

HaMMR Digest

Stay current with economic and mortgage market trends.

June 9, 2025

Parker Ross — Global Chief Economist

pross@archgroup.com | 914 216 7270 | [@econ_parker](#) on X and [Threads](#)

Leonidas Mourelatos — Assistant Vice President, Global Real Estate Economics

lmourelatos@archgroup.com | 631 521 9048

Tides Turning

- **Key Takeaway:** Aside from strong wage gains, May jobs report showed more signs of demand weakness and immigration headwinds.
- **Macro Implications:** The Fed is likely to take the payrolls report in stride, viewing labor market weakness as gradual rather than acute.
- **Housing Implications:** Rate volatility will keep mortgage rates elevated despite markets pushing Fed rate cut expectations further out.

Macro: How Malleable Can We Be?

- Fed's account of businesses showed concern over labor, prices and demand.
- Real home reno spend has slowed materially, hitting construction jobs.
- Possible China trade rerouting via third countries could spark re-escalation.

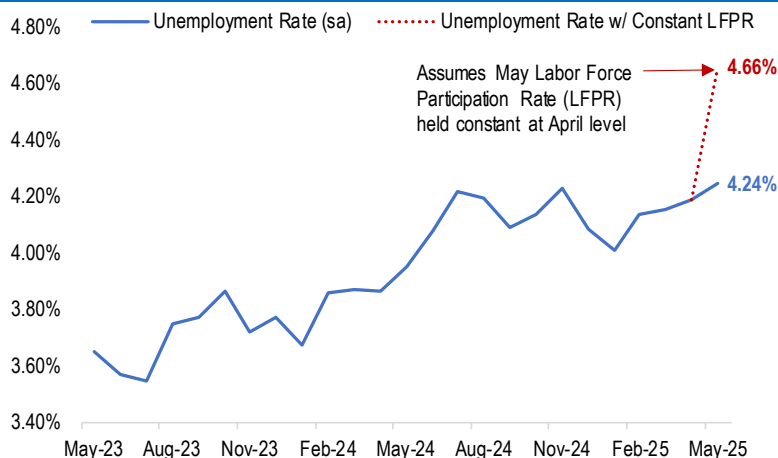
Jobs Report: Early Tremors

- Unemployment up to 4.24% in May, 10bps above prior 6-month average.
- Private sector payrolls rose 140k m/m; prior months revised down -77k.
- Permanent job losses, discouraged and involuntary part-time work all rose.

Labor Market Turnover: Past Is Not Prologue

- Net hiring overall positive despite remaining negative for larger firms.
- Low turnover may lead to higher layoffs as firms look to control costs.
- Construction layoffs rate has risen above last year's level.

Unemployment Rate Would Have Surged to 4.7% if not for Drop in Labor Force Participation Rate



Housing: Holding Pattern

- Mortgage rates continued to hover around 7% for another week.
- Higher rates, uncertainty, and costs have converged, freezing activity.
- List-sales gap widens with remedy either price cuts or pulled listings.

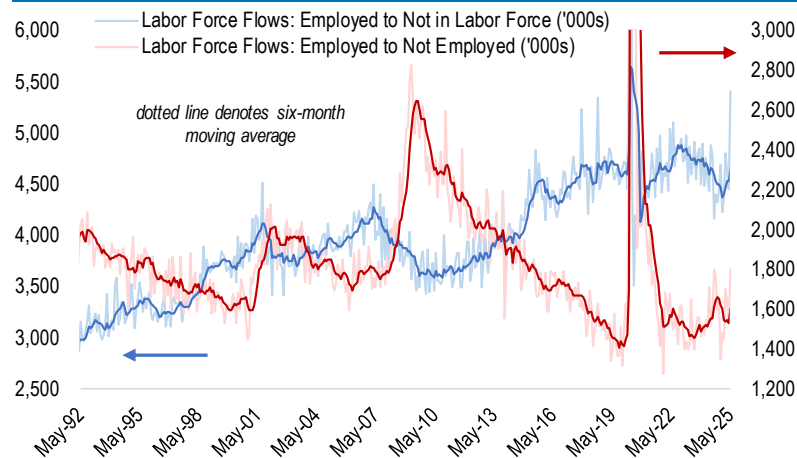
Rates: Offsides

- 10y yields rose 11bps as jobs report headlines better than feared.
- Markets focused on hot wage growth and continued job growth.
- Current market pricing down to two Fed rate cuts in both '25 and '26.

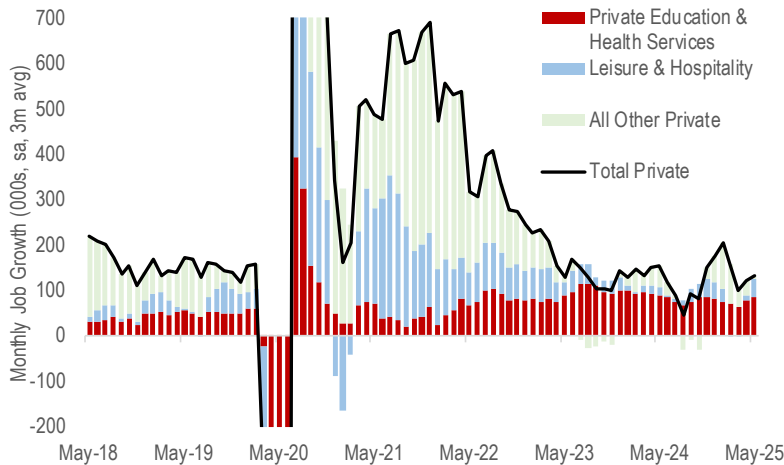
ISM PMI: Good Luck, and Good Night

- Manufacturing production and new orders remain lackluster.
- Services employment remained in contraction, suggesting weak hiring.
- Firms concerned about future, citing inability to plan and hire.

