



HaMMR Digest

Stay current with economic and mortgage market trends.

February 2, 2026

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Just the Facts

- **Key Takeaway:** A data dependent Fed kept rates on hold acknowledging that risks have grown more balanced around labor markets and inflation.
- **Macro Implications:** A prolonged hold on rates remains a key risk as without labor deterioration or disinflation, the Fed will be sidelined.
- **Housing Implications:** A steady Fed funds rate at the minimum lends support for suppressed rate volatility, which should help stabilize mortgage rates.

Macro: Domestic Goods Production Perks Up

- Real capital goods orders trending higher, matching sector sentiment rebound.
- 4Q25 real GDP growth to be solid despite the government shutdown.
- Tariff shadow remains amid latest actions on Canada and oil exporters to Cuba.

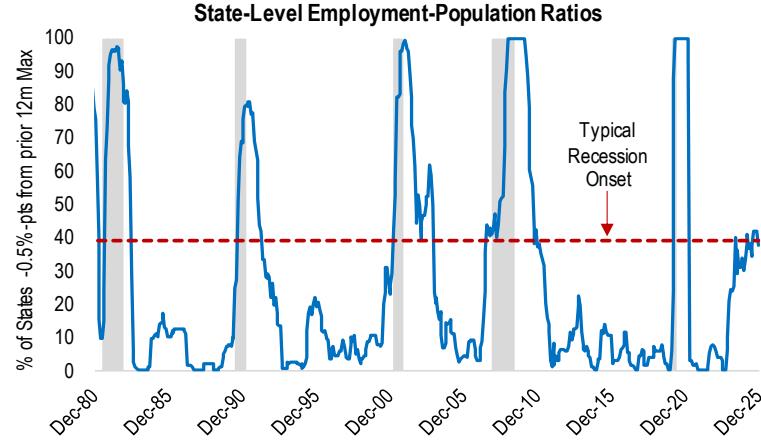
Rates: Hold and Wait

- 10y UST yield held at 4.23% as a humdrum FOMC decision offset a firm PPI report.
- Front end yields dipped as Fed Chair nominee Warsh is seen favoring rate cuts.
- Two 25bps Fed rate cuts remain the most likely path this year per market pricing.

Housing: Encouraging Signals

- After strong move lower to start the year, mortgage rates stabilize in low-6% range.
- Nonetheless, pending sales and new listings have shown signs of improvement.
- Median days on market still elevated and should keep prices in check near term.

The Labor Market Momentum Showed Broad-Based Improvement through the End of 2025 ...



Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, University of Michigan, Conference Board, Arch Global Economics

Consumer Confidence: Down, Down, Down but Not for Long

- Consumer confidence in January remains at depressed levels.
- Deterioration led by labor conditions and household financial health.
- Stabilization in hiring will support sentiment and better balance spending.

Producer Inflation: Sizzling

- Headline and core PPI inflation firmed ahead of expectations in December.
- Consumer goods, metals and machinery price growth accelerated in Q4.
- Late-stage demand price pressures remain across services and goods.

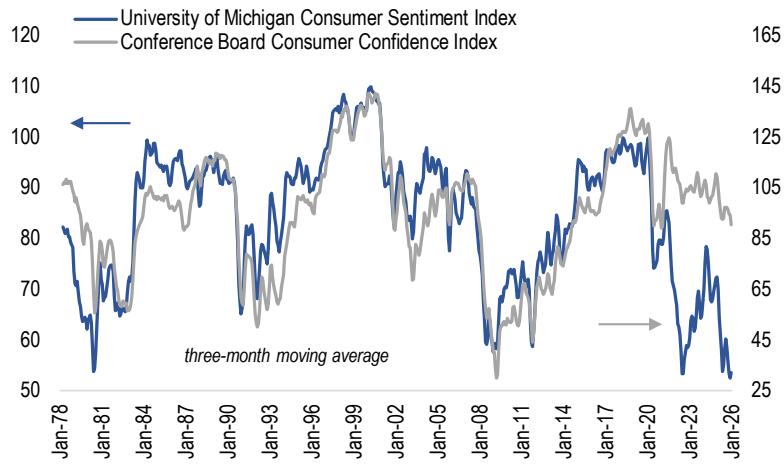
Regional Business Surveys: Cheers to Better Times Coming

- Current activity measures through January continue to percolate positively.
- Employment measures suggest firms are less reluctant to add staff.
- Cost pressures remain, but at a muted pace consistent with gradual disinflation.

