

Economic CALENDAR

April
2025

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Mortgage Economic Review April 2025

The **Mortgage Economic Review** is a monthly summary of Key Economic Indicators, Data, and Events pertinent to Mortgage, Housing, and Finance Professionals.

AT A GLANCE - Key Economic Events and Data released during March 2025

- **Interest Rates:** The 10-year Treasury yield rose to 4.23% (Mar 31) from 4.21% (Feb 28).
- **Housing:** Existing Home Sales rose 4.2% (-1.2% YoY), New Home Sales rose 1.8% (+5.1% YoY), and Home Prices are up about 4.5% YoY.
- **Labor:** The US Economy created 151,000 New Jobs in February. The Unemployment Rate rose to 4.1%. Wages are growing at 4.0% YoY.
- **Inflation:** CPI rose 0.2% in February (+2.8 YoY), and PCE rose 0.3% (+2.5% YoY).
- **The Economy:** US GDP grew at a 2.4% annualized rate in 4Q2024, up 2.8% YoY.
- **Consumers:** Retail Sales rose 0.2% in February (+3.1YoY), Consumer Confidence fell 7.2% (-9.9% YoY).
- **Stock Markets** fell in March: Dow -4.2%, S&P -15.8%, Nasdaq -8.2%.
- **Oil Prices** rose to \$71/Barrel (Mar 31) from \$69/Barrel (Feb 28).

Interest Rates and Fed Watch

As widely expected, the Fed kept the Fed Funds Rate unchanged after the last FOMC meeting on Mar 19th. Fed Funds Target Range continues to be 4.25% - 4.5%. Most Market Analysts still expect two 0.25% rate cuts this year, most likely in the Summer and Fall. The new Economic Boogeyman is "Tariff Inflation". Economists are concerned that Tariffs will raise Inflation - and - drive the Economy into a Recession. This double whammy of high Inflation and high Unemployment from a Recession may lead to 70's style "Stagflation". These scenarios are plausible. On the other hand, high Unemployment will give the Fed an excuse to drop rates.

Regardless of where the Economy ends up, we won't know until it shows up in the data, which will take several months. Despite the uncertainty and fear circulating in the Financial Markets, the Economy remains strong, Inflation is improving, Unemployment is 4.1%, and there are 7,700,000 jobs open. For now, the sky hasn't fallen yet.

- **10-Year T-Note Yield** rose to 4.23% (Mar 31) from 4.21% (Feb 28).
- **30-Year T-Bond Yield** rose to 4.59% (Mar 31) from 4.51% (Feb 28).
- **30-Year Mortgage** fell to 6.65% (Mar 27) from 6.76% (Feb 27).
- **15-Year Mortgage** fell to 5.89% (Mar 27) from 5.94% (Feb 27).

Housing Market Data Released during March 2025

We got some encouraging Housing Data - New, Existing, and Pending Homes Sales all posted positive numbers. There was also positive news about new construction. Single Family Starts and Completions were up significantly in February. Starts up 11.4% and Completions up 7.1%. Both are running at a pace of over a million homes per year. That will help with Inventory.

- **Existing Home Sales** (closed deals in February) rose 4.2% to an annual rate of 4,260,000 homes (3,890,000 SFR + 370,000 Condos), down 1.2% in the last 12 months. The median Single-Family Home price is \$402,500, up 3.7% YoY. The Median Condo price is \$355,100, up 3.5% YoY. Homes were on the market for an average of 42 days. Currently, 1,240,000 homes are for sale, up 17.0% YoY.
- **New Home Sales** (signed contracts in February) rose 1.8% to a seasonally adjusted annual rate of 676,000 homes, up 5.1% YoY. (683,000 New Homes were sold in 2024 and 668,000 in 2023). The median New Home price is \$414,500 (Peak of \$496,800 in Oct 2022). The average price is \$487,100 (Peak of \$568,700 in Dec 2022). There are approximately 500,000 New Homes for sale (compared to a low of 281,000 in October 2020), a 8.9 month supply.
- **Pending Home Sales Index** (signed contracts in February) rose 2.0% to 72.0, down 3.6% YoY.
- **Building Permits** (issued in February) fell 1.2% to a seasonally adjusted annual rate of 1,456,000 units - down 6.8% YoY. Single-Family Permits fell 0.2% to an annual pace of 992,000 homes, down 3.4% YoY.
- **Housing Starts** (excavation began in February) rose 11.2% to a seasonally adjusted annual rate of 1,501,000, down 2.9% YoY. Single-Family Starts rose 11.4% to 1,108,000 units, down 2.3% YoY.
- **Housing Completions** (completed in February) fell 4.0% to a seasonally adjusted annual rate of 1,592,000 units - down 6.2% YoY. Single-Family Completions rose 7.1% to an annual adjusted rate of 1,066,000 homes - down 1.0% YoY.
- **S&P/Case-Shiller 20 City Home Price Index** rose 0.5% in January, up 4.7% YoY.
- **FHFA Home Price Index** rose 0.2% in January, up 4.8% YoY.
- **NAHB Index** for March fell 7.1% to 39 from 42 the prior month, down 23.5% YoY.