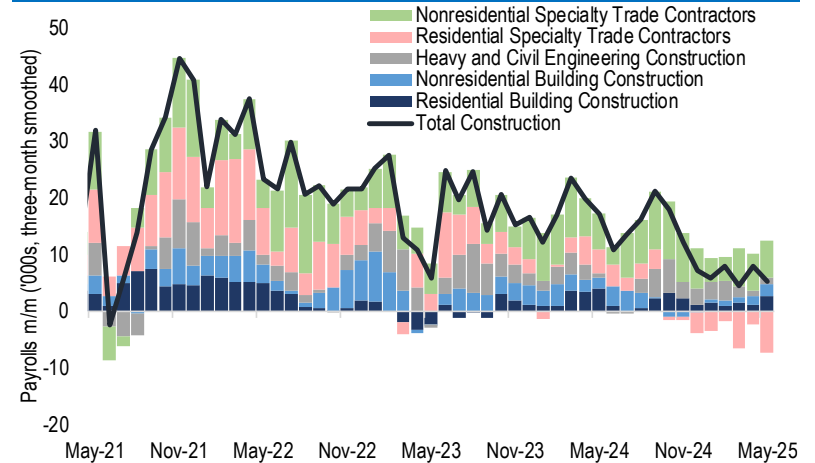
Flows from Employed to Not in the Labor Force Limit Unemployment Upside despite Softer Labor Demand



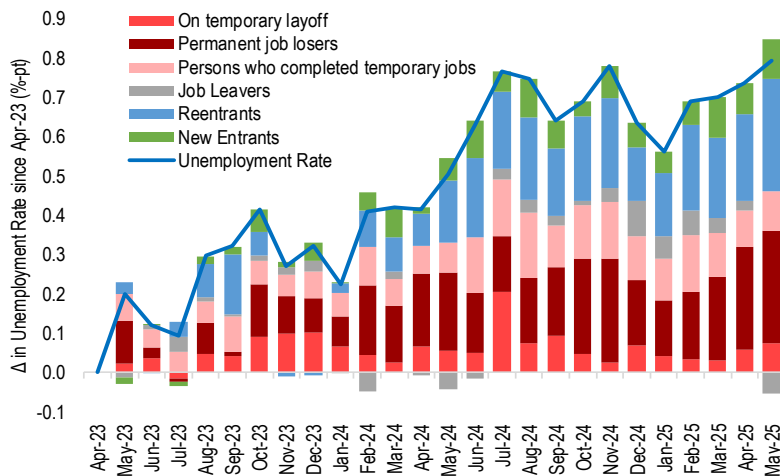
Recent Private Job Growth Driven by Private Education and Health Services + Leisure and Hospitality Sectors



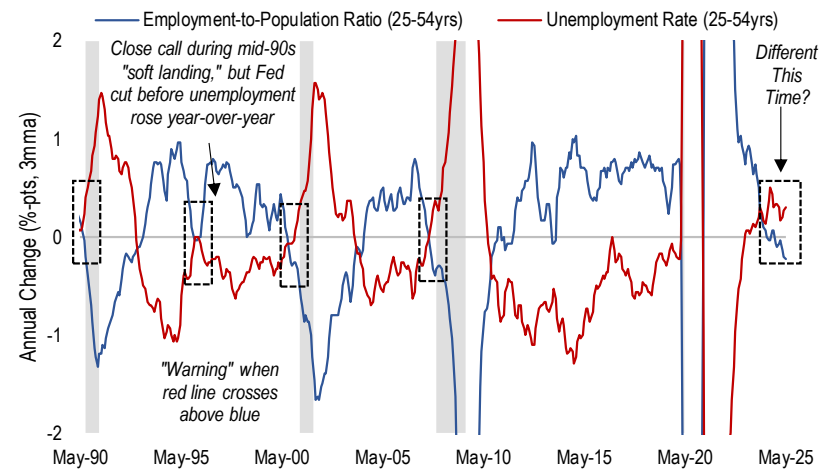
Housing Market Weakness Has Been a Clear Drag on Residential Specialty Trade Payrolls for Months



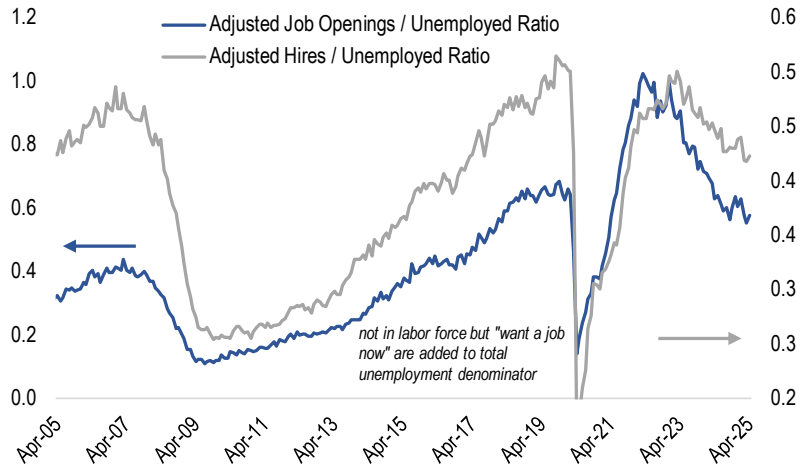
Unemployment Rate Has Drifted Higher and Risks Skew to a Further Rise



