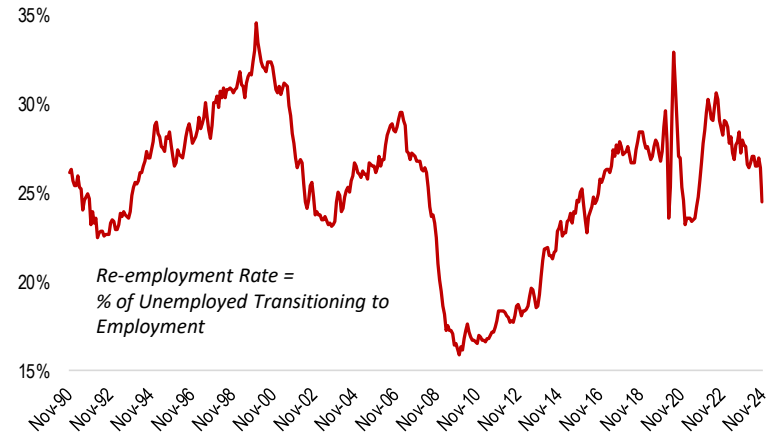


SAAR = Seasonally Adjusted Annualized Rate

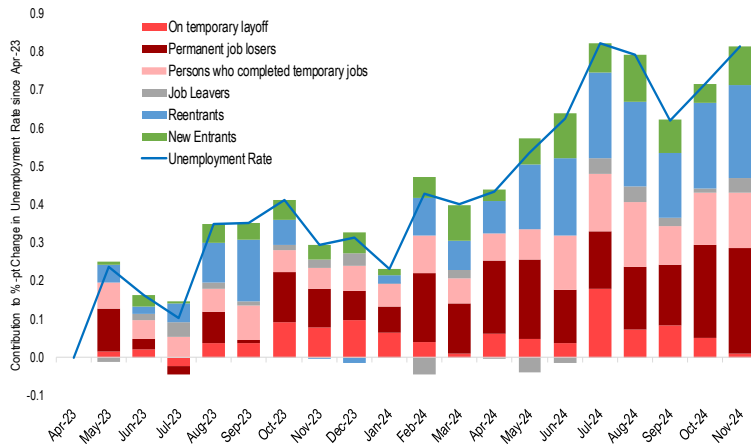
Private-Sector Job Growth Recovered from Strikes and Weather, but Trend Remained Soft



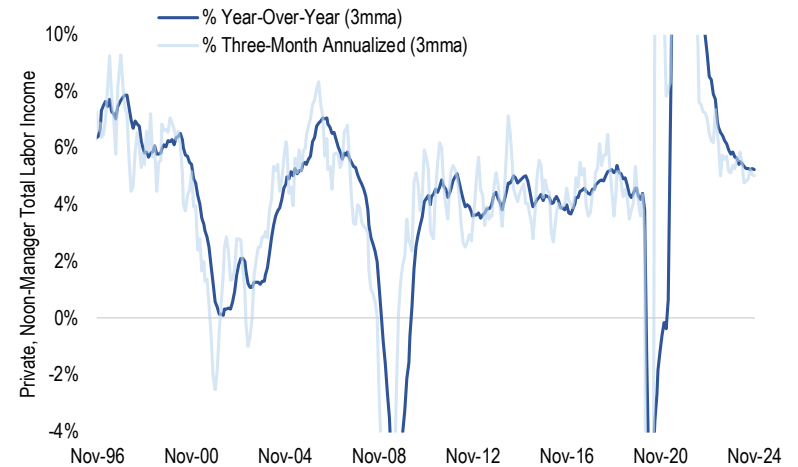
Re-Employment Rate Collapsed in November as Unemployed Increasingly Struggle to Find Work



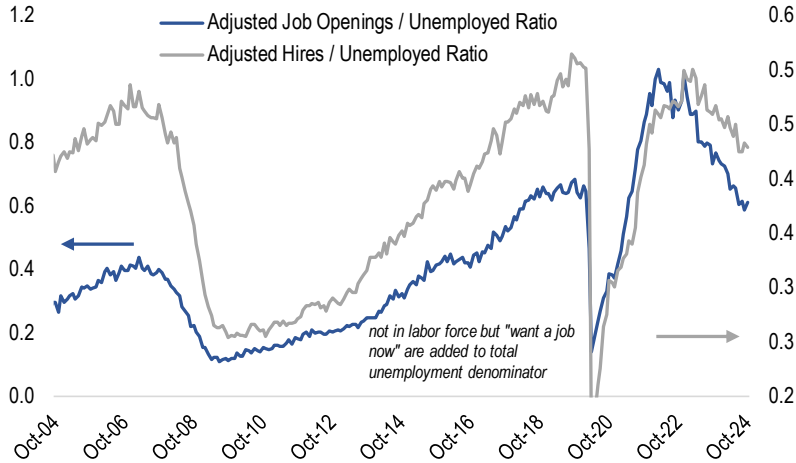
Unemployment Rebounded to Summer Highs as Permanent Job Losers Climbed to Multi-Year High



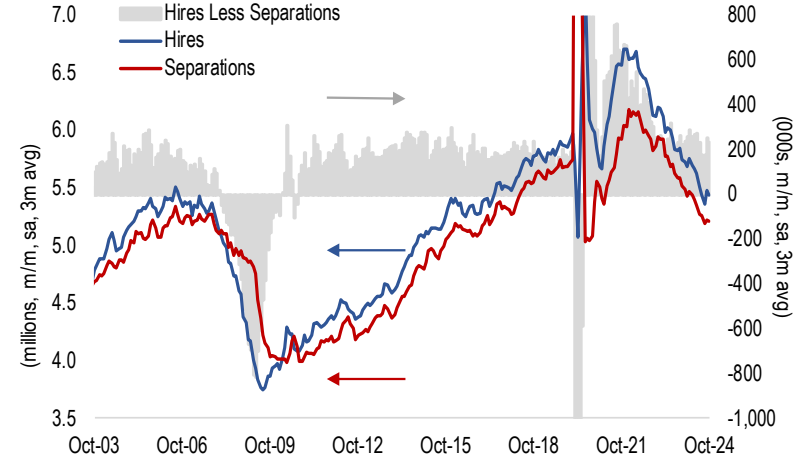
Aggregate Labor Income Remained Firm and Will Remain a Key Support for Household Spending



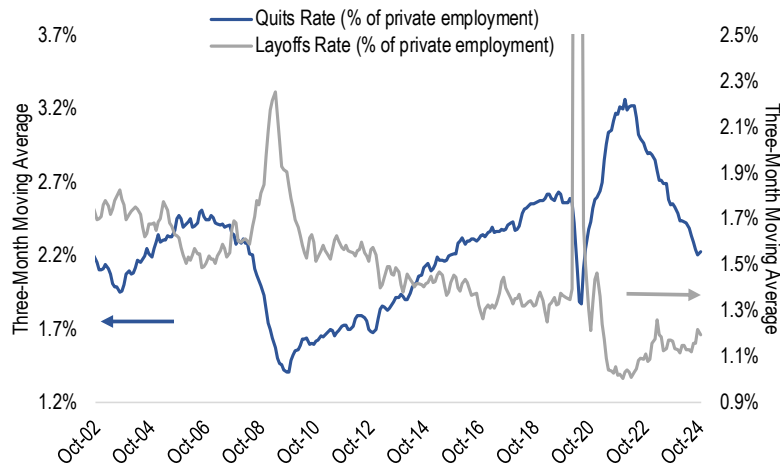
Job Market Showing More Signs of Slack Compared to Pre-Pandemic



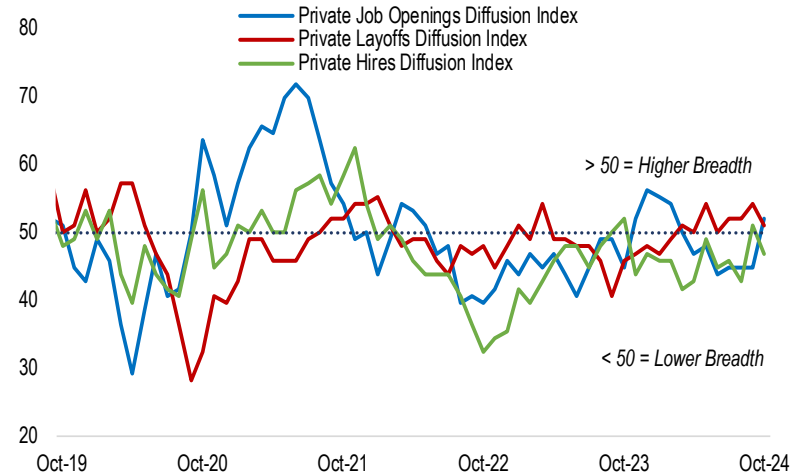
Net Job Growth Remained Positive as Separations Continue to Trend Below Hires