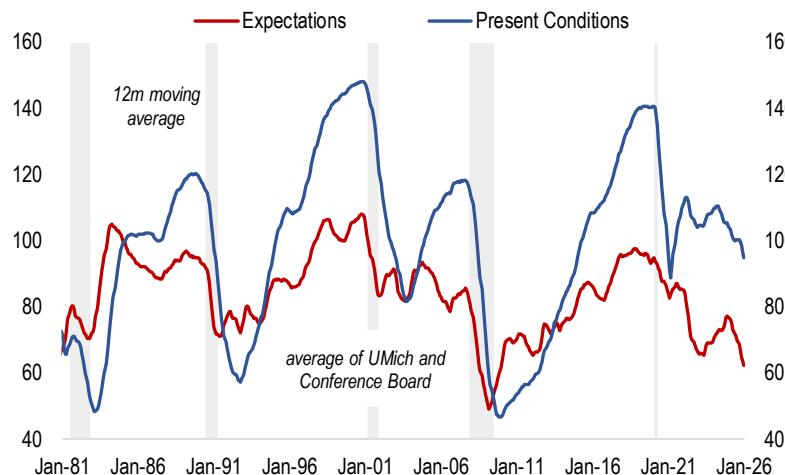
... Which Will Carry Forward in 2026, Supporting a Sentiment Rebound and Putting a Floor under Spending



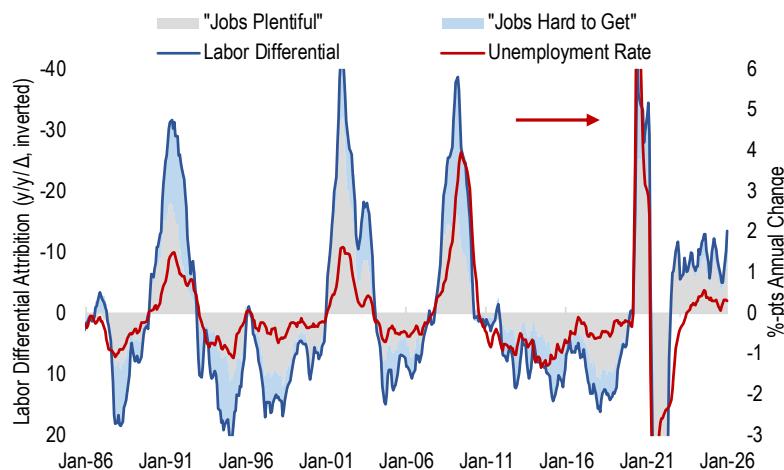
Consumer Sentiment Measures Continue to Bounce Along Historically Low Readings ...



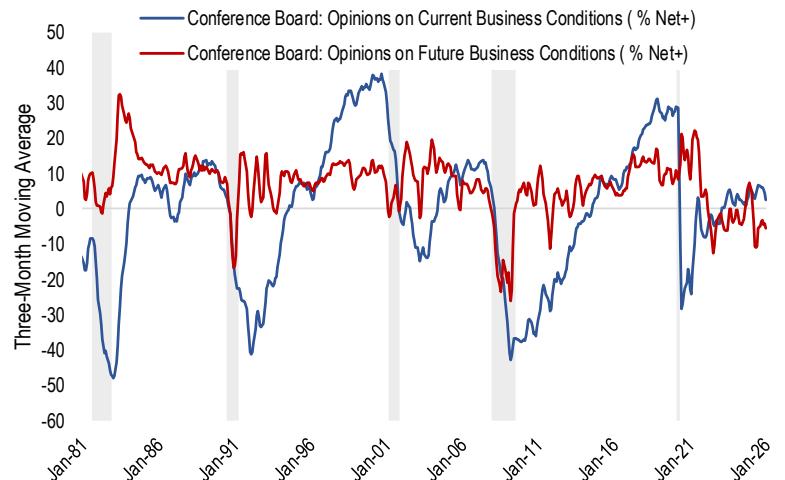
... Driven Primarily by Pessimism over Future Expectations on Inflation and Labor Prospects



