

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 16, 2024

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### Time to Pull on the Reins?

- **Key Takeaway:** Inflation headlined a light data week that was generally in line with consensus with a large step down in housing inflation.
- **Macro Implications:** With inflation still too sturdy for Fed’s comfort and solid economic momentum, the pace of rate cuts is set to cool next year.
- **Housing Implications:** The whipsaw in mortgage rates continued, but the general grind should be lower over 2025.

### Macro: No Need to Fear... Have Some Holiday Cheer

- Realized and expected inflation trajectories keep Fed on normalization path.
- Household net worth through Q3 shows upward trend remains intact.
- Jobless claims unexpectedly jump, likely due to seasonal noise.

### Rates: Reversing Course

- 10-year UST rose 25bps w/w to 4.39%, within 6bps of prior peak.
- Rates likely to remain in 4.0–4.5% range until policy clarity improves.
- Market pricing in only 50bps of rate cuts in '25 after 25bps cut this week.

### Housing: Rate Volatility Not Helping

- Mortgage rates remained elevated in upper-6% range.
- Annual purchase app growth remained positive despite recent pullback.
- Fannie Mae Home Purchase Sentiment index remained in slow uptrend.

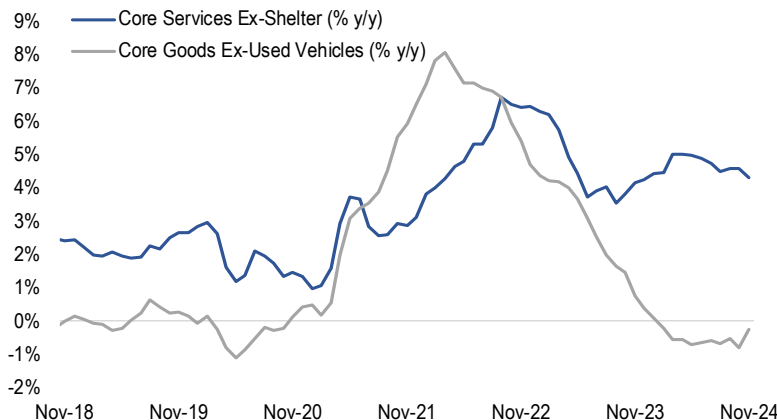
### Consumer Inflation: You Win Some, You Lose Some

- Headline CPI inflation rose 0.3% in Nov. after a 0.2% bump in Oct.
- Housing inflation weakest since before the pandemic ...
- ... But strong vehicle prices kept core inflation firm at 0.3% m/m.

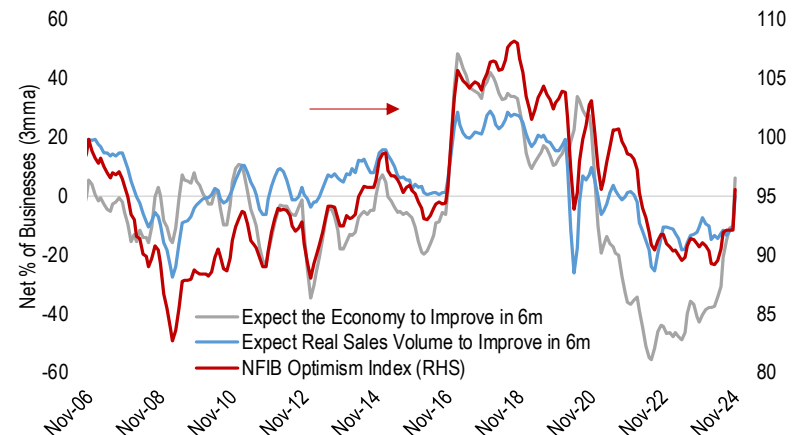
### Small Business Sentiment: Look on the Bright Side

- NFIB Optimism Index surged 8-pts in Nov., largest gain on record.
- Details suggest outlook for sales and economy are set to improve.
- Net hiring intentions improved to highest level since May 2023.

Core Services Inflation Continued to Trend Slowly in Right Direction as Core Goods Prices Perked Up

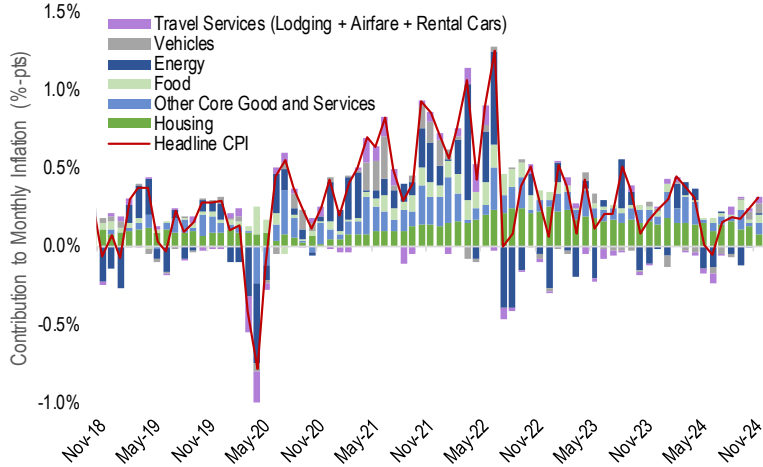


Is the Economy Doing That Much Better Or Are Politics Playing a Factor in Business Perceptions?