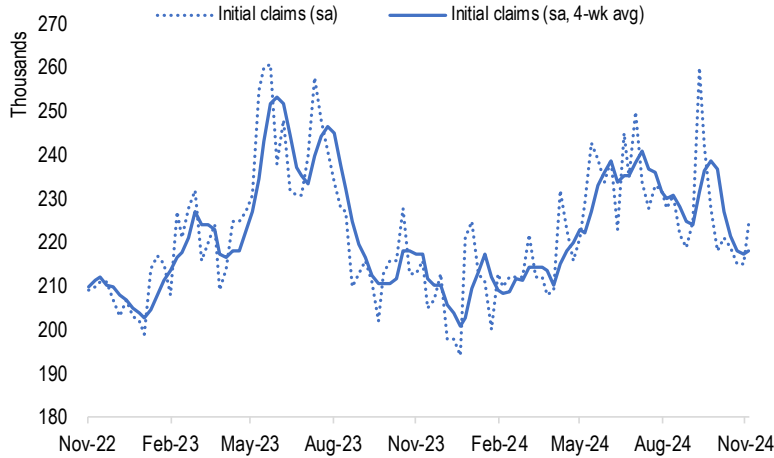
Smoothing Through the Monthly Volatility, Quits Rate Still in a Multi-Year Downtrend



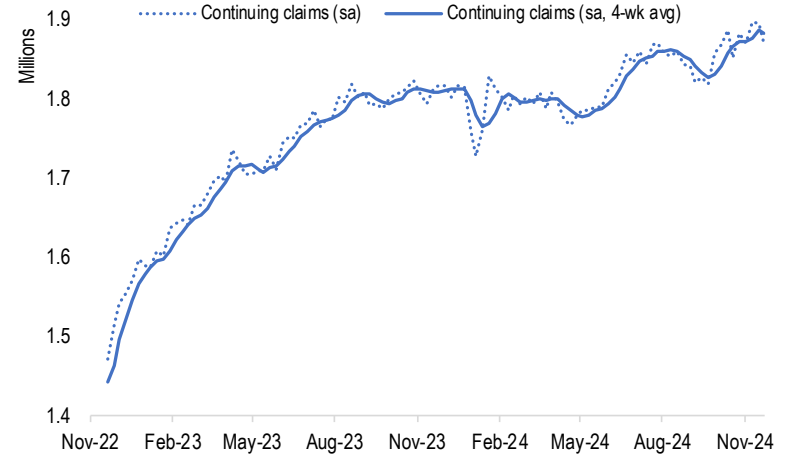
Hiring Breadth Gave Back Last Month's Gains While Layoffs Breadth Turned Encouragingly Lower



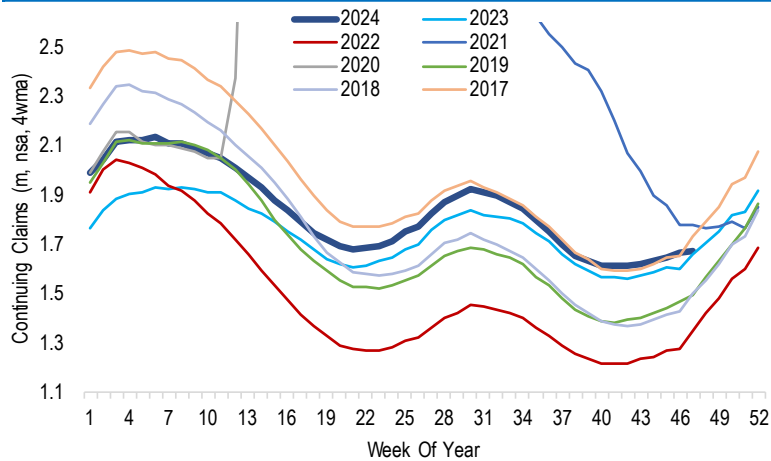
Initial Claims Rebounded from Recent Lows as Transitory Effects of Strikes and Hurricanes Fade



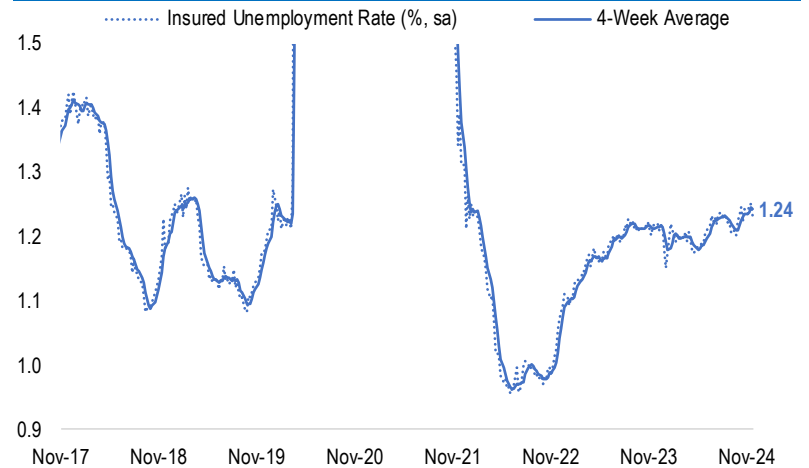
Continuing Claims Remained Near Multi-Year Highs as Unemployed Workers Struggle to Find New Jobs



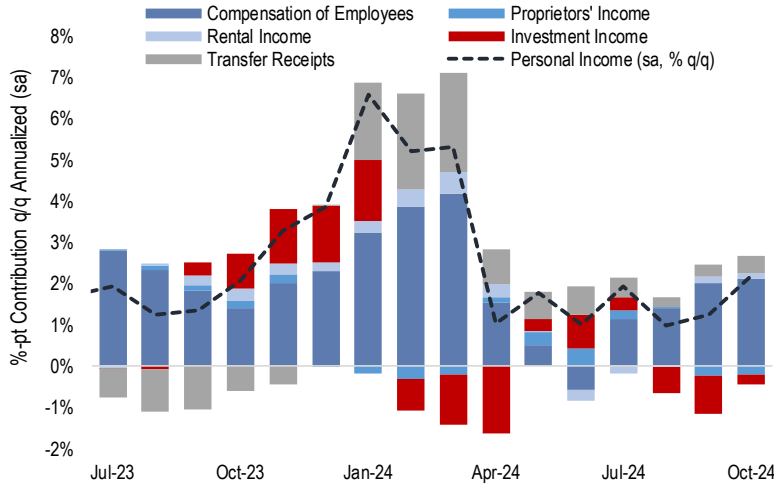
Unadjusted Continuing Claims at Highest Level Since 2017, Poised to Rise into Year-End



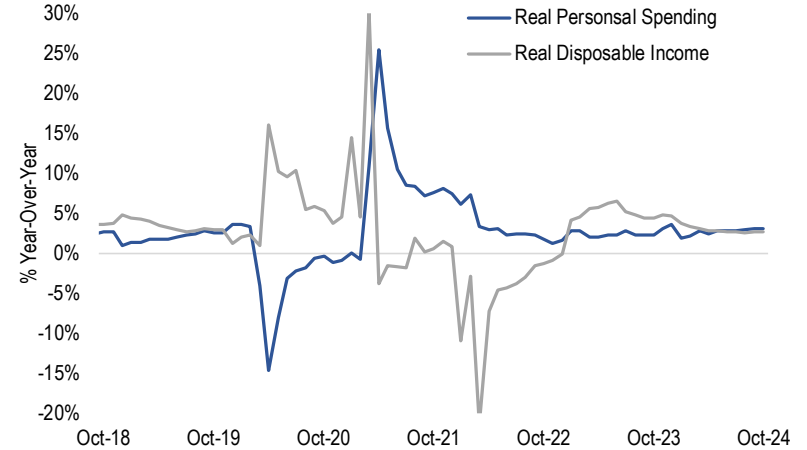
Normalizing for the Size of the Labor Force, Insured Unemployment Has Continued to Rise Modestly in 2024