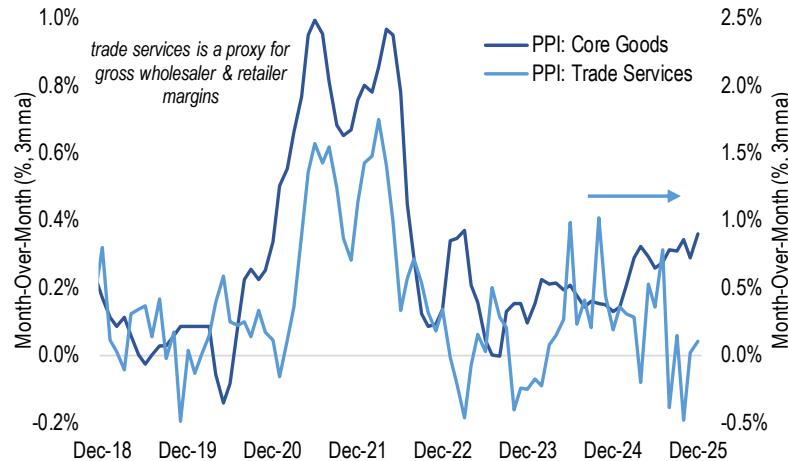
Despite a Sluggish Labor Market, Consumer Perceptions of "Jobs Hard to Get" Remained Muted



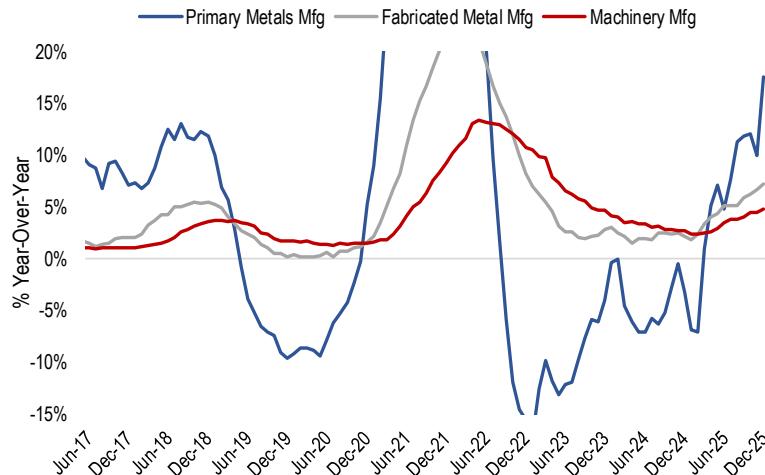
Consumer Outlook on Future Business Conditions Deteriorated after Steadily Improving



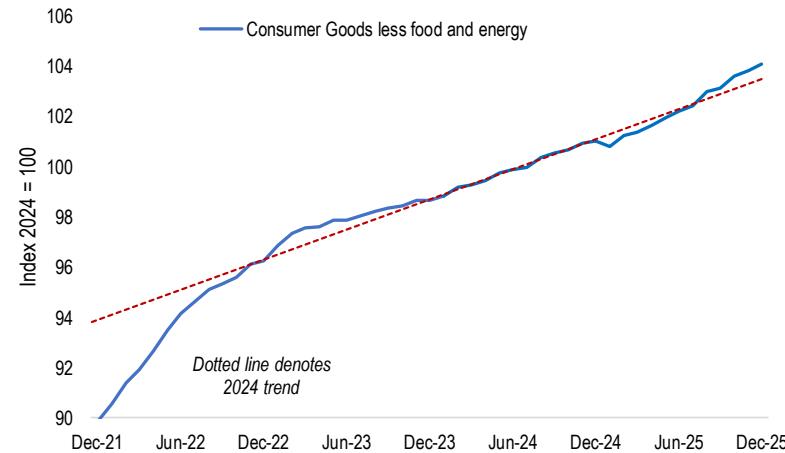
Core Producer Price Inflation Firmed in 4Q25 While Trade Margins Rebounded, Led by Durable Goods