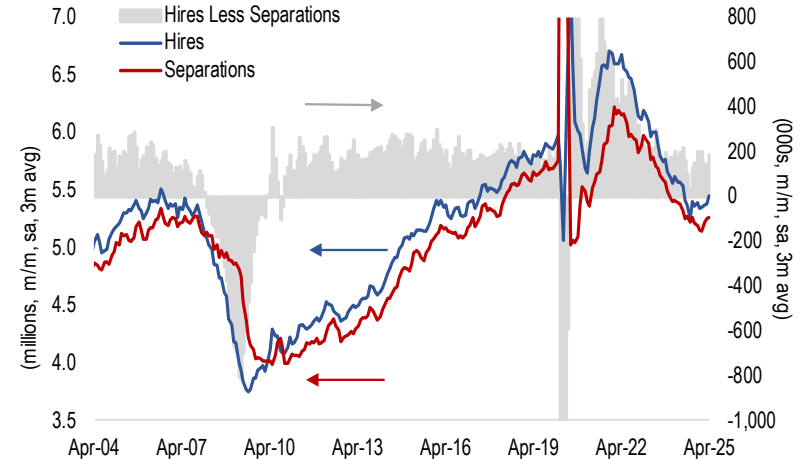
Continued Deterioration in Prime-Age Unemployment and Employment Rates Should Give the Fed Pause



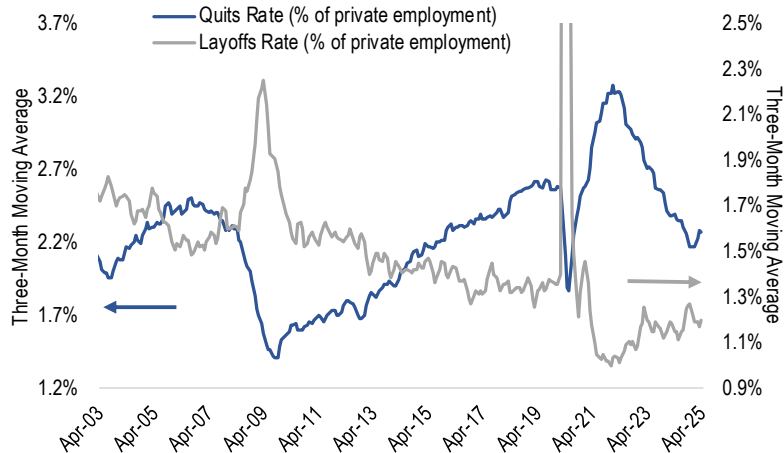
Job Market Signals Slight Demand Moderation with an Uncertain Outlook



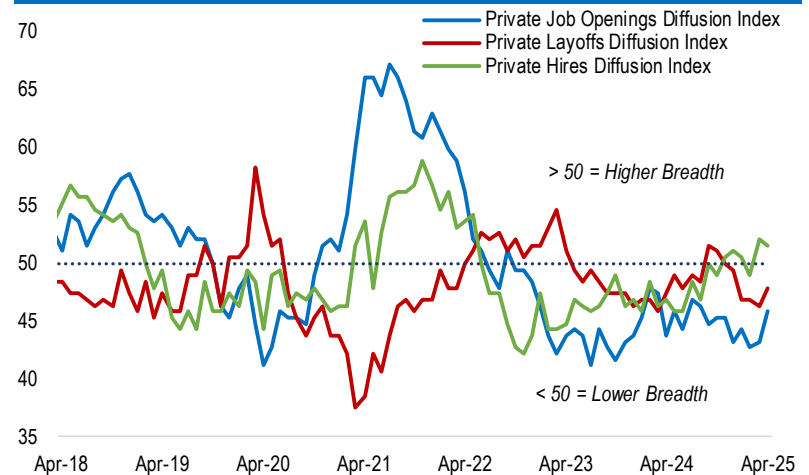
Net Job Growth Still Solid as Pace of Separations Remained Well below Hiring Pace



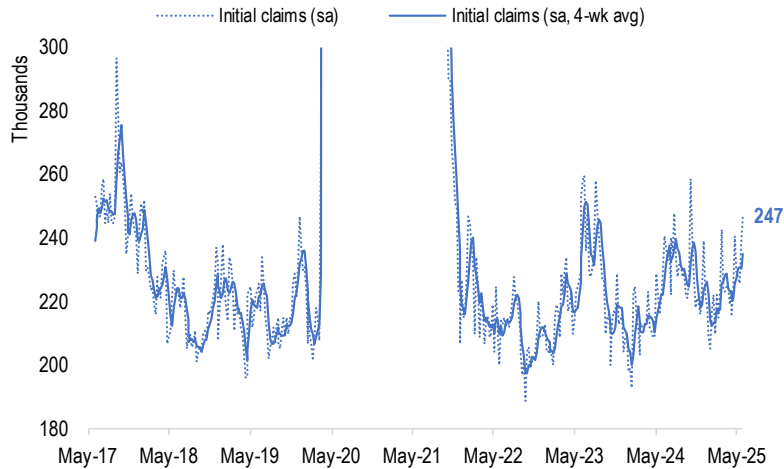
Smoothing through Monthly Noise, Quits and Layoffs, Rates Have Moved Mostly Sideways Since Last Summer



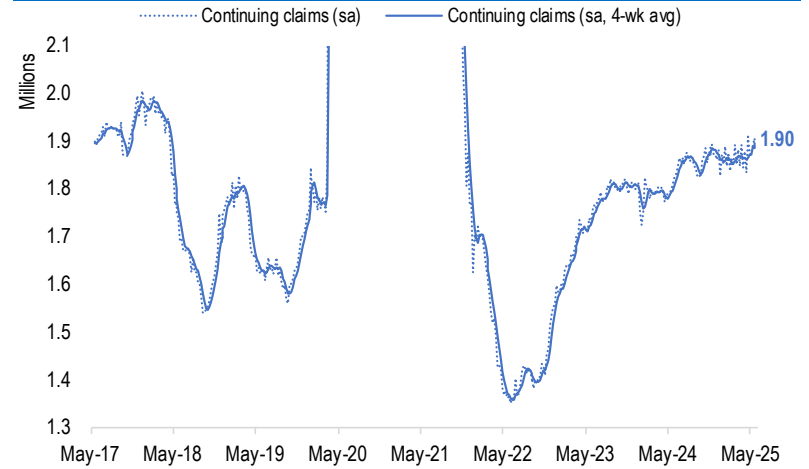
Layoffs Breadth Remained Low as Hiring Breadth Has Recovered



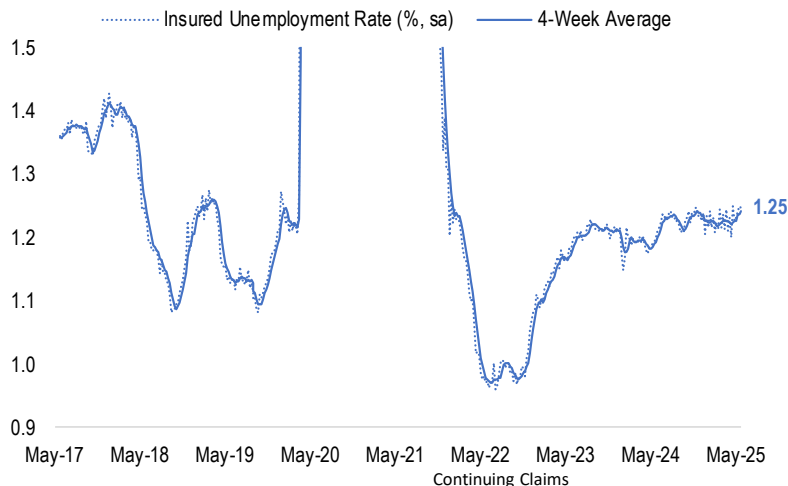
Initial Claims Climbed to 247k (SA), Highest Non-Weather/Strike-Impacted Level in Years



Continuing Claims Remained near Cycle High (1,904k SA) during the Week Ending May 24



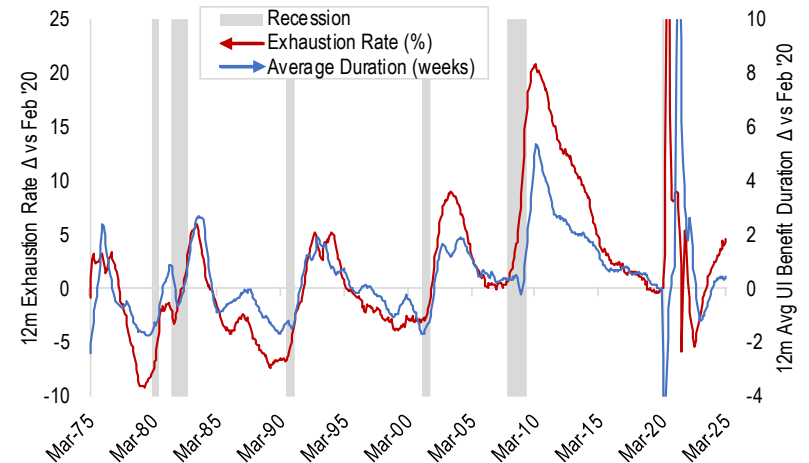
Normalizing for the Size of the Labor Force, Insured Unemployment Also Remained at a Post-Pandemic High



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

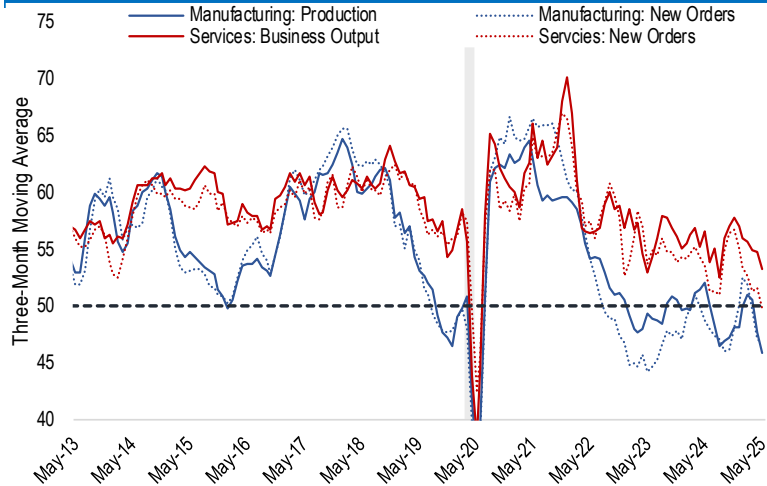
Sources: U.S. Department of Labor, Arch Global Economics

Share of UI Beneficiaries Exhausting Benefits Continued to Climb, Limiting Upside for Continuing Claims