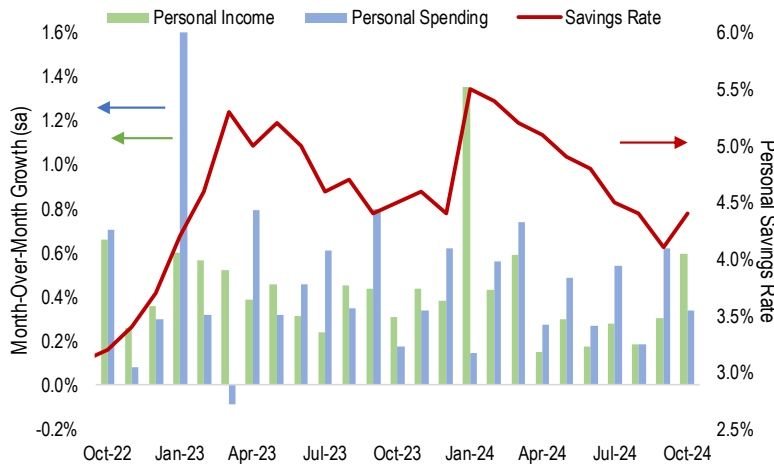
Lull in the Labor Market Seen in Early Summer Has Abated Given Recovery in Employee Compensation



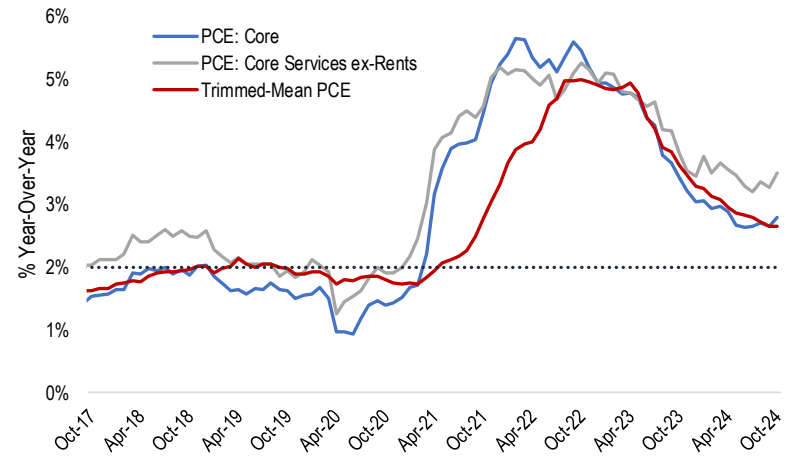
Annual Spending Growth Has Kept Pace or Exceeded Income Growth for Most of the Past 2 Years



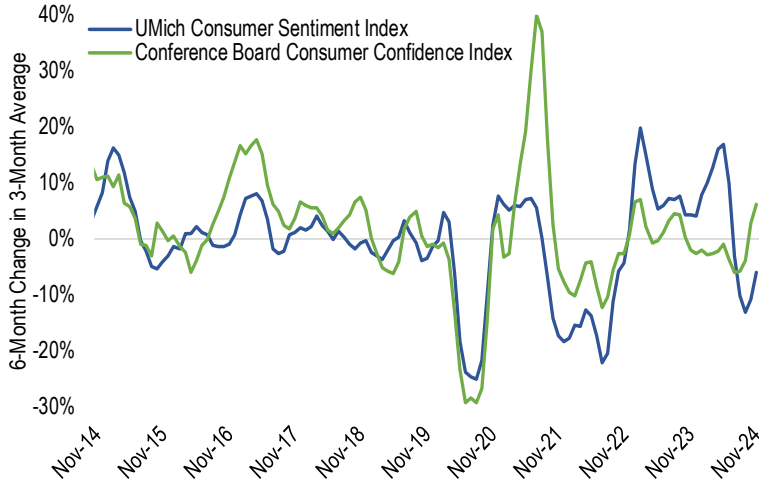
After Months of Declines, the Savings Rate Inched Higher in October



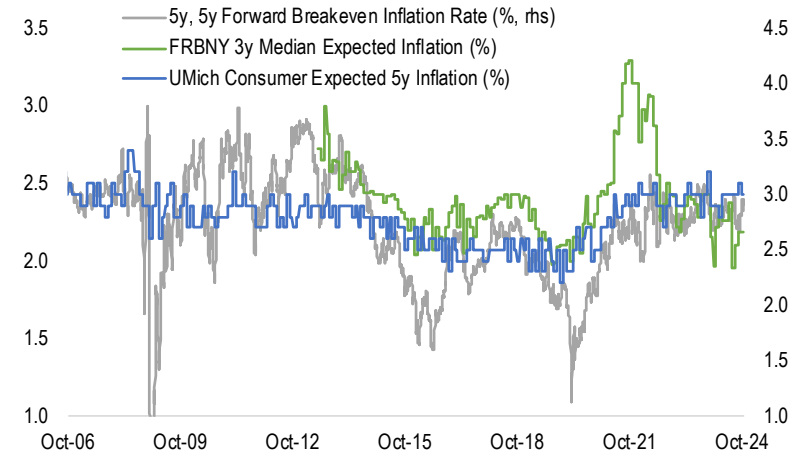
Recent Firming in Inflation Alongside Solid Economic Momentum Will Allow the Fed to be Patient



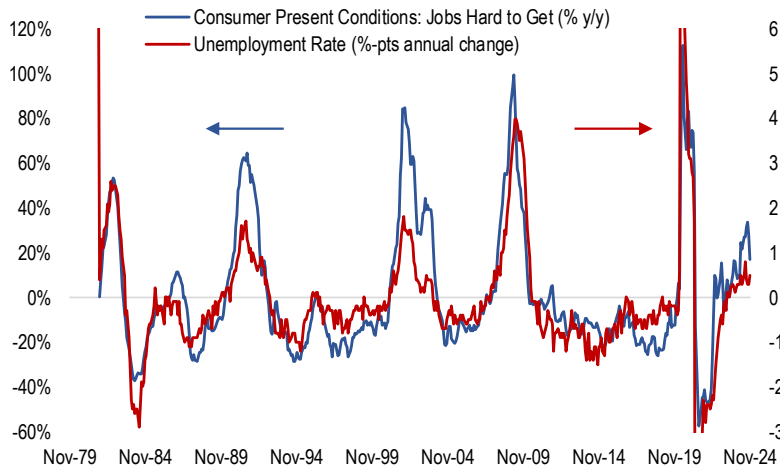
Consumer Confidence Continued to Increase with Most of the Gains Coming from "Present Conditions"



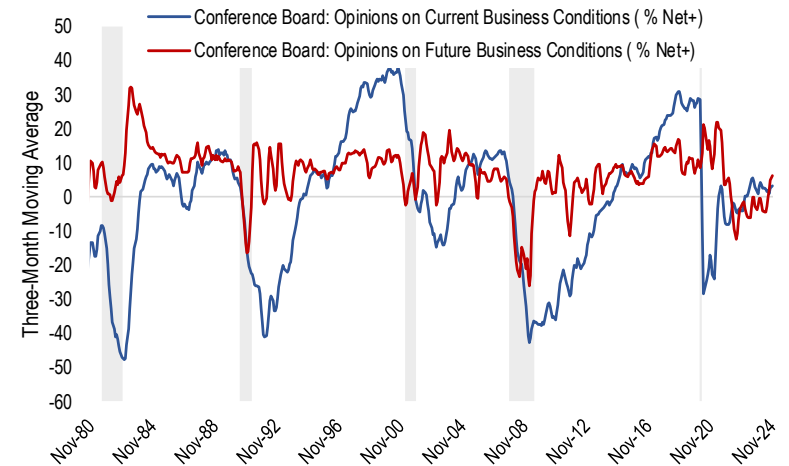
Measures of Medium-Term Inflation Expectations Continued to Hover Around Pre-COVID Norms