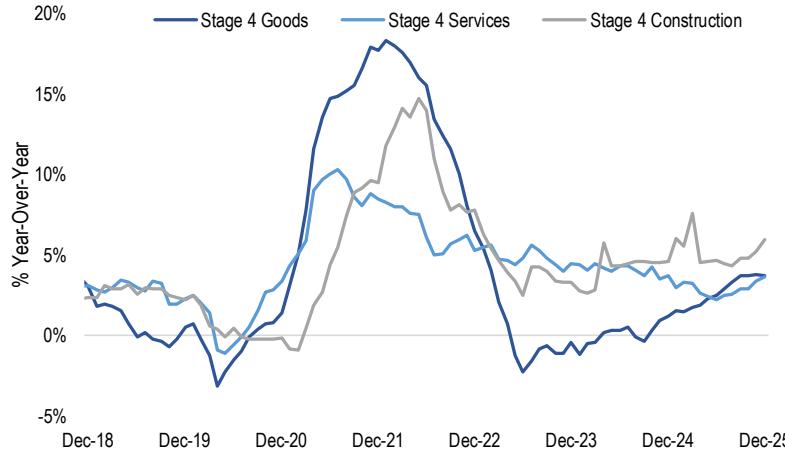
Metals and Machinery Producer Prices Keep Progressing Higher ...



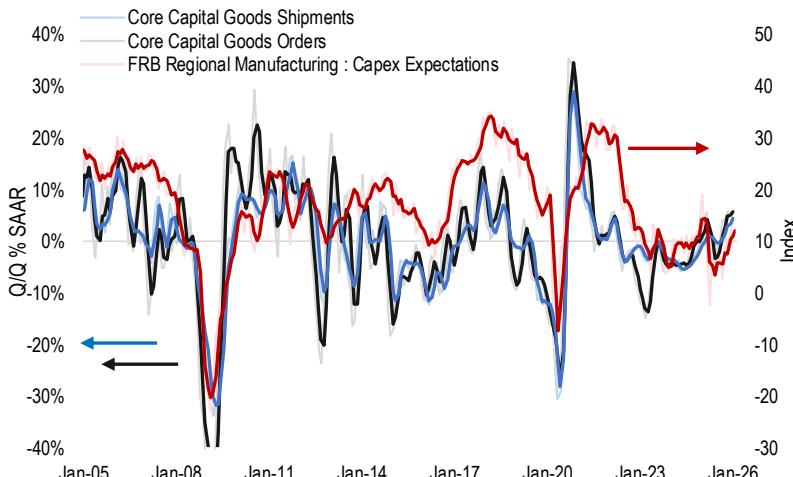
Goods Prices Are Unlikely to Ease Near Term as Firms Replenish Stocks via Imports or Domestic Production



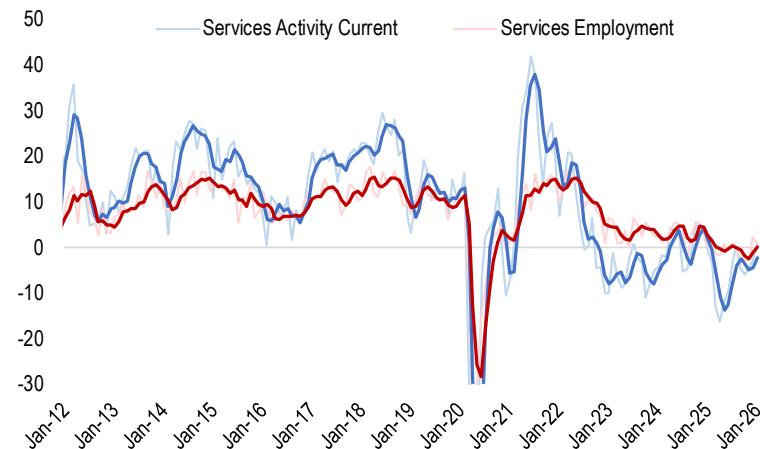
... Also Evident across Late-State Production That Will Feed into Margin Compression or Consumer Prices



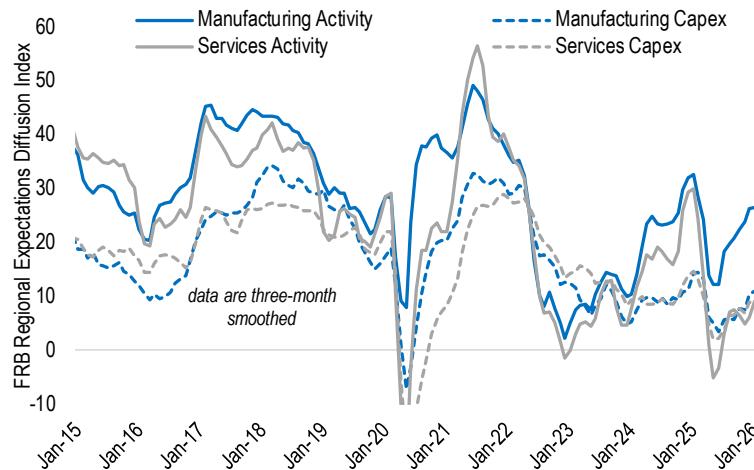
Goods Production Looks to Be Firming with Heavy Lift Coming from Tech-Related Components