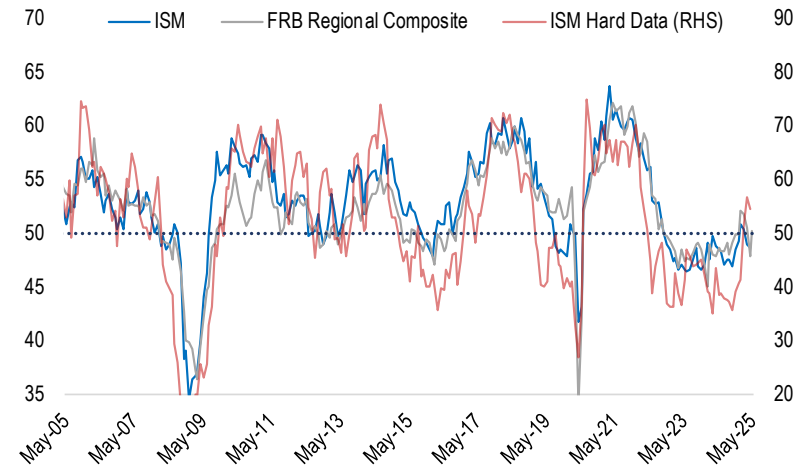


SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

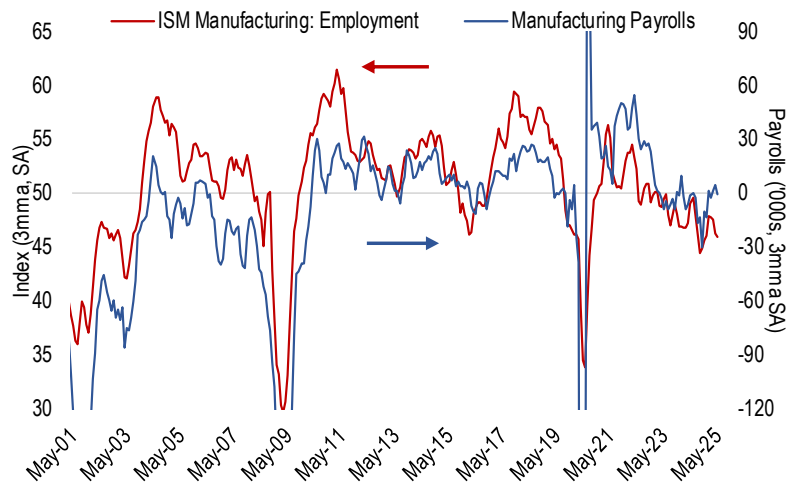
Manufacturing PMI Feeling Overhang of Frontloading While Services New Orders Found Another Leg Lower



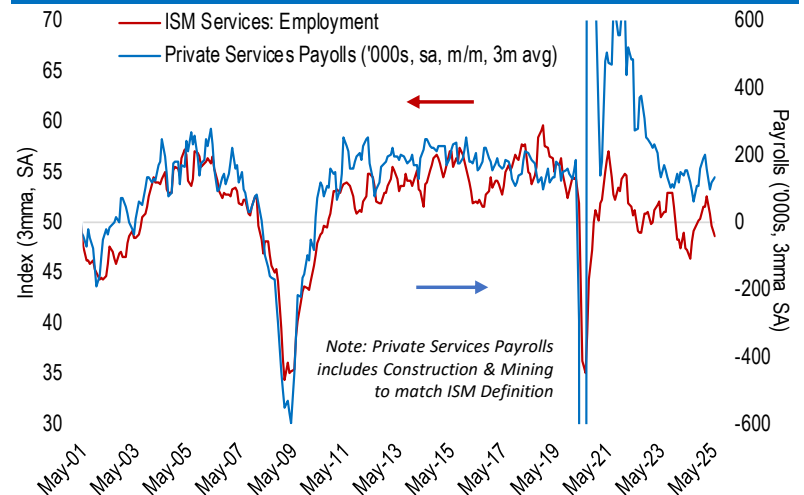
ISM "Hard Data" Still Elevated in April, but Survey Data Has Turned Lower in May



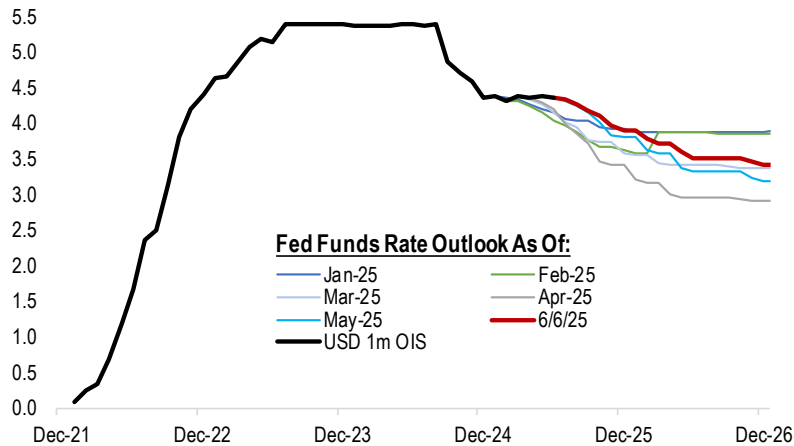
Manufacturing Payrolls Following the Pivot Lower in ISM Employment Index



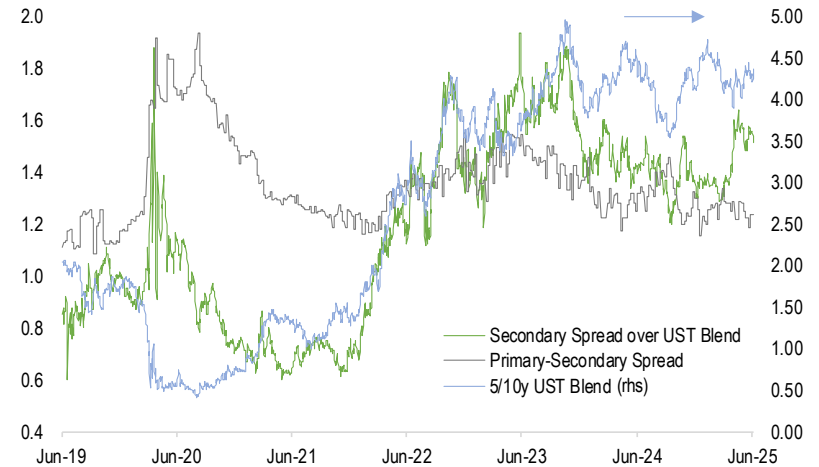
ISM Services Employment Showing More Weakness Than Actual Services Payrolls