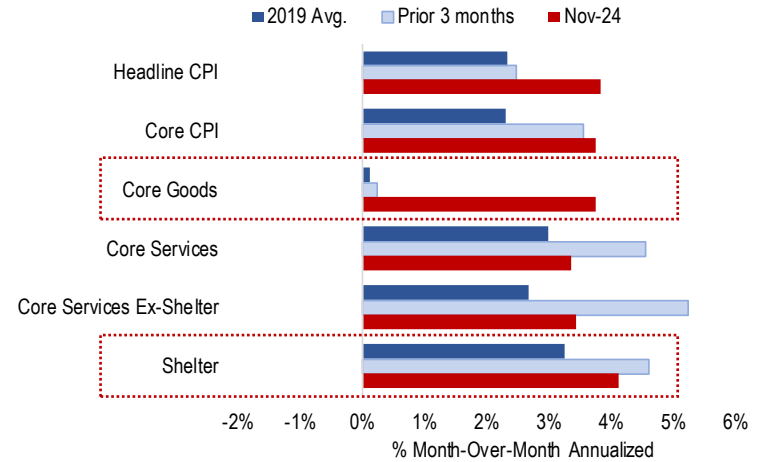


Sources: U.S. Bureau of Labor Statistics (BLS), NFIB, Arch Global Economics

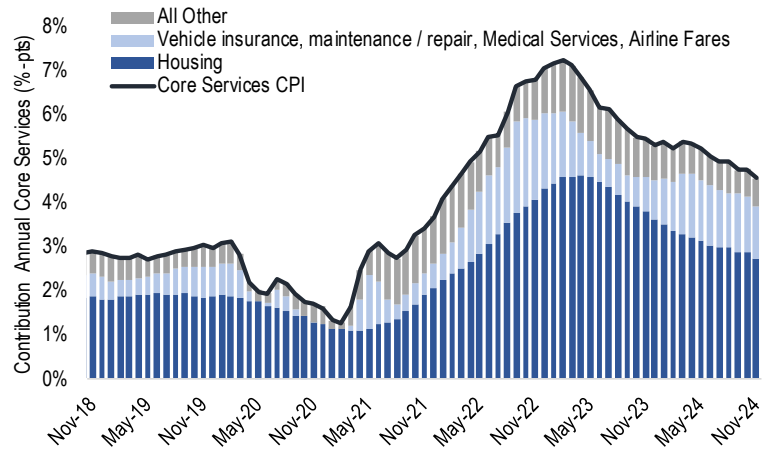
**November Consumer Price Inflation Inched Higher Primarily Due to Food, Travel Services and Vehicles**



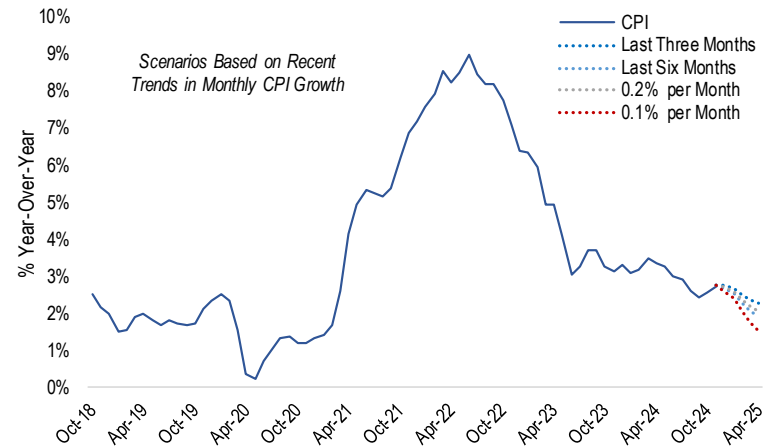
**Core Inflation Got Reprieve from Shelter (Apart from Lodging) Only to Be Offset by New and Used Vehicles**



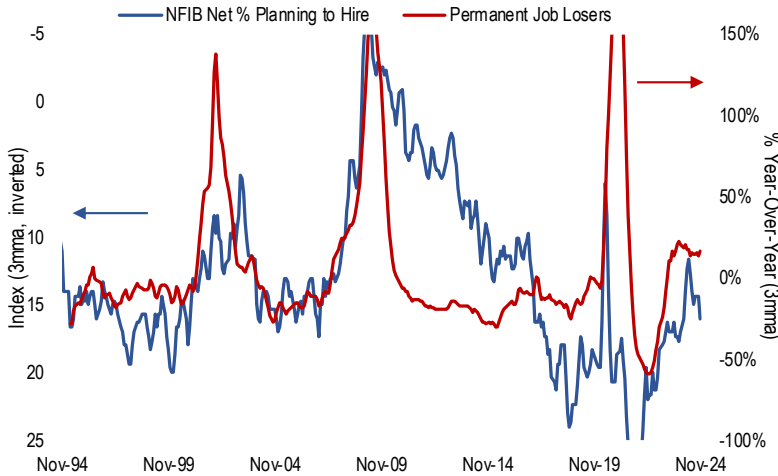
**Annual Core Services Inflation Has Been Driven by Handful of Categories That the Fed Minimally Impacts**