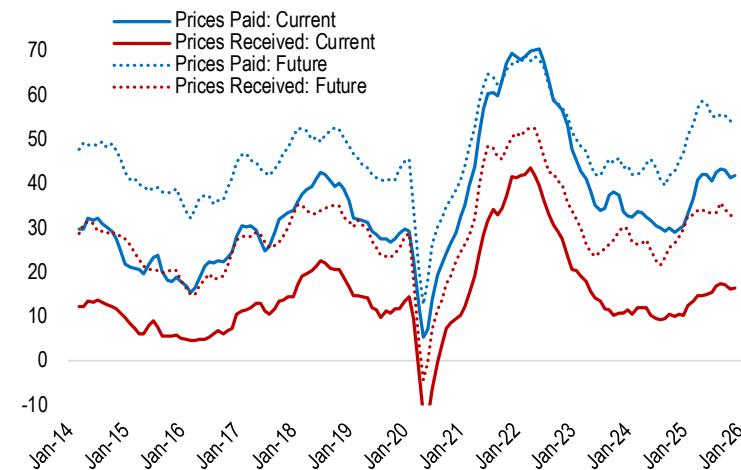
Services Industry Weakness Apparent Last Summer Has Seemingly Eased, a Positive Sign for Employment



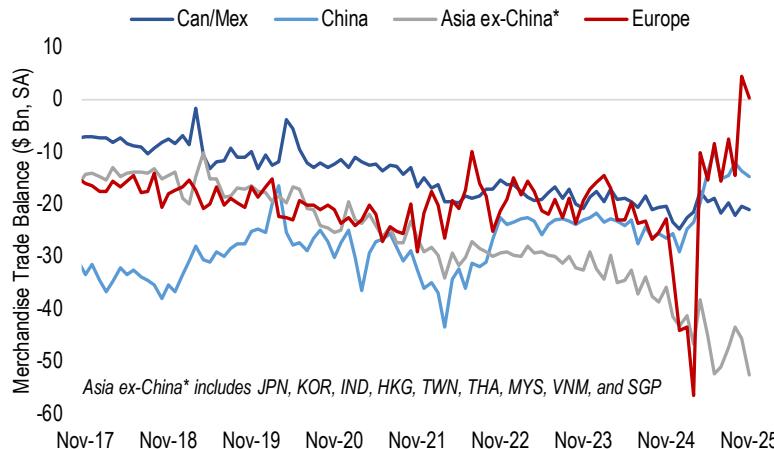
Business Expectations Have Turned from “Cautiously Optimistic” to “We Are Open for Business”



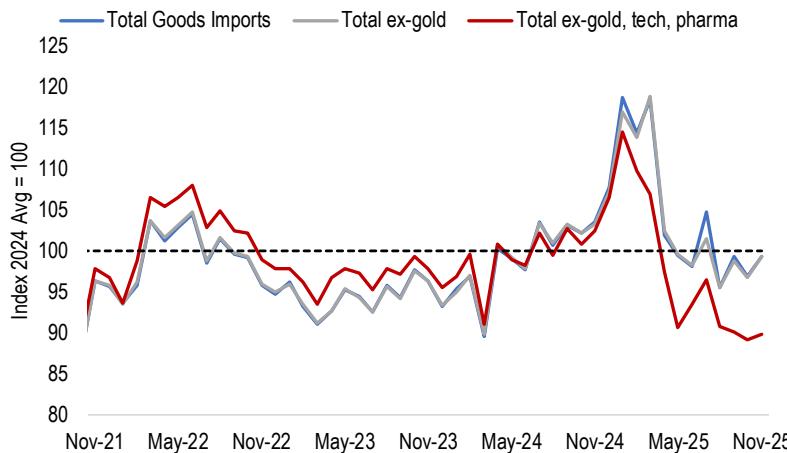
All-Industry Pricing Dynamics Imply That Cost Impulse Has Lessened but Overall Costs Remain Higher



Whipsaw from Trade Policies Still Lingering as Overall Trade Balance Mix Finds New Normