

# Economic CALENDAR

May  
2025

Monday	Tuesday	Wednesday	Thursday	Friday
			<b>1</b> ISM Manufacturing Construction Spending Weekly Jobless Claims	<b>2</b> <b>Employment Report</b> Factory Orders
<b>5</b> ISM Non-Manufacturing Index	<b>6</b> <b>FOMC Meeting</b> Trade Balance	<b>7</b> <b>FOMC Meeting &amp; Statement</b> Consumer Credit MBA Mortgage Applications	<b>8</b> Productivity Weekly Jobless Claims	<b>9</b>
<b>12</b> Fed Budget	<b>13</b> <b>CPI</b> NFIB Business Optimism	<b>14</b> MBA Mortgage Applications	<b>15</b> <b>PPI, Retail Sales</b> , NAHB Index, Business Inventories Industrial Production Weekly Jobless Claims	<b>16</b> <b>Housing Starts &amp; Permits</b> Import-Export prices Consumer Sentiment
<b>19</b> Leading Economic Indicators	<b>20</b>	<b>21</b> MBA Mortgage Applications	<b>22</b> <b>Existing Home Sales</b> Weekly Jobless Claims	<b>23</b> <b>New Home Sales</b>
<b>26</b> <b>Memorial Day</b> Markets Closed	<b>27</b> Consumer Confidence Durable Goods S&P CS Home Price Index FHFA Home Price Index	<b>28</b> <b>FOMC Minutes</b> MBA Mortgage Applications	<b>29</b> <b>GDP</b> Pending Home Sales Weekly Jobless Claims	<b>30</b> <b>PCE</b> Personal Income & Spending Consumer Sentiment



## Mortgage Economic Review May 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 April 2025

- **Interest Rates:** The 10-year Treasury yield fell 4.17% (Apr 30) from 4.23% (Mar 31).
- **Housing:** Existing Home Sales fell 5.9% (-2.4% YoY), New Home Sales rose 7.4% (+6.0% YoY), and Home Prices are up 4.0% - 4.5% YoY.
- **Labor:** The US Economy 177,000 New Jobs during April and 185,000 in March. The Unemployment Rate rose to 4.2% in March and April. Wages are growing at 3.8% YoY.
- **Inflation:** CPI fell 0.1% in March (+2.4 YoY), and PCE moved 0.0% (+2.3% YoY).
- **The Economy:** US GDP contracted at a 0.3% annualized rate in 1Q2025, up 2.1% YoY.
- **Consumers:** Retail Sales jumped 1.4% in March (+4.6% YoY), and Consumer Confidence fell 8.4% (-11.8% YoY).
- **Stock Markets** fell in April: Dow -3.2%, S&P -0.8%, Nasdaq +0.1%.
- **Oil Prices** fell to \$58/Barrel (Apr 30) from \$71/Barrel (Mar 31).

### Interest Rates and Fed Watch

Extreme volatility rocked the Financial Markets after President Trump announced large Tariff increases imposed against US trading Partners. Despite the volatility, by the end of April the yield curve had steepened with short-term Interest Rates slightly lower and long-term rates slightly higher. Additionally, the US Dollar weakened substantially against other currencies. The Trump Administration wants the Fed to lower Interest Rates. However, the Fed insisted they maintain the current Monetary Policy until the data shows that Inflation has resumed a downward path to a 2.0% target. Coincidentally, the CPI and PCE were considerably lower than Economists had expected. After another month or two of favorable Inflation Data, the Fed will probably lower the Interest Rates again. The next FOMC Meeting is May 6th and 7th. At this point, Fed Watchers don't expect an Interest Rate cut in May, but they are hoping for one in June.

- **10-Year T-Note Yield** fell to 4.17% (Apr 30) from 4.23% (Mar 31).
- **30-Year T-Bond Yield** rose to 4.66% (Apr 30) from 4.59% (Mar 31).
- **30-Year Mortgage** rose to 6.76% (Apr 30) from 6.65% (Mar 27).
- **15-Year Mortgage** rose to 5.92% (Apr 30) from 5.89% (Mar 27).