Labor Market Economic Data Released during March 2025

The **Economy** created 151,000 New Jobs during February while the Unemployment Rate rose slightly to 4.1%. The Labor Market continues to plug along at a robust pace. However, there was a revision in the Labor Data: Worker Productivity in 2024 was revised to 2.0%, and 3.1% 2023. The Economy Lives and dies by Productivity - it is the single most important factor that drives our Standard of Living upward. It is especially important during times of high Inflation. Higher Productivity allows businesses to absorb higher Labor Costs and keep prices low. So a 1.1% drop in Productivity from 2023 to 2024 is not good. Why the drop? No one knows, but one theory blames it on Work-from-Home. Productivity concerns are why many businesses want workers to return to the office.

- The **Economy** created 151,000 New Jobs during February and 143,000 in January.
- The **Unemployment Rate** rose to 4.1% in February from 4.0% in January.
- The **Labor Force Participation Rate** fell to 62.4% during February from 62.6% in January.
- The **Average Hourly Wage** rose 0.3% during February, up 4.0% YoY.
- **Job Openings** rose to 7,760,000 in January from 7,500,000 in December, down 728,000 over the year. In 2024, the annual average job openings level was 7,800,000, a decrease of 1,500,000 from 2023.
- **Productivity** was revised up to 1.5% from 1.2% during 4Q2024, up 2.0% in 2024 and 3.1% in 2023.

Inflation Economic Data Released during March 2025

Inflation Data was mixed - the CPI was down, but the PCE was up. At this point, Inflation could be re-accelerating. "Could" is the keyword, but there is no clear picture of Inflation's path. While the headline CPI and PCE numbers have been bouncing around, Core PCE stayed at 2.7% to 2.8% since April 2024. "Tariff Inflation" is the latest Economic phrase plastered all over the Financial Media. Higher Tariffs can lead to higher prices and exacerbate Inflation. How much will it increase Inflation nobody knows. The uncertainty of Tariff effects and uncertainty of future Inflation rattled the Financial Markets in March.

- **CPI** rose 0.2%, up 2.8% YoY | **Core CPI** rose 0.2%, up 3.1% YoY
- **PPI** moved 0.0%, up 3.2% YoY | **Core PPI** rose 0.2%, up 3.3% YoY
- **PCE** rose 0.3%, up 2.5% YoY | **Core PCE** rose 0.4%, up 2.8% YoY

GDP Economic Data Released during March 2025

The 3rd and final estimate of 4th Quarter 2024 GDP showed the **US Economy** grew at a 2.4% annualized rate. This final data point pegs 2024 US GDP at 2.8%. Forecasts for 2025 GDP are all over the board, ranging from +2.0% to -3.0 (a 3.0% drop in GDP is a nasty Recession). At this point, it's all speculation, and there is a lot of uncertainty in the Markets - and the Markets don't like uncertainty. Next month, we'll get a first look at 1st quarter 2025 GDP. Stay tuned.

Consumer Economic Data Released during March 2025

The US Consumers' attitude turned gloomy in February, which is reflected in the decrease in Consumer Confidence. Four years of Inflation have taken its toll. The exorbitant prices of necessities like Homes, Cars, Insurance, and food has depressed Consumer psyche. That depression will eventually be reflected in Consumers' spending habits. Despite all the gloominess, the Consumer's balance sheet is in good health. They have profits in the Stock Markets, savings in the Bank, and record equity in their Homes with 3.0% Mortgage Rates from 2021.

- **Retail Sales** rose 0.2% during February, 3.1% in the last 12 months.
- **Consumer Confidence Index** fell 7.2% to 92.9 from a revised 100.1, down 9.9% YoY.
- **Personal Income** rose 0.8% in February, up 4.4% YoY.
- **Personal Spending** rose 0.4% in February, up 5.3% YoY.
- **Personal Savings Rate** rose to 4.6% in February from a revised 4.3% in January.

Energy, International, and Things You May Have Missed

- **West Texas Intermediate Crude** rose to \$71/Barrel (Mar 31) from \$69/Barrel (Feb 28).
- **North Sea Brent Crude** rose to \$75/Barrel (Mar 31) from \$73/Barrel (Feb 28).
- **Gasoline** (Wholesale Futures) rose to \$2.28/Gal (Mar 31) from \$1.97/Gal (Feb 28).
- **Natural Gas** rose to \$4.13/MMBtu (Mar 31) from \$3.83 /MMBtu (Feb 28).
- President Trump imposed several new Tariffs on Mexican, Canadian, and European Imports, including cars.
- The Stock Markets fell significantly due to the uncertainty surrounding the impact of Tariffs on Global Economies, Inflation, and Geopolitics.

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