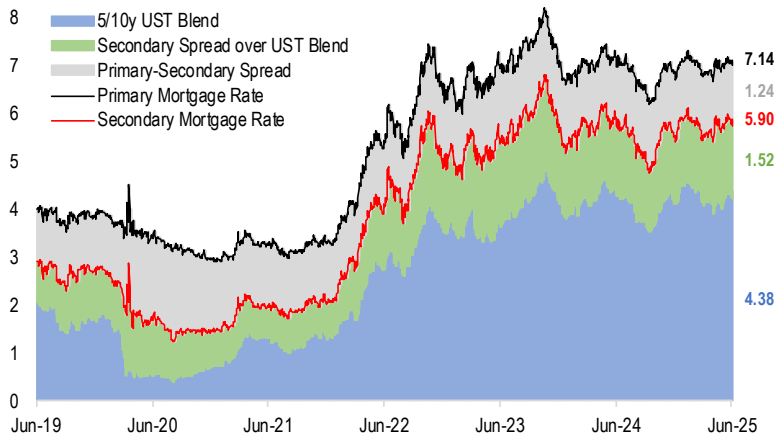
Market Back to Pricing in Two Rate Cuts in '25 and '26 vs. Two and Three Prior, Respectively



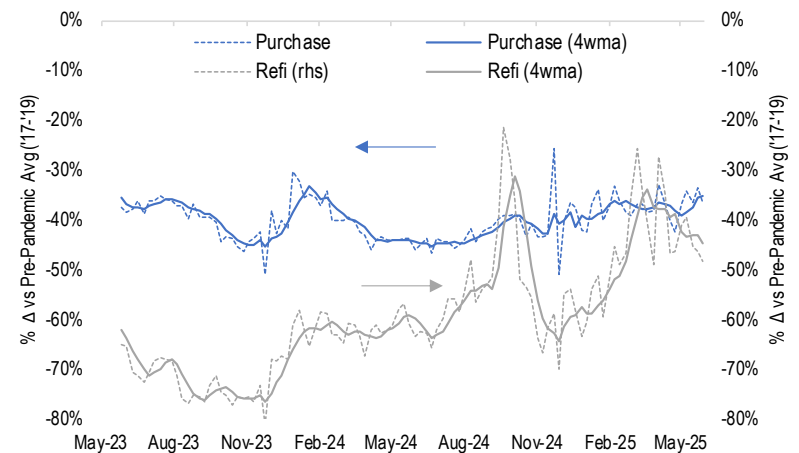
U.S. Treasury Yields Bounced Back 12bps Last Week and Mortgage Spreads Narrowed Slightly ...



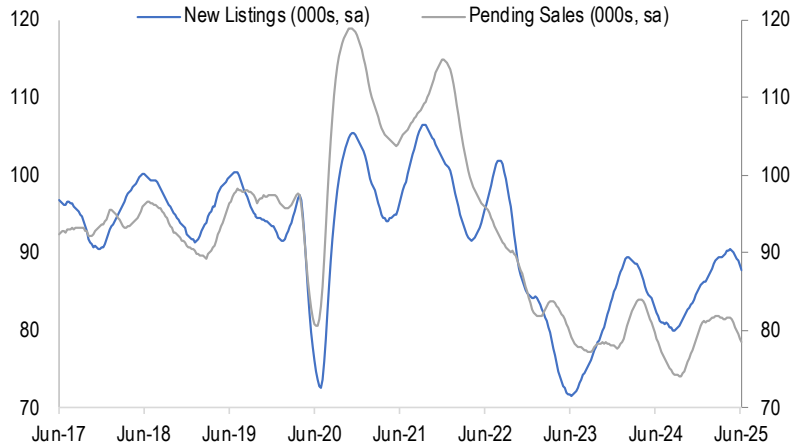
... Lifting Mortgage Rates Further above 7% for Yet Another Week



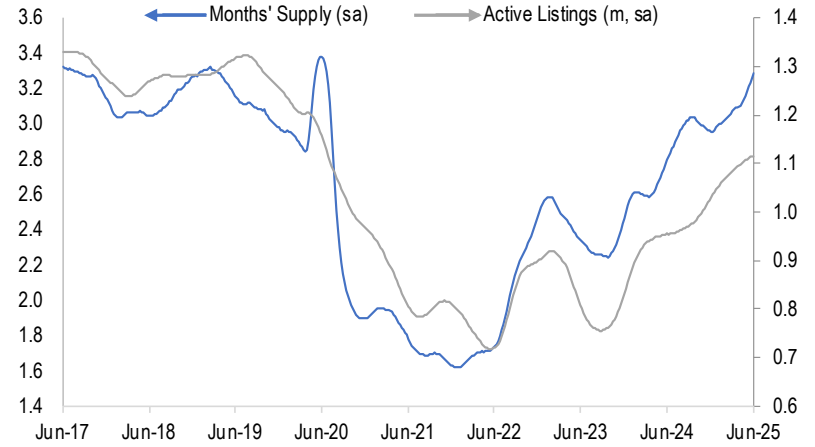
Purchase Apps Have Perked Up Recently, Suggesting Some Buyers Are Coming to Terms with Higher Rates