### Housing Market Data Released during April 2025

The Housing Data released in April was mixed. Existing Home Sales declined while New and Pending Home Sales increased. The good news is that Inventory continues to grow. In the past 12 months, the Inventory of Existing Homes for sale grew 20% to 1,330,000, while the Inventory of New Homes for sale grew 6.0% to 503,000. A sudden rise in Mortgage Rates dampened Existing Home Sales in April.

- **Existing Home Sales** (closed deals in March) fell 5.9% to an annual rate of 4,020,000 homes (3,640,000 SFR + 380,000 Condos), down 2.4% in the last 12 months. The median Single-Family Home price is \$408,000, up 2.9% YoY. The Median Condo price is \$363,000, up 1.5% YoY. Homes were on the market for an average of 36 days. Currently, 1,330,000 homes are for sale, up 19.8.0% YoY.
- **New Home Sales** (signed contracts in March) rose 7.4% to a seasonally adjusted annual rate of 724,000 homes, up 6.0% YoY. (683,000 New Homes were sold in 2024 and 668,000 in 2023). The median New Home price is \$403,600 (Peak of \$496,800 in Oct 2022). The average price is \$497,700 (Peak of \$568,700 in Dec 2022). There are approximately 503,000 New Homes for sale, up 7.9% YoY (compared to a low of 281,000 in October 2020).
- **Pending Home Sales Index** (signed contracts in March) rose 6.1% to 76.5, down 0.6% YoY.
- **Building Permits** (issued in March) rose 1.6% to a seasonally adjusted annual rate of 1,482,000 units - down 0.2% YoY. Single-Family Permits fell 0.2% to an annual pace of 978,000 homes, down 0.6% YoY.
- **Housing Starts** (excavation began in March) fell 11.4% to a seasonally adjusted annual rate of 1,324,000, up 1.9% YoY. Single-Family Starts fell 14.2% to 940,000 units, down 9.7% YoY.
- **Housing Completions** (completed in March) fell 2.1% to a seasonally adjusted annual rate of 1,549,000 units - up 3.9% YoY. Single-Family Completions rose 0.9% to an annual adjusted rate of 1,029,000 homes - up 9.6% YoY.
- **S&P/Case-Shiller 20 City Home Price Index** rose 0.4% in February, up 4.5% YoY.
- **FHFA Home Price Index** rose 0.1% in February, up 3.9% YoY.
- **NAHB Index** for April rose 2.6% to 40 from 39 the prior month, down 21.6% YoY.

## Labor Market Economic Data Released during April 2025

The **Economy** created 177,000 New Jobs during April and 185,000 in March. February new Jobs were revised down to 102,000. Over the past 12 months, monthly New Jobs have averaged 152,000. The Unemployment Rate has been bouncing around the 4.0% mark for about a year but expect this to creep up over the next several months. These are healthy Job Reports despite all the news about government layoffs. According to the Bureau of Labor Statistics (BLS), "Employees on paid leave or receiving ongoing severance pay are counted as employed." Those layoffs won't impact the Unemployment Rate for a few months after the severance runs out.

- The **Economy** created 177,000 New Jobs during April and 185,000 in March.
- The **Unemployment Rate** was unchanged in April from 4.2% in March and 4.1% in February.
- The **Labor Force Participation Rate** rose 62.6 in April from 62.5% in March and 62.4% in February.
- The **Average Hourly Wage** rose 0.2% during April and 0.3% in March, up 3.8% YoY.
- **Job Openings** fell to 7,192,00 in March and 7,480,000 in February from 7,760,000 in January. In 2024, the annual average job openings level was 7,800,000.

## Inflation Economic Data Released during April 2025

The Inflation Data released in April came in much lower than Analysts had expected. The CPI edged lower while the PCE was unchanged. Much of the decline can be attributed to lower Energy prices. Gasoline Prices were down 6.3% in April and 9.8% in the last 12 months. The main drivers of Inflation over the past 2 years has been the increased cost of shelter, energy, food, and vehicles. The latest CPI Data shows that Food Prices were up 4.0% in the last 12 months, Shelters up 4.0%, Used Cars up 0.6%, Energy down 3.3%, gasoline down 9.8%. Inflation was on a downward slope in 2024 but began re-accelerating in January. Tariffs' effect on Inflation and the Economy has dominated the Financial News for 3 months, and no one really knows how this will shake out. That's why the uncertainty continues.

- **CPI** fell 0.1%, up 2.4% YoY | **Core CPI** rose 0.1%, up 2.8% YoY
- **PPI** fell 0.4%, up 2.7% YoY | **Core PPI** rose 0.1%, 3.4% YoY
- **PCE** moved 0.0%, up 2.3% YoY | **Core PCE** moved 0.0%, up 2.6% YoY

## GDP Economic Data Released during April 2025

The 1st estimate of 1st Quarter 2025 GDP showed the **US Economy** contracted at a 0.3% annualized rate, up 2.1% YoY. Market Analysts expected GDP to grow 0.4% for the quarter. This is the first negative GDP decline since 2022. Why the surprise drop? Much of the contraction was due to a surge of imports which counts as a negative for GDP calculations. Imports surged because Consumers and businesses were stocking up before Tariffs take effect. The Import Surge is also reflected in a jump in Retail Sales and a 2.3% rise in Inventories. Even though this is the first negative GDP number we have seen in a long time, it does not mean the Economy is headed for a Recession - but odds of a Recession have increased. The US Economy is 70% Consumer based, and Consumer Spending and Employment are still strong. It will be interesting to see how they hold up as Tariffs take effect.

## Consumer Economic Data Released during April 2025

It's unusual to see a surge in Retail Sales (up 1.4%) next to a drop in Consumer Confidence (down 8.4%). Consumer Confidence is down 24% from a peak in November 2024. This is also the lowest Consumer Confidence has been since the Pandemic. Retail sales jumped because Consumers were stocking up on the big-ticket items before Tariffs hit. Confidence has dropped because Consumers are concerned about the effects of Tariffs on their cost of living and job security. Consumers are worried, but if you look at the data, Consumer Financial Health is very good. They have equity in their homes, money in the bank, gains in the Stock Market, relatively low debt, and security in their jobs. Despite all the positive aspects, the uncertainty of Tariffs exerted profound negative effects on Consumer psychology and behavior in the last 3 months.

- **Retail Sales** jumped 1.4% during March, up 4.6% in the last 12 months.
- **Consumer Confidence Index** fell 8.4% to 86.0 from 93.9, down 11.8% YoY.
- **Personal Income** rose 0.5 in March, up 4.3% YoY.
- **Personal Spending** rose 0.7% in March, up 5.6% YoY.
- **Personal Savings Rate** fell to 3.9% in March from a revised 4.1% in February.

## Energy, International, and Things You May Have Missed

- **West Texas Intermediate Crude** fell to \$58/Barrel (Apr 30) from \$71/Barrel (Mar 31).
- **North Sea Brent Crude** fell to \$63/Barrel (Apr 30) from \$75/Barrel (Mar 31).
- **Gasoline** (Wholesale Futures) fell to \$2.04/Gal (Apr 30) from \$2.28/Gal (Mar 31).
- **Natural Gas** fell to \$3.35/MMBtu (Apr 30) from \$4.13/MMBtu (Mar 31).
- The European Central Bank lowered Interest Rates by 0.25%.
- Pope Francis passed away on April 21, 2025, at the age of 88. A Conclave to select a new Pope starts on May 7th.
- Mark Carney (Liberal Party) was elected as Prime Minister of Canada.

## **Click n' Close Mortgage TPO Lending**

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