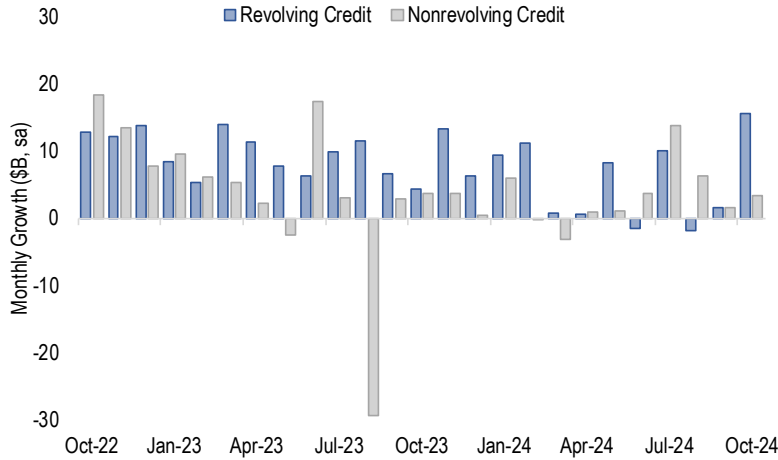
Conference Board Measure of Job Market Health Suggests Less Upward Pressure on Unemployment



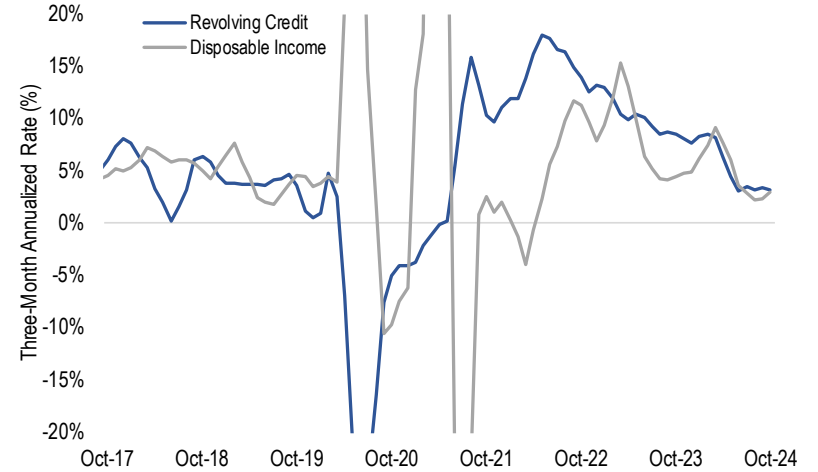
Households' Perceptions of Current Business Conditions Remained Low as Future Conditions Hit Multi-Year High



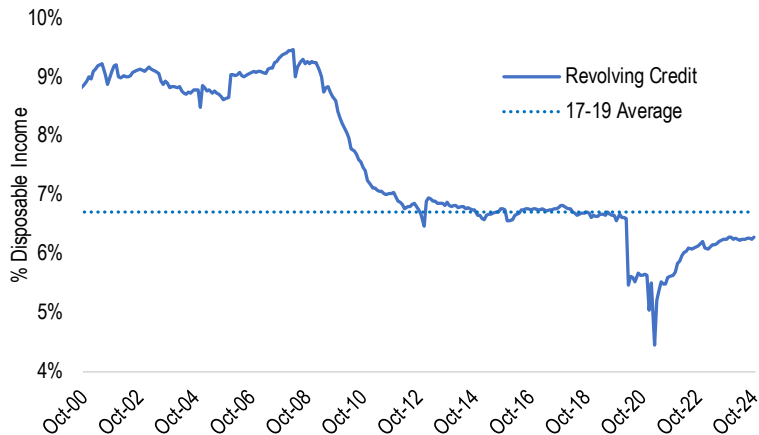
Total Consumer Credit Got a Jolt in Oct. by the Strongest Monthly Growth in Revolving Credit Since



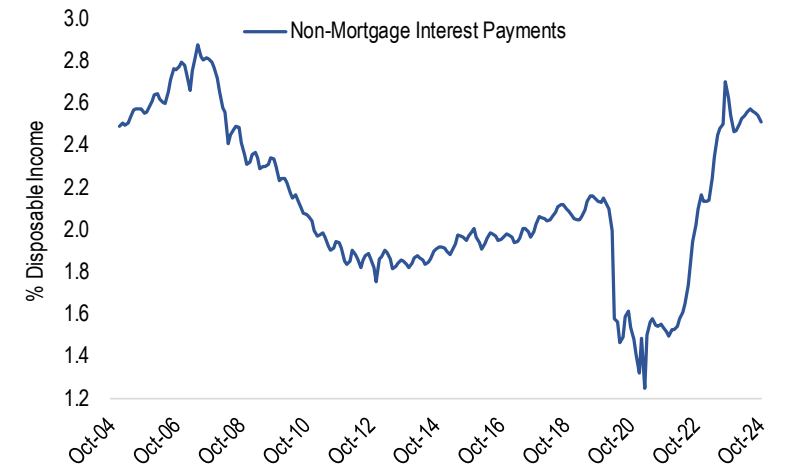
Revolving Credit Growth Still Muted Given Backdrop of Modest Real Income Growth and Squeezed Budgets



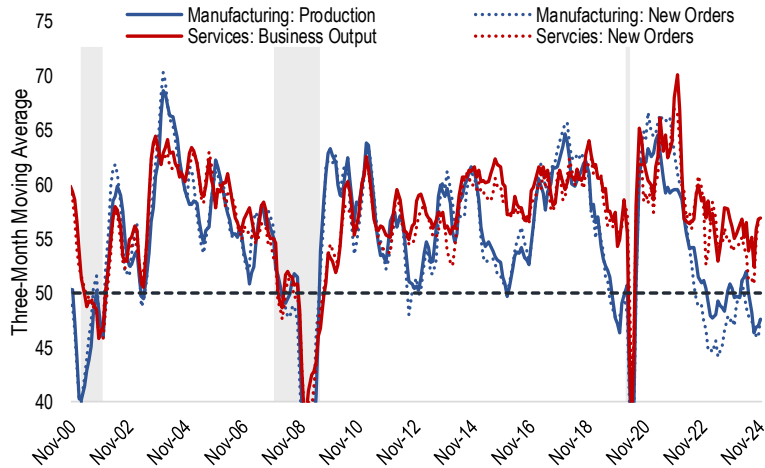
Revolving Credit Remained Below Pre-Pandemic Norm Relative to Disposable Income



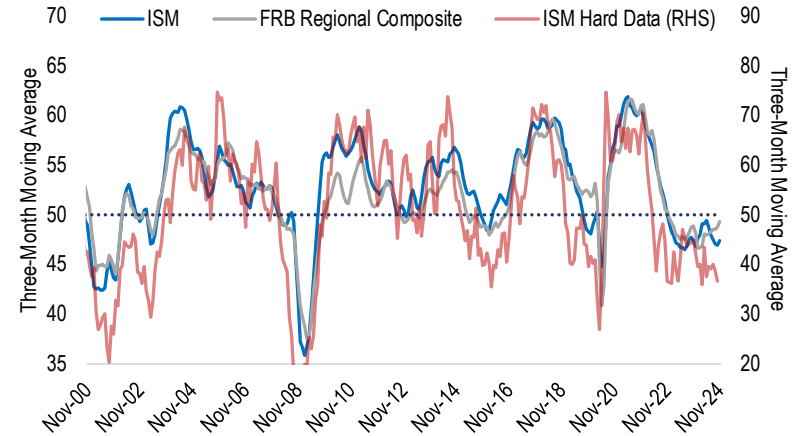
Non-Mortgage Interest Payments Have Seemingly Peaked but Are Still Elevated



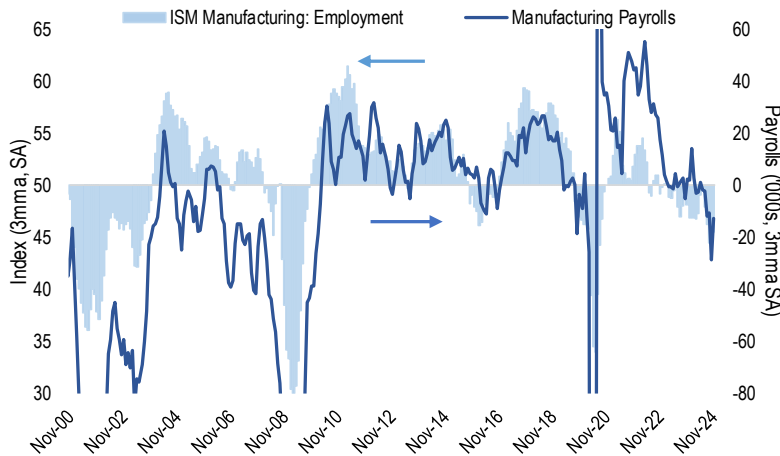
Services Sector PMI Trend Improving While Manufacturing Remained Mired in Weakness