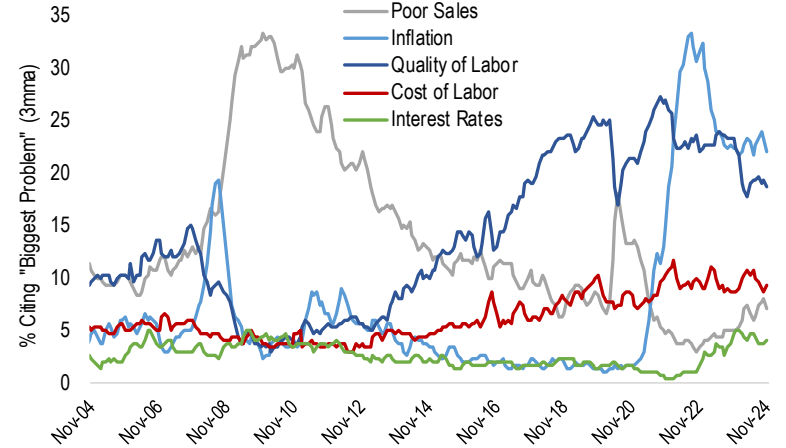
**Sustained Reacceleration in Annual Headline Inflation Would Require Another "Shock" to the System**



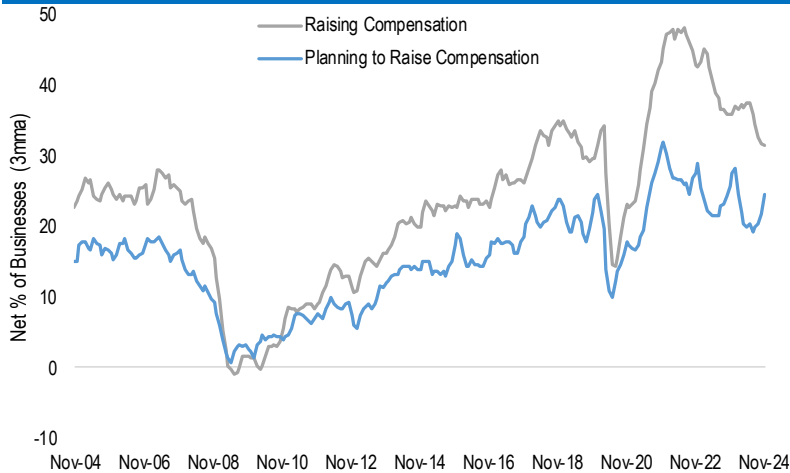
**Small Businesses Seem More Eager to Hire, Which Bodes Well for Unemployed, if True ...**



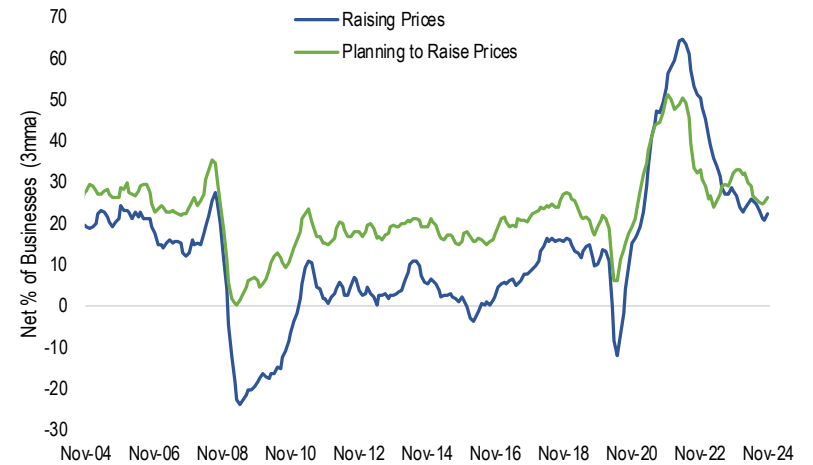
**"Inflation" Remained Top Concern for Small Firms While "Poor Sales" Eased Its Ascent**