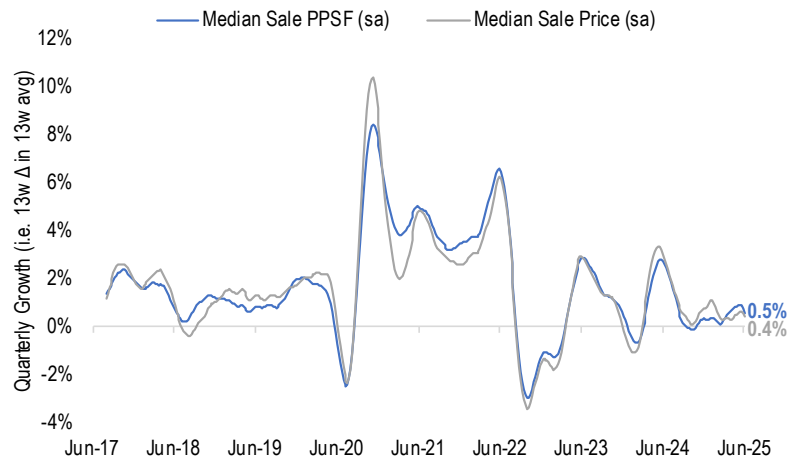
New Listings Have Cooled but Still Far Outpacing Pace of Pending Sales



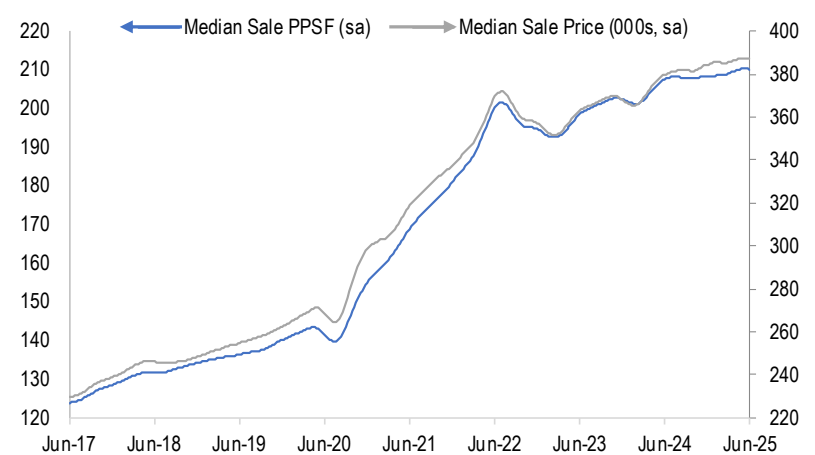
... Which Lifted Months' Supply Further above the Pre-Pandemic Level as Inventory Continued to Swell



Pace of Seasonally Adjusted Home-Price Growth Weakened into End of May



Home Prices Continued to Inch Slightly Higher in 2025 after Moving Mostly Sideways in 2H24



Annual Home Price Growth Has Slowed to a Crawl and Most 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	0.2%	-2.4%	4.0%	-0.2%	6.8%	1.6%	99.1%	-0.4%	-7.4	-11.9	14%	10%	-10%
Atlanta	-0.9%	0.5%	2.6%	1.7%	7.5%	2.5%	98.5%	-0.5%	13.2	2.0	18%	19%	-7%
Austin	-3.9%	-1.6%	3.2%	1.3%	9.1%	0.9%	97.7%	-0.2%	35.8	25.6	16%	132%	83%
Baltimore	1.1%	-0.4%	7.4%	1.9%	7.1%	1.6%	101.3%	-0.4%	-0.1	-4.8	18%	-18%	-35%
Boston	4.4%	1.7%	7.2%	0.7%	6.2%	1.8%	102.7%	-0.6%	9.0	8.3	19%	9%	-8%
Chicago	6.0%	-0.5%	5.9%	1.6%	3.5%	1.4%	100.6%	-0.2%	19.2	19.6	-1%	0%	-5%
Dallas	-4.5%	-2.7%	2.1%	3.8%	9.5%	2.7%	97.9%	-0.6%	14.9	3.0	31%	64%	18%
Denver	-4.6%	-2.7%	0.7%	1.8%	10.7%	1.3%	99.3%	-0.5%	9.8	3.3	39%	116%	49%
Houston	-1.5%	-1.7%	3.2%	1.7%	8.3%	2.4%	97.1%	-0.4%	8.6	-0.1	19%	21%	5%
Los Angeles	1.3%	-2.7%	1.9%	-2.9%	5.5%	2.1%	100.3%	-1.0%	1.0	-3.5	13%	42%	8%
Miami	5.2%	2.3%	1.8%	0.0%	4.9%	1.3%	95.2%	-1.0%	18.8	3.8	24%	56%	-8%
Minneapolis	1.0%	-1.3%	3.1%	1.8%	6.6%	1.8%	100.8%	0.1%	-0.7	-0.7	0%	1%	0%
Nashville	2.4%	0.9%	3.4%	1.7%	6.3%	1.9%	98.3%	-0.1%	5.7	-3.6	20%	42%	3%
New York	6.7%	-1.0%	5.3%	-0.9%	4.0%	0.6%	100.3%	0.0%	-42.8	-39.6	1%	-22%	-28%
Phoenix	-2.0%	-4.3%	1.2%	0.4%	8.0%	1.0%	98.1%	-0.3%	13.9	7.2	31%	73%	28%
Portland	0.7%	-1.5%	1.8%	1.5%	8.5%	1.6%	100.1%	-0.3%	6.0	2.5	13%	52%	27%
Riverside	-0.8%	-3.8%	2.2%	-0.4%	6.7%	2.2%	99.0%	-0.6%	-6.1	-11.6	15%	24%	1%
San Diego	-0.8%	-1.9%	1.1%	0.1%	7.3%	2.4%	99.4%	-1.4%	2.6	-3.9	27%	34%	0%
Seattle	-1.3%	-3.4%	5.2%	1.3%	7.7%	2.2%	100.7%	-1.6%	-0.3	-1.3	42%	86%	9%
Tampa	-0.4%	1.9%	3.0%	-0.2%	9.8%	0.7%	97.2%	-0.4%	6.3	-0.8	14%	73%	27%
Washington DC	1.4%	-4.6%	3.8%	-0.3%	6.2%	1.8%	100.3%	-1.3%	14.9	5.4	30%	28%	-9%