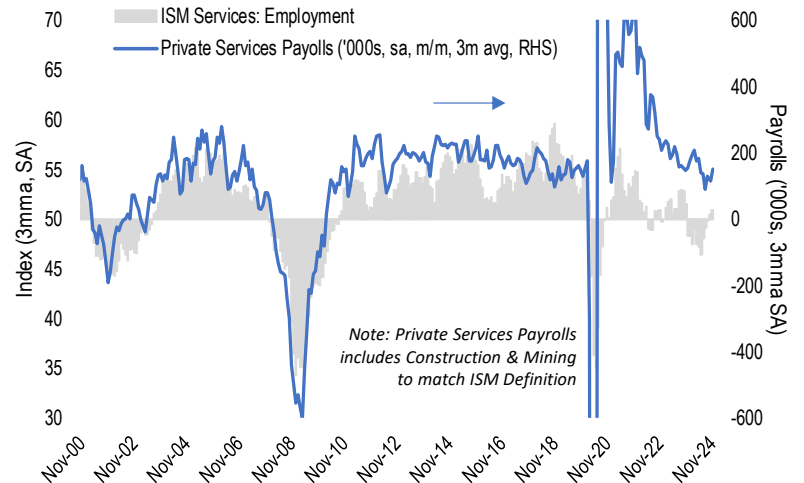
ISM "Hard Data" Shifted Lower, Led by Declines in Production and Employment



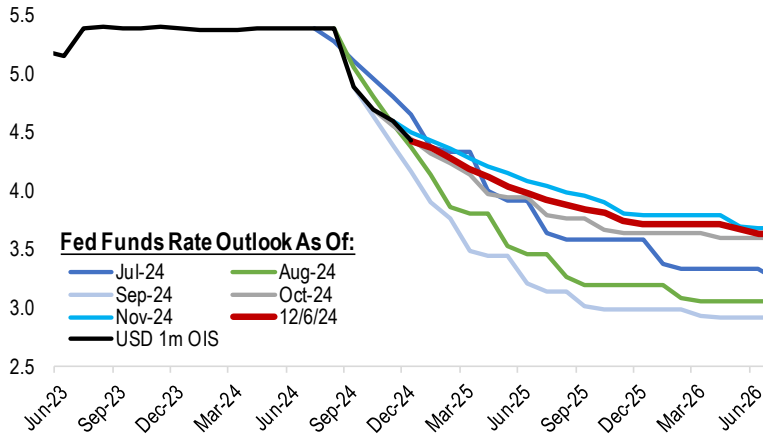
Manufacturing Employment Momentum Has Evaporated on Strikes and Weakness in Durables Segment



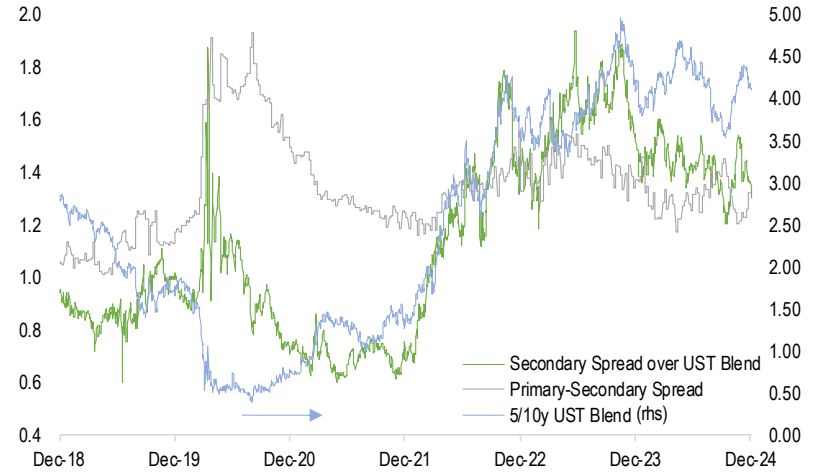
Services PMI Employment Index Firmed for Second Straight Month, Mimicking Rebound in Payrolls



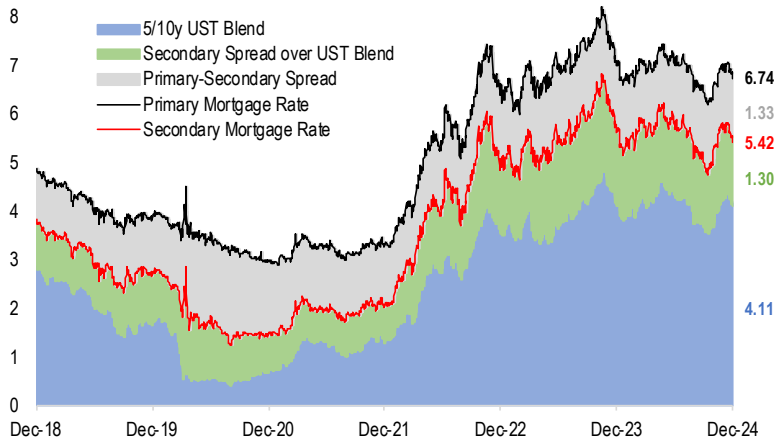
Market Now Sees a 25bps Cut in Dec. as a Lock, with Three Additional 25bps Cuts Priced in for '25 ...



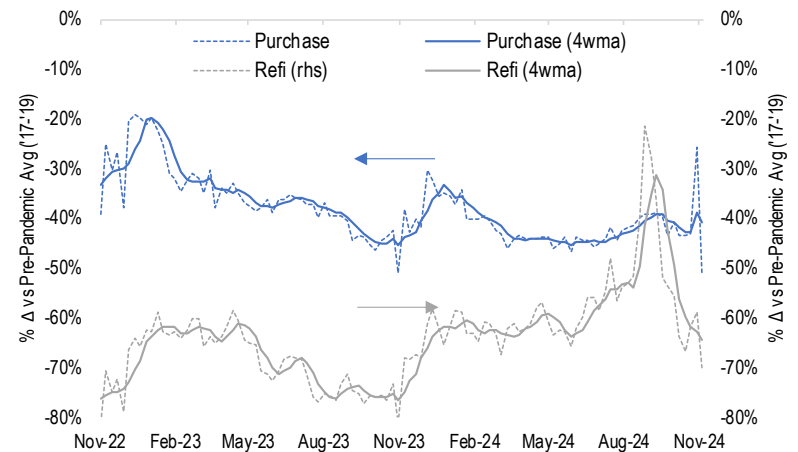
UST Yields Inched Down Modestly Last Week While Mortgage Spreads Narrowed 8bps



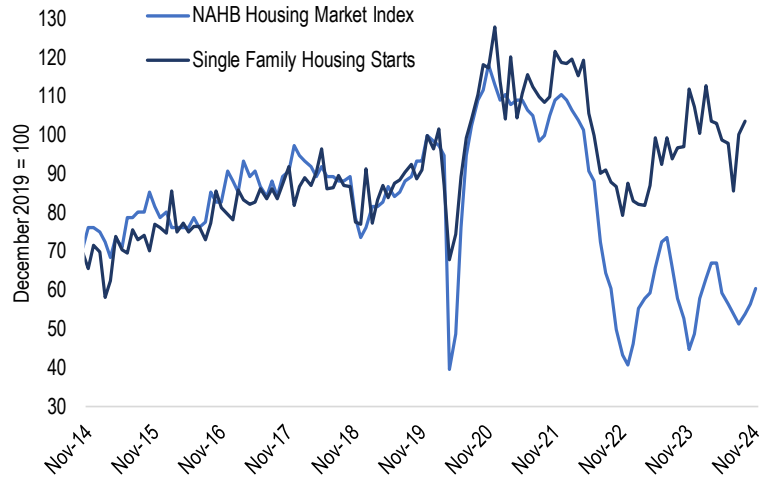
Implied Mortgage Rates Accordingly Moved Lower Again, Down 30bps+ over the Past Few Weeks