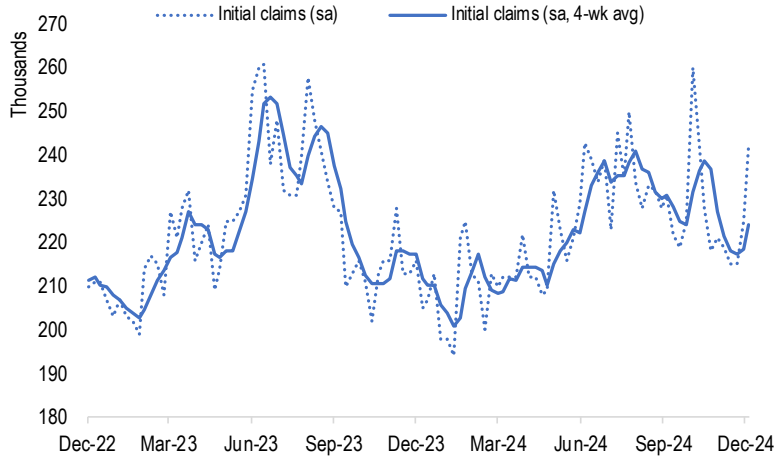
**Wage Pressures Have Eased Back Near Pre-Pandemic Levels based on Firms Raising/Planning to Raise Wages**



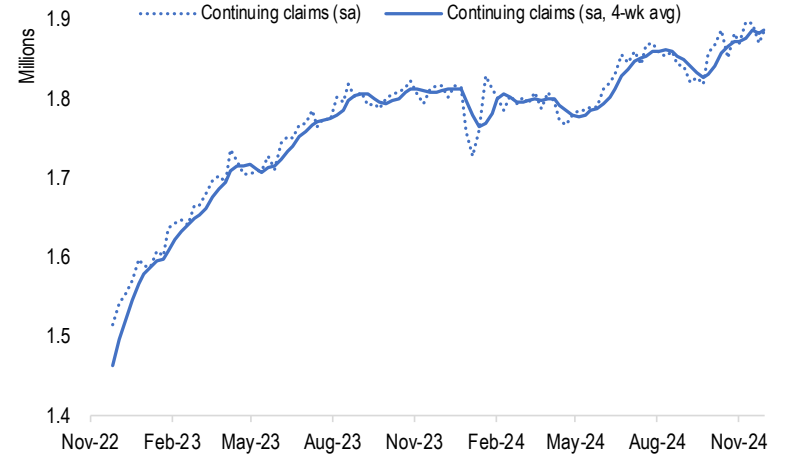
**Fewer Firms Raising Prices While the Share Planning to Raise Prices Remains in Downtrend**



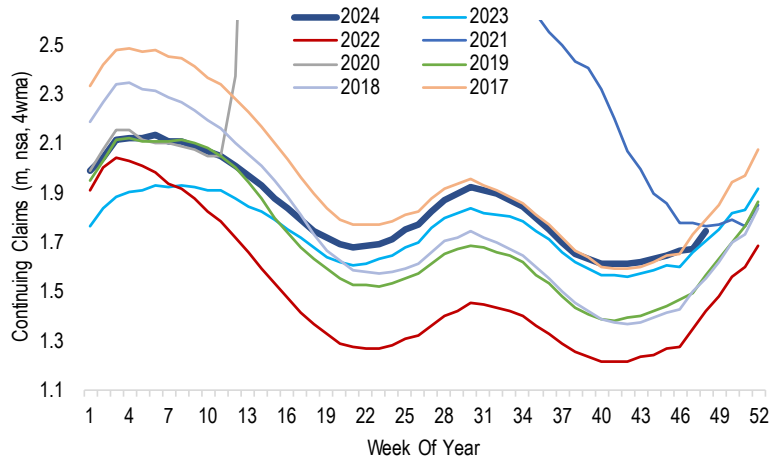
**Initial Claims Rebounded Further from Recent Lows, but Caution Warranted Around Holiday Season**



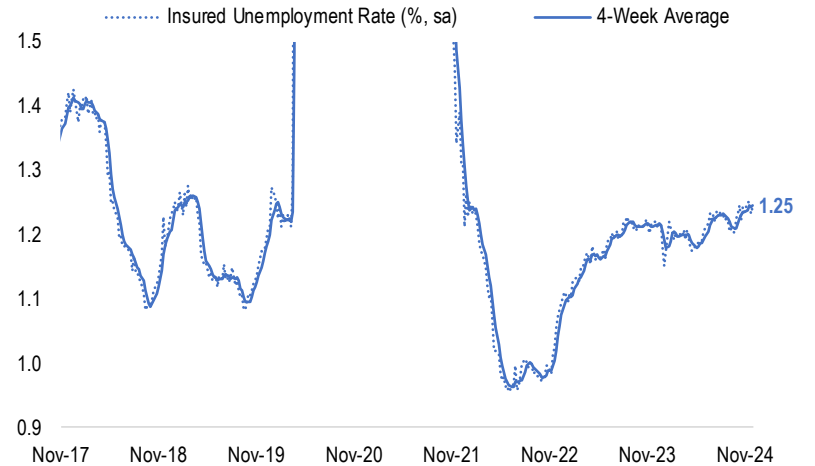
**Continuing Claims Remained near Multi-Year Highs as Unemployed Workers Struggle to Find New Jobs**