Data as of June 1, 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
6/9/25	10:00 AM	Wholesale Inventories m/m	Apr F	0.2	0.0	--	0.0	%, sa
6/9/25	10:00 AM	Wholesale Trade Sales m/m	Apr	0.1	0.3	0.8	0.6	%, sa
6/9/25	11:00 AM	NY Fed 1-Yr Inflation Expectations	May	3.2	3.5	--	3.6	%
6/10/25	6:00 AM	NFIB Small Business Optimism	May	--	96.0	--	95.8	index, sa
6/11/25	7:00 AM	MBA Mortgage Applications w/w	6/6/25	--	--	--	-3.9	%, sa
6/11/25	8:30 AM	CPI m/m	May	--	0.2	--	0.2	%, sa
6/11/25	8:30 AM	CPI Core (ex Food and Energy) m/m	May	--	0.3	--	0.2	%, sa
6/11/25	8:30 AM	CPI y/y	May	--	2.5	--	2.3	%, nsa
6/11/25	8:30 AM	CPI Core (ex Food and Energy) y/y	May	--	2.9	--	2.8	%, nsa
6/12/25	8:30 AM	PPI Final Demand m/m	May	--	0.2	--	-0.5	%, sa
6/12/25	8:30 AM	PPI Core (ex Food and Energy) m/m	May	--	0.3	--	-0.4	%, sa
6/12/25	8:30 AM	PPI Final Demand y/y	May	--	2.6	--	2.4	%, nsa
6/12/25	8:30 AM	PPI Core (ex Food and Energy) y/y	May	--	3.1	--	3.1	%, nsa
6/12/25	8:30 AM	Initial Jobless Claims	6/7/25	--	242	--	247	k, sa
6/12/25	8:30 AM	Continuing Claims	5/31/25	--	1,910	--	1,904	k, sa
6/13/25	10:00 AM	U. of Mich. Sentiment	Jun P	--	53.6	--	52.2	index, nsa
6/13/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jun P	--	6.4	--	6.6	nsa
6/13/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jun P	--	4.2	--	4.2	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
6/2/25	9:45 AM	S&P Global US Manufacturing PMI	May F	52.0	52.3	--	52.3	index, sa
6/2/25	10:00 AM	ISM Manufacturing	May	48.5	49.5	--	48.7	index, sa
6/2/25	10:00 AM	ISM Prices Paid	May	69.4	69.3	--	69.8	index, nsa
6/3/25	11:00 AM	Wards Total Vehicle Sales	May	15.7	16.0	--	17.3	m, saar
6/3/25	10:00 AM	Durable Goods Orders m/m	Apr F	-6.3	-6.3	--	-6.3	%, sa
6/3/25	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Apr F	-1.5	-1.3	--	-1.3	%, sa
6/3/25	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Apr F	-0.1	-0.1	--	-0.1	%, sa
6/3/25	10:00 AM	JOLTS Job Openings	Apr	7,391	7,100	7,200	7,192	k, sa
6/4/25	7:00 AM	MBA Mortgage Applications w/w	5/30/25	-3.9	--	--	-1.2	%, sa
6/4/25	8:15 AM	ADP Employment m/m	May	37	114	60	62	k, sa
6/4/25	9:45 AM	S&P Global US Services PMI	May F	53.7	52.3	--	52.3	index, sa
6/4/25	9:45 AM	S&P Global US Composite PMI	May F	53.0	52.1	--	52.1	index, sa
6/4/25	10:00 AM	ISM Services Index	May	49.9	52.0	--	51.6	index, nsa
6/5/25	8:30 AM	Nonfarm Productivity q/q	1Q F	-1.5	-0.8	--	-0.8	%, saar
6/5/25	8:30 AM	Unit Labor Costs q/q	1Q F	6.6	5.7	--	5.7	%, saar
6/5/25	8:30 AM	Initial Jobless Claims	5/31/25	247	235	239	240	k, sa
6/5/25	8:30 AM	Continuing Claims	5/24/25	1,904	1,910	1,907	1,919	k, sa
6/6/25	8:30 AM	Nonfarm Payrolls m/m	May	139	126	147	177	k, sa
6/6/25	8:30 AM	Private Payrolls m/m	May	140	120	146	167	k, sa
6/6/25	8:30 AM	Unemployment Rate	May	4.2	4.2	--	4.2	%, sa
6/6/25	8:30 AM	Labor Force Participation Rate	May	62.4	62.6	--	62.6	%, sa
6/6/25	8:30 AM	Average Hourly Earnings m/m	May	0.4	0.3	--	0.2	%, sa
6/6/25	8:30 AM	Average Hourly Earnings y/y	May	3.9	3.7	3.9	3.8	%, nsa
6/6/25	8:30 AM	Average Weekly Hours All Employees	May	34.3	34.3	--	34.3	sa
6/6/25	3:00 PM	Consumer Credit m/m	Apr	17.9	10.0	8.6	10.2	\$B, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

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