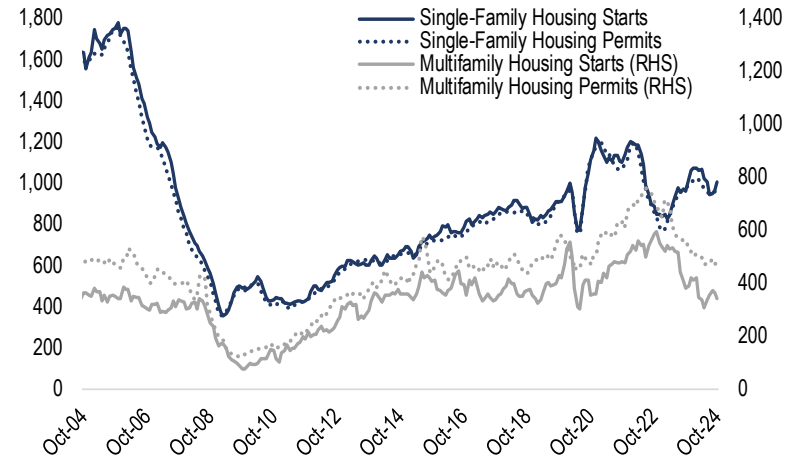
Mortgage Purchase Apps Down Sharply Due to Holiday Distortions



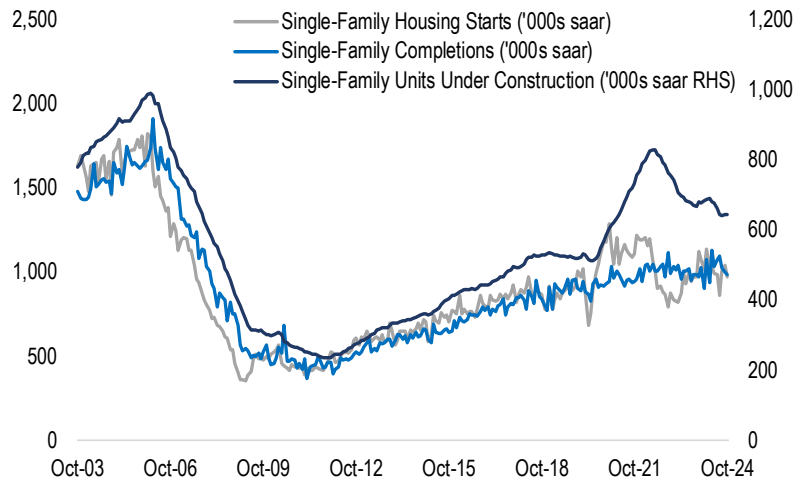
Builder Optimism Rose for Third Straight Month with a Notable Increase in Future Expected Sales



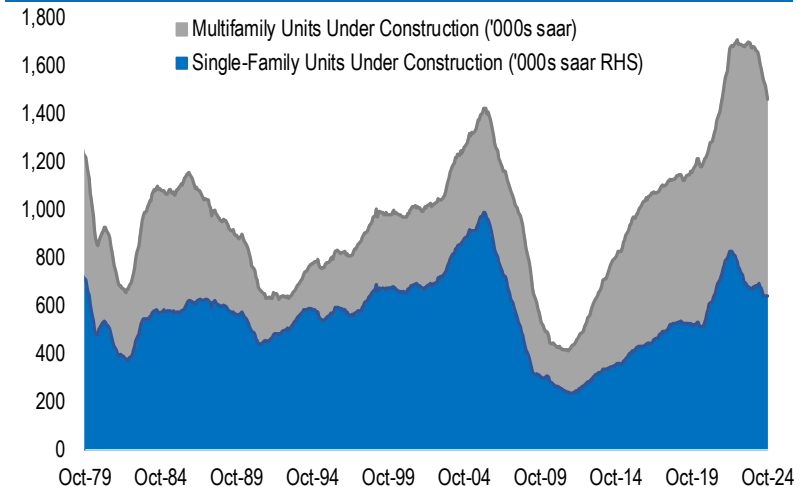
Single-Family Activity Has Turned the Corner, but Further Improvement Likely Limited



Single-Family Completions Fell Again in October as Units Under Construction Pivoted Sideways



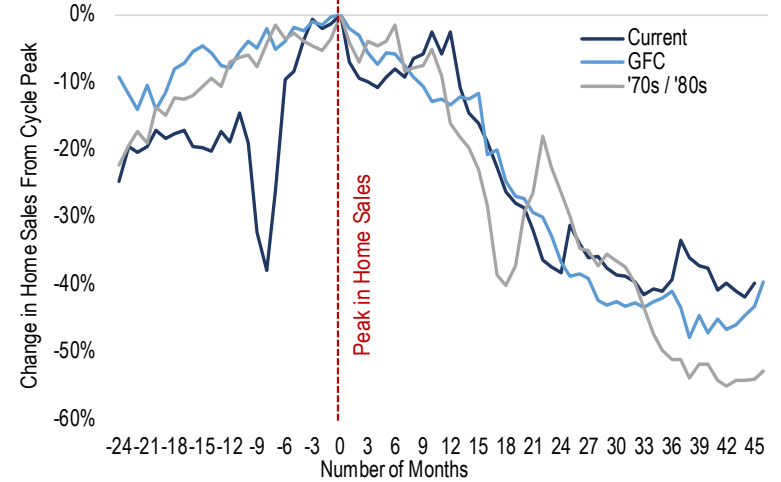
Multifamily Units Under Construction Continued Sharp Decline as Single-Family Segment Levelled Off



Existing Home Sales Muddling Along at Below-Trend Pace with only Modest Upside Near-Term



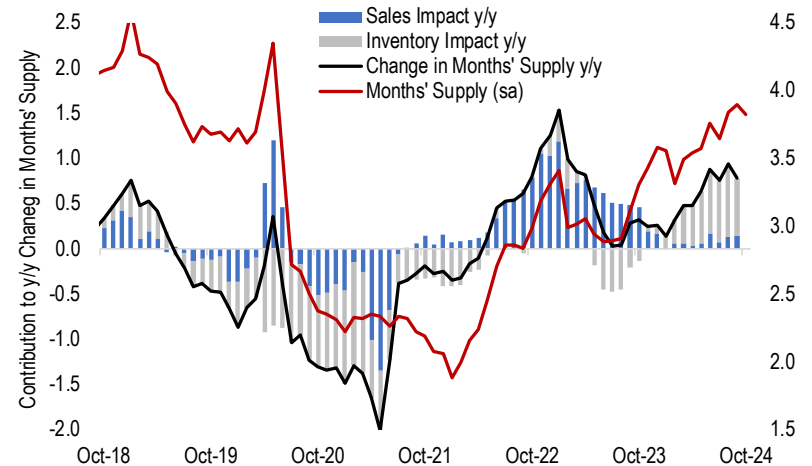
Existing Home Sales Have Failed to Gain Any Momentum for Over a Year



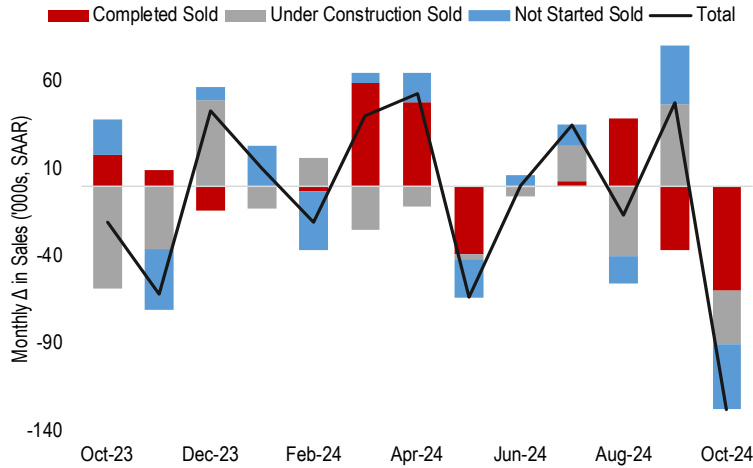
Inventory Inched Higher in October, but Absolute Level Remained Historically Low



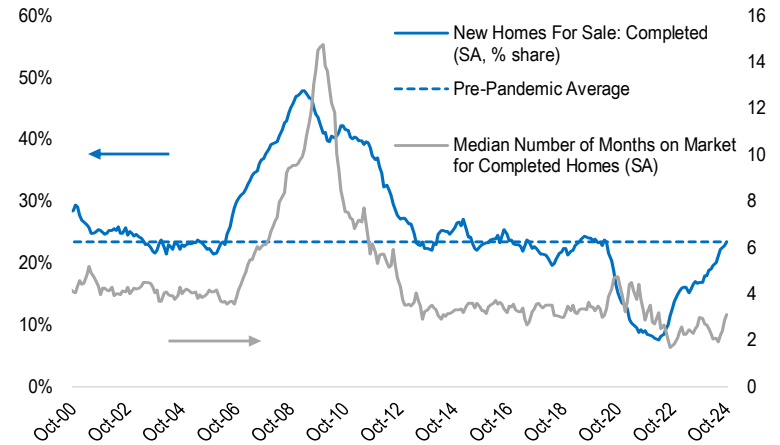
Inventory's Contribution to Months' Supply Over Prior Year Mostly Due to Growing Days on Market



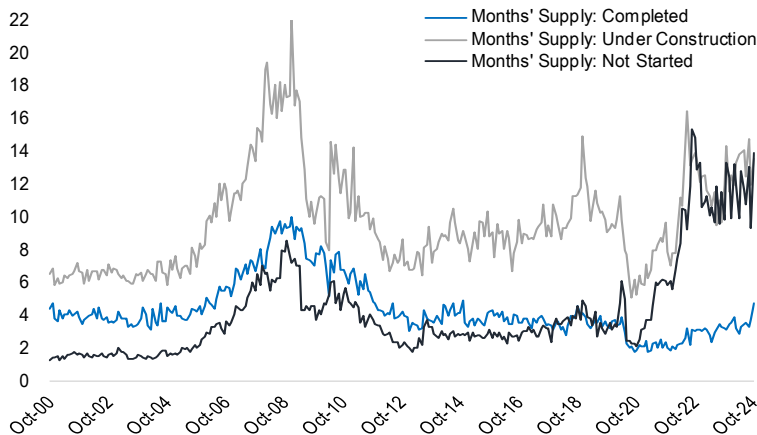
New Home Sales Plunged in October with Large Decline in the South Region Likely Weather Related



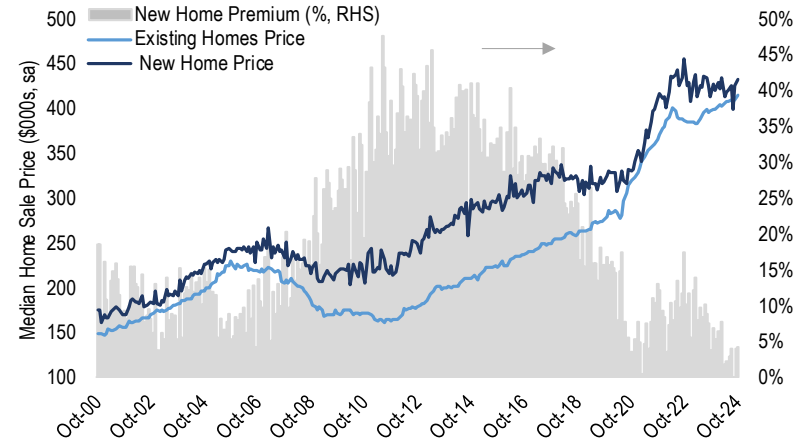
Completed Homes Rising as Share of New Homes for Sale, but Still Selling Quickly Once Completed



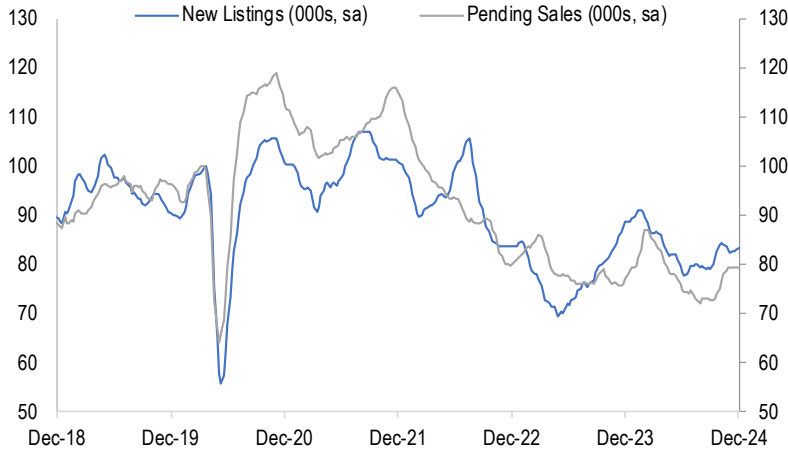
Months' Supply Rose Across the Board with Largest Gain in "Under Construction" Segment



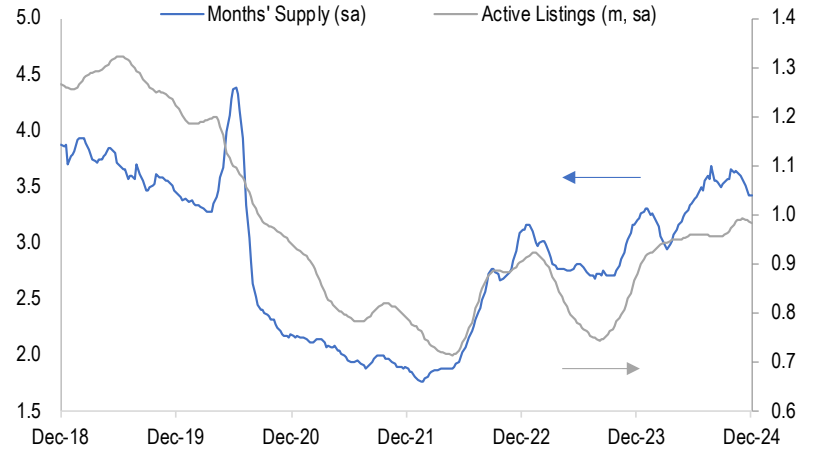
National New Home Premium Still Under 5% in Oct., Posing Strong Competition to Resale Market



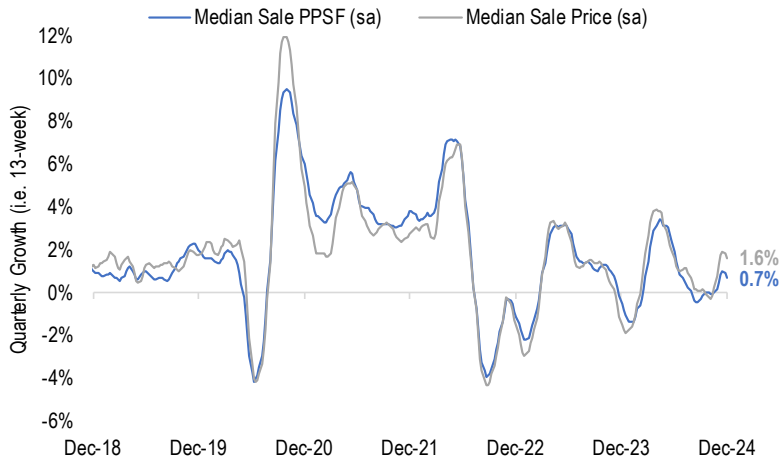
Pending Home Sales Have Rebounded Modestly, While New Listings Have Only Inched Higher ...



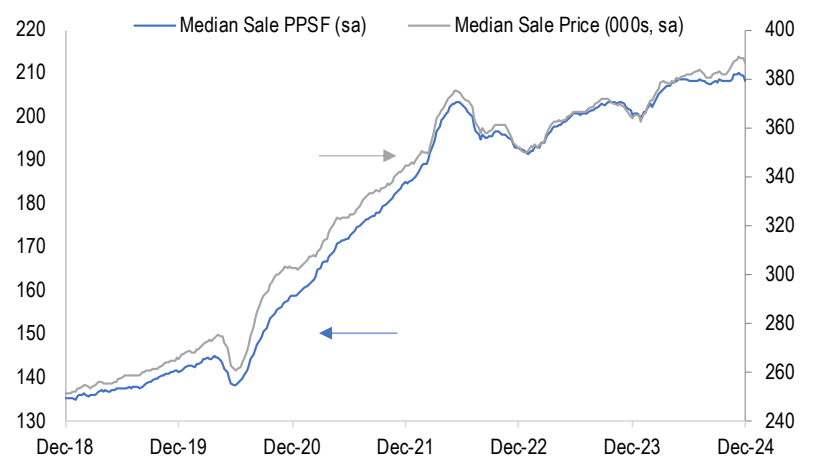
... which Brought Months' Supply Lower Again as Inventory Also Declined Slightly



Rebound in Seasonally Adjusted Home-Price Growth Appears to Be Fading into Year-End ...