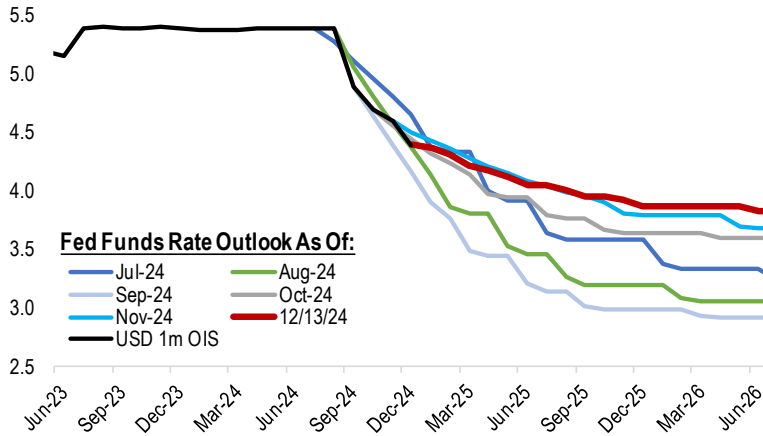
**Unadjusted Continuing Claims at Highest Level Since 2017, Poised to Rise into Year-End**



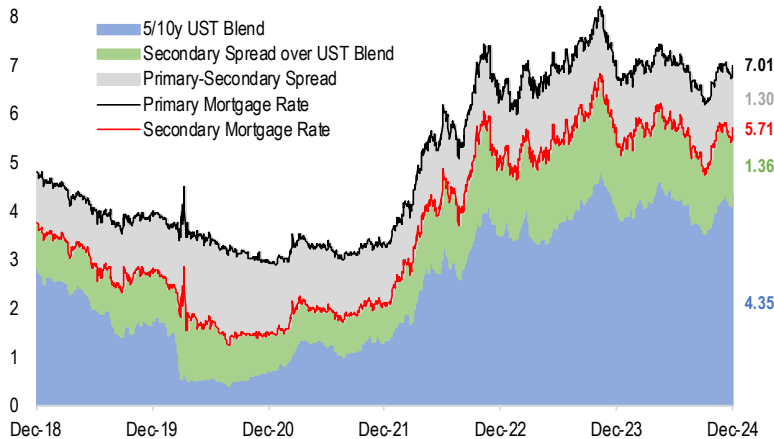
**Normalizing for the Size of the Labor Force, Insured Unemployment Has Continued to Rise Modestly in 2024**



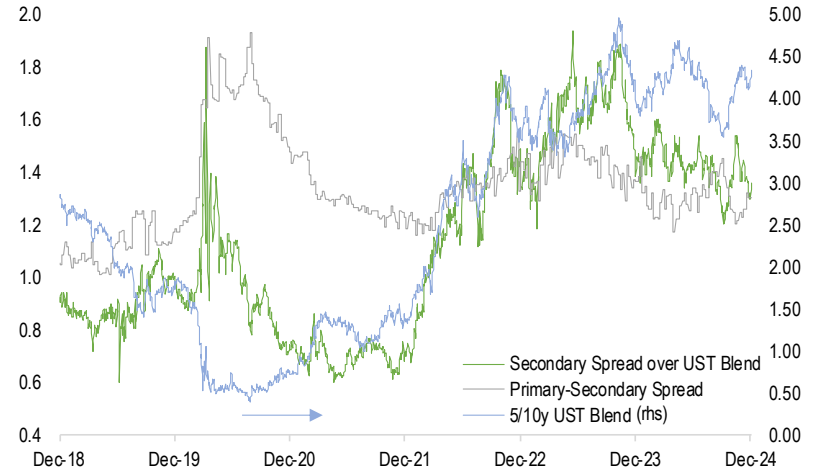
**Market Still Sees a 25bps Cut as a Lock This Week, but only Two Additional 25bps Cuts Priced in for '25 ...**



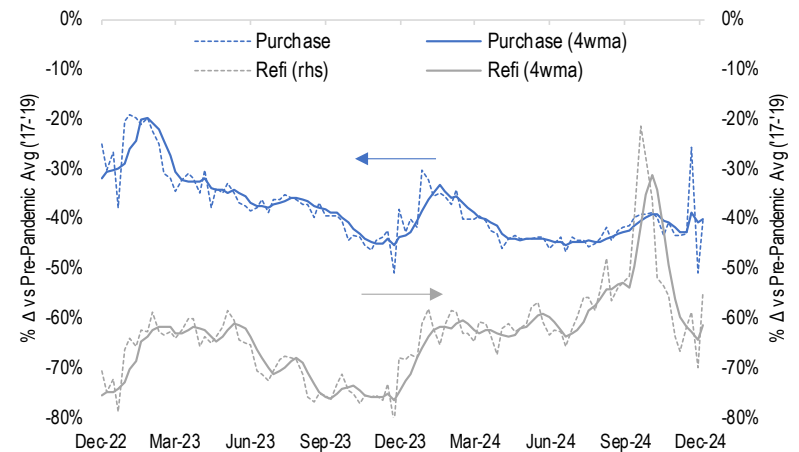
**Lifting Implied Mortgage Rates Back up Toward 7%, Reversing Several Weeks of Progress in a Single Week**



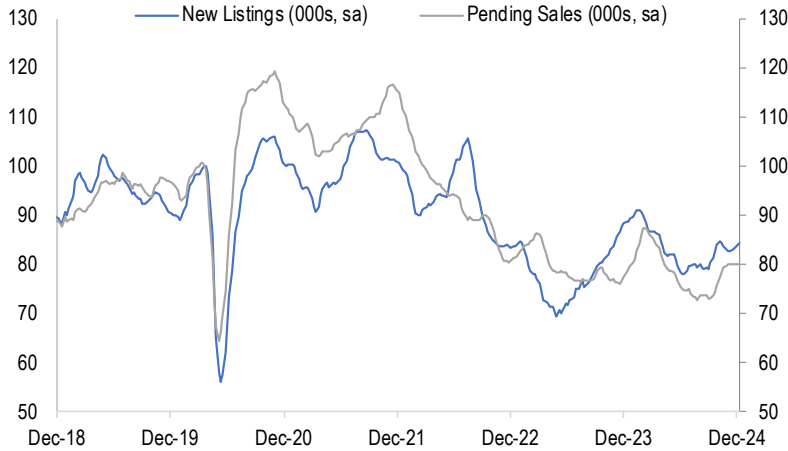
**UST Yields Jumped 23bps Last Week While Mortgage Spreads Widened 6bps**



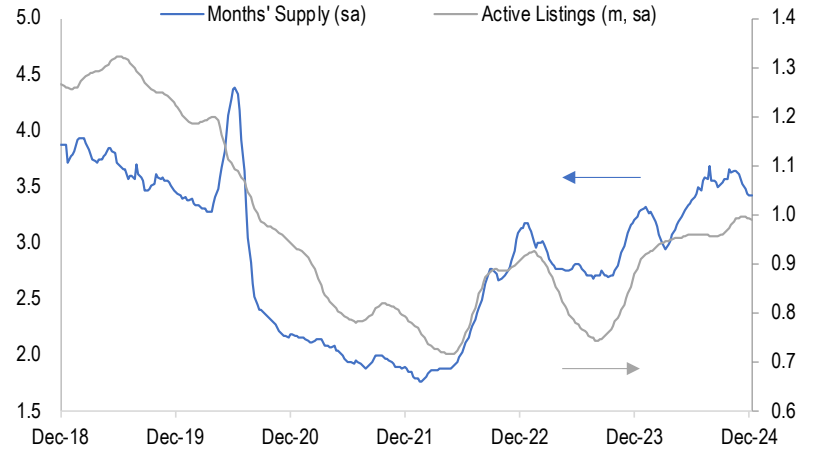
**Mortgage Application Volatility Continued Around Holiday Season, but Trending Modestly Higher**



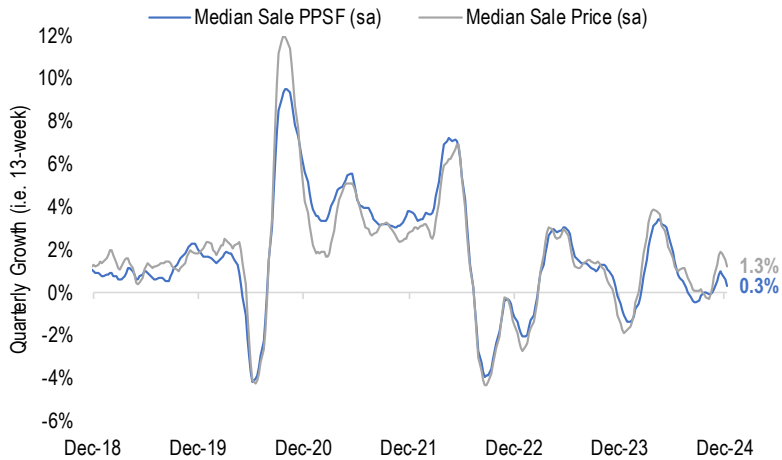
**Pending Home Sales Rebound Tapering Off While New Listings Have Inched Higher ...**



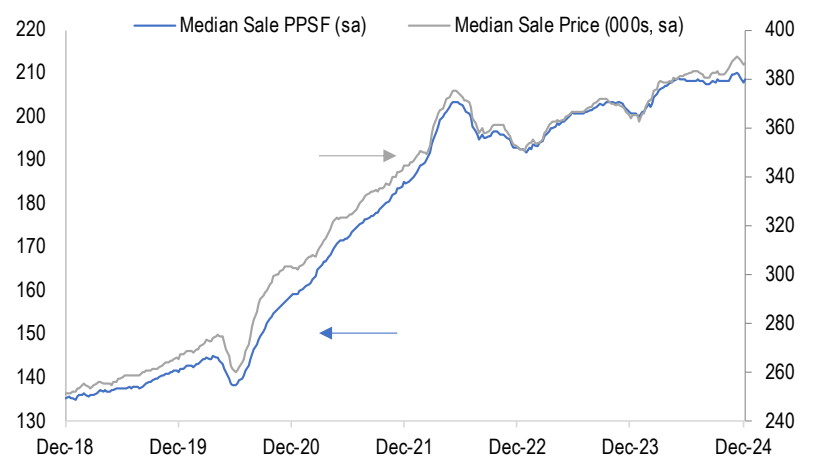
**... which Has Levelled Off Months' Supply as Inventory Declined Modestly**



**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%	1.0%	5.4%	1.5%	5.6%	0.9%	98.5%	-0.1%	-9.9	-16.4	11%	-4%	-8%
Atlanta	1.7%	0.9%	2.1%	-0.7%	5.9%	1.7%	98.0%	-0.4%	12.6	-1.3	3%	-2%	-5%
Austin	-0.9%	3.2%	1.7%	4.2%	7.1%	1.6%	97.1%	0.1%	30.8	28.8	1%	68%	71%
Baltimore	4.8%	2.7%	5.8%	1.8%	6.0%	0.7%	100.7%	0.3%	-10.8	-16.5	10%	-30%	-30%
Boston	4.4%	1.9%	10.1%	5.3%	4.6%	0.7%	100.7%	-0.7%	0.3	-0.4	6%	-18%	-12%
Chicago	6.4%	0.7%	8.6%	2.8%	3.5%	1.0%	99.1%	0.2%	8.5	5.8	-5%	-24%	-16%
Dallas	-0.9%	1.4%	3.5%	3.6%	6.8%	1.3%	97.6%	-0.1%	2.2	-6.6	20%	16%	12%
Denver	2.8%	3.8%	2.3%	2.5%	7.0%	0.6%	98.5%	0.0%	13.7	6.1	27%	56%	39%
Houston	1.8%	2.0%	2.6%	1.0%	6.6%	1.5%	96.7%	-0.7%	-4.7	-11.6	8%	4%	2%
Los Angeles	0.6%	-1.4%	2.2%	-0.4%	3.8%	1.0%	100.0%	-0.5%	1.7	-5.8	17%	12%	3%
Miami	5.2%	6.2%	9.4%	6.0%	4.3%	1.1%	95.3%	-0.8%	9.7	-12.1	25%	30%	-13%
Minneapolis	2.1%	0.7%	3.8%	1.2%	5.9%	1.2%	99.1%	-0.3%	-0.3	-4.3	2%	1%	15%
Nashville	2.5%	2.1%	2.9%	1.3%	4.9%	1.5%	97.8%	-0.3%	7.3	0.4	10%	11%	9%
New York	7.8%	3.4%	14.1%	4.9%	3.0%	-0.4%	99.9%	0.4%	-36.3	-24.0	4%	-24%	-26%
Phoenix	1.4%	1.5%	3.2%	1.0%	6.6%	0.6%	98.1%	0.1%	13.4	1.9	24%	41%	34%
Portland	1.4%	0.3%	3.2%	2.5%	5.9%	1.5%	99.2%	0.3%	6.2	0.7	2%	21%	54%
Riverside	4.1%	1.5%	4.8%	1.2%	4.7%	0.8%	99.1%	-0.1%	-8.0	-16.4	21%	7%	-7%
San Diego	4.5%	-0.4%	4.2%	1.6%	5.5%	1.4%	99.1%	-0.3%	2.2	-9.6	28%	1%	-7%
Seattle	5.9%	3.2%	2.0%	-1.8%	5.6%	1.1%	99.7%	0.2%	-0.5	-4.5	20%	10%	10%
Tampa	-2.0%	0.7%	3.0%	3.2%	8.3%	0.9%	96.6%	-0.9%	12.3	-6.7	16%	49%	30%
Washington DC	4.4%	3.0%	5.9%	3.2%	4.6%	0.7%	99.9%	0.3%	-1.7	-2.9	9%	-3%	-3%

Data as of Dec. 8, 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
12/16/24	9:45 AM	S&P Global US Manufacturing PMI	Dec P	<b>48.3</b>	49.5	--	49.7	index, sa
12/16/24	9:45 AM	S&P Global US Services PMI	Dec P	<b>58.5</b>	55.8	--	56.1	index, sa
12/16/24	9:45 AM	S&P Global US Composite PMI	Dec P	<b>56.6</b>	55.1	--	54.9	index, sa
12/17/24	8:30 AM	Advance Retail Sales m/m	Nov	--	0.6	--	0.4	%, sa
12/17/24	8:30 AM	Retail Sales Control Group m/m	Nov	--	0.4	--	-0.1	%, sa
12/17/24	9:15 AM	Industrial Production m/m	Nov	--	0.3	--	-0.3	%, sa
12/17/24	9:15 AM	Capacity Utilization	Nov	--	77.3	--	77.1	sa
12/17/24	10:00 AM	NAHB Housing Market Index	Dec	--	47	--	46	index, sa
12/18/24	7:00 AM	MBA Mortgage Applications w/w	12/13/24	--	--	--	5.4	%, sa
12/18/24	8:30 AM	Housing Starts	Nov	--	1,345	--	1,311	k, saar
12/18/24	8:30 AM	Housing Starts m/m	Nov	--	2.6	--	-3.1	%, sa
12/18/24	8:30 AM	Building Permits	Nov P	--	1,430	--	1,416	k, saar
12/18/24	8:30 AM	Building Permits m/m	Nov P	--	1.0	--	-0.6	%, sa
12/18/24	2:00 PM	FOMC Rate Decision (Upper Bound)	12/18/24	--	4.50	--	4.75	%
12/19/24	8:30 AM	GDP Annualized q/q	3Q T	--	2.8	--	2.8	%, saar
12/19/24	8:30 AM	Personal Consumption q/q	3Q T	--	3.6	--	3.5	%, saar
12/19/24	8:30 AM	Core PCE Deflator q/q	3Q T	--	2.1	--	2.1	%, saar
12/19/24	8:30 AM	Initial Jobless Claims	12/14/24	--	230	--	242	k, sa
12/19/24	8:30 AM	Continuing Claims	12/7/24	--	1,890	--	1,886	k, sa
12/19/24	10:00 AM	Conference Board Leading Index m/m	Nov	--	-0.1	--	-0.4	%, sa
12/19/24	10:00 AM	Existing Home Sales	Nov	--	4.1	--	4.0	m, saar
12/19/24	10:00 AM	Existing Home Sales m/m	Nov	--	3.3	--	3.4	%, sa
12/20/24	8:30 AM	Personal Income m/m	Nov	--	0.4	--	0.6	%, sa
12/20/24	8:30 AM	Personal Spending m/m	Nov	--	0.5	--	0.4	%, sa
12/20/24	8:30 AM	Real Personal Spending m/m	Nov	--	0.3	--	0.1	%, sa
12/20/24	8:30 AM	PCE Inflation m/m	Nov	--	0.2	--	0.2	%, sa
12/20/24	8:30 AM	PCE Inflation y/y	Nov	--	2.5	--	2.3	%, nsa
12/20/24	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Nov	--	0.2	--	0.3	%, sa
12/20/24	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Nov	--	2.9	--	2.8	%, nsa
12/20/24	10:00 AM	U. of Mich. Sentiment	Dec F	--	74.2	--	74.0	index, nsa
12/20/24	10:00 AM	U. of Mich. 1 Yr Inflation	Dec F	--	--	--	2.9	nsa
12/20/24	10:00 AM	U. of Mich. 5-10 Yr Inflation	Dec F	--	3.1	--	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
12/10/24	6:00 AM	NFIB Small Business Optimism	Nov	<b>101.7</b>	95.3	--	93.7	index, sa
12/10/24	8:30 AM	Nonfarm Productivity q/q	3Q F	<b>2.2</b>	2.2	--	2.2	%, saar
12/10/24	8:30 AM	Unit Labor Costs q/q	3Q F	<b>0.8</b>	1.3	--	1.9	%, saar
12/11/24	7:00 AM	MBA Mortgage Applications w/w	12/6/24	<b>5.4</b>	--	--	2.8	%, sa
12/11/24	8:30 AM	CPI m/m	Nov	<b>0.3</b>	0.3	--	0.2	%, sa
12/11/24	8:30 AM	CPI Core (ex Food and Energy) m/m	Nov	<b>0.3</b>	0.3	--	0.3	%, sa
12/11/24	8:30 AM	CPI y/y	Nov	<b>2.7</b>	2.7	--	2.6	%, nsa
12/11/24	8:30 AM	CPI Core (ex Food and Energy) y/y	Nov	<b>3.3</b>	3.3	--	3.3	%, nsa
12/12/24	8:30 AM	PPI Final Demand m/m	Nov	<b>0.4</b>	0.2	0.3	0.2	%, sa
12/12/24	8:30 AM	PPI Core (ex Food and Energy) m/m	Nov	<b>0.2</b>	0.2	0.3	0.3	%, sa
12/12/24	8:30 AM	PPI Final Demand y/y	Nov	<b>3.0</b>	2.6	2.6	2.4	%, nsa
12/12/24	8:30 AM	PPI Core (ex Food and Energy) y/y	Nov	<b>3.4</b>	3.2	3.4	3.1	%, nsa
12/12/24	8:30 AM	Initial Jobless Claims	12/7/24	<b>242</b>	220	225	224	k, sa
12/12/24	8:30 AM	Continuing Claims	11/30/24	<b>1,886</b>	1,877	--	1,871	k, sa
12/13/24	8:30 AM	Import Price Index m/m	Nov	<b>0.1</b>	-0.2	0.1	0.3	%, nsa
12/13/24	8:30 AM	Import Price Index y/y	Nov	<b>1.3</b>	1.0	0.6	0.8	%, 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)