... and the National Median Sales Price/SF (SA) Has Cooled in Recent Weeks as Well



Some Housing Markets Softening Substantially Even as Most Have Rebounded in Recent 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	3.8%	1.1%	5.3%	1.7%	5.5%	0.5%	98.5%	-0.1%	-9.8	-16.6	11%	-3%	-8%
Atlanta	2.1%	0.9%	2.2%	-1.2%	5.8%	1.2%	98.1%	-0.4%	11.9	-2.6	2%	-1%	-2%
Austin	-0.8%	3.1%	3.0%	6.1%	7.0%	0.8%	97.2%	0.2%	29.8	25.5	-1%	62%	71%
Baltimore	5.2%	2.6%	6.1%	2.0%	6.0%	0.3%	100.7%	-0.1%	-13.2	-17.0	10%	-31%	-31%
Boston	5.2%	1.9%	9.1%	4.4%	4.5%	0.2%	100.8%	-0.7%	1.1	0.1	5%	-15%	-11%
Chicago	6.4%	1.7%	7.9%	3.0%	3.6%	0.9%	99.2%	0.2%	9.5	6.4	-7%	-24%	-16%
Dallas	-1.7%	-0.4%	3.6%	3.7%	6.9%	0.9%	97.6%	-0.2%	1.5	-7.1	19%	14%	10%
Denver	2.7%	3.3%	3.2%	3.1%	6.8%	-0.4%	98.6%	0.0%	12.7	6.5	27%	59%	43%
Houston	1.3%	1.2%	2.1%	0.3%	6.7%	1.1%	96.6%	-0.8%	-7.8	-15.2	7%	5%	3%
Los Angeles	1.0%	-1.7%	2.7%	0.1%	3.8%	0.6%	100.0%	-0.5%	2.3	-6.4	17%	11%	9%
Miami	4.5%	5.4%	7.8%	5.7%	4.1%	0.8%	95.5%	-0.7%	7.7	-14.0	25%	30%	-16%
Minneapolis	1.6%	0.1%	3.9%	1.5%	6.1%	0.6%	99.2%	-0.2%	-0.9	-5.3	3%	5%	14%
Nashville	2.8%	2.8%	3.7%	2.1%	4.8%	1.0%	98.0%	-0.1%	5.2	0.5	11%	10%	10%
New York	7.1%	1.9%	12.6%	5.2%	3.1%	-0.5%	99.8%	0.3%	-36.3	-21.4	3%	-26%	-25%
Phoenix	0.7%	0.3%	3.8%	2.9%	6.5%	0.0%	98.3%	0.2%	12.4	0.6	24%	40%	35%
Portland	0.9%	0.3%	2.6%	2.2%	6.1%	0.9%	99.2%	0.3%	3.4	1.1	2%	15%	51%
Riverside	4.2%	0.4%	5.5%	1.1%	4.6%	0.5%	99.2%	0.0%	-6.4	-14.9	19%	13%	-1%
San Diego	3.2%	-1.9%	4.4%	2.5%	5.5%	1.1%	99.2%	-0.2%	2.9	-10.1	29%	4%	-7%
Seattle	6.2%	2.3%	1.3%	-2.9%	5.3%	-0.1%	99.6%	0.1%	0.3	-4.2	20%	5%	10%
Tampa	-2.5%	-0.2%	3.2%	3.1%	8.1%	0.2%	96.7%	-0.8%	10.0	-8.3	16%	52%	27%
Washington DC	4.3%	2.1%	6.6%	3.9%	4.5%	0.2%	99.8%	0.2%	-1.5	-3.2	9%	-3%	-6%

Data as of Dec. 1, 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
12/10/24	6:00 AM	NFIB Small Business Optimism	Nov	--	95.3	--	93.7	index, sa
12/10/24	8:30 AM	Nonfarm Productivity q/q	3Q F	--	2.2	--	2.2	%, saar
12/10/24	8:30 AM	Unit Labor Costs q/q	3Q F	--	1.3	--	1.9	%, saar
12/11/24	7:00 AM	MBA Mortgage Applications w/w	12/6/24	--	--	--	2.8	%, sa
12/11/24	8:30 AM	CPI m/m	Nov	--	0.3	--	0.2	%, sa
12/11/24	8:30 AM	CPI Core (ex Food and Energy) m/m	Nov	--	0.3	--	0.3	%, sa
12/11/24	8:30 AM	CPI y/y	Nov	--	2.7	--	2.6	%, nsa
12/11/24	8:30 AM	CPI Core (ex Food and Energy) y/y	Nov	--	3.3	--	3.3	%, nsa
12/12/24	8:30 AM	PPI Final Demand m/m	Nov	--	0.2	--	0.2	%, sa
12/12/24	8:30 AM	PPI Core (ex Food and Energy) m/m	Nov	--	0.2	--	0.3	%, sa
12/12/24	8:30 AM	PPI Final Demand y/y	Nov	--	2.6	--	2.4	%, nsa
12/12/24	8:30 AM	PPI Core (ex Food and Energy) y/y	Nov	--	3.2	--	3.1	%, nsa
12/12/24	8:30 AM	Initial Jobless Claims	12/7/24	--	220	--	224	k, sa
12/12/24	8:30 AM	Continuing Claims	11/30/24	--	1,878	--	1,871	k, sa
12/13/24	8:30 AM	Import Price Index m/m	Nov	--	-0.2	--	0.3	%, nsa
12/13/24	8:30 AM	Import Price Index y/y	Nov	--	1.1	--	0.8	%, 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
12/2/24	9:45 AM	S&P Global US Manufacturing PMI	Nov F	49.7	48.8	--	48.8	index, sa
12/2/24	10:00 AM	ISM Manufacturing	Nov	48.4	47.5	--	46.5	index, sa
12/2/24	10:00 AM	ISM Prices Paid	Nov	50.3	55.2	--	54.8	index, nsa
12/3/24	10:00 AM	Wards Total Vehicle Sales	Nov	16.5	16.1	--	16.0	m, saar
12/3/24	10:00 AM	JOLTS Job Openings	Oct	7,744	7,519	7,372	7,443	k, sa
12/4/24	7:00 AM	MBA Mortgage Applications w/w	11/29/24	2.8	--	--	6.3	%, sa
12/4/24	8:15 AM	ADP Employment m/m	Nov	146	150	184	233	k, sa
12/4/24	9:45 AM	S&P Global US Services PMI	Nov F	56.1	57.0	--	57.0	index, sa
12/4/24	9:45 AM	S&P Global US Composite PMI	Nov F	54.9	55.3	--	55.3	index, sa
12/4/24	10:00 AM	ISM Services Index	Nov	52.1	55.7	--	56.0	index, nsa
12/4/24	10:00 AM	Durable Goods Orders m/m	Oct F	0.3	0.2	--	0.2	%, sa
12/4/24	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Oct F	-0.2	-0.2	--	-0.2	%, sa
12/4/24	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Oct F	0.3	--	--	0.2	%, sa
12/5/24	8:30 AM	Initial Jobless Claims	11/30/24	224	215	215	213	k, sa
12/5/24	8:30 AM	Continuing Claims	11/23/24	1,871	1,904	1,896	1,907	k, sa
12/6/24	8:30 AM	Nonfarm Payrolls m/m	Nov	227	220	36	12	k, sa
12/6/24	8:30 AM	Private Payrolls m/m	Nov	194	205	-2	-28	k, sa
12/6/24	8:30 AM	Unemployment Rate	Nov	4.2	4.1	--	4.1	%, sa
12/6/24	8:30 AM	Average Hourly Earnings m/m	Nov	0.4	0.3	--	0.4	%, sa
12/6/24	8:30 AM	Average Hourly Earnings y/y	Nov	4.0	3.9	--	4.0	%, nsa
12/6/24	8:30 AM	Average Weekly Hours All Employees	Nov	34.3	34.3	34.2	34.3	sa
12/6/24	8:30 AM	Labor Force Participation Rate	Nov	62.5	62.7	--	62.6	%, sa
12/6/24	10:00 AM	U. of Mich. Sentiment	Dec P	74.0	73.2	--	71.8	index, nsa
12/6/24	10:00 AM	U. of Mich. 1 Yr Inflation	Dec P	2.9	2.7	--	2.6	nsa
12/6/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Dec P	3.1	3.1	--	3.2	nsa
12/6/24	3:00 PM	Consumer Credit m/m	Oct	19.2	10.0	3.2	6.0	\$B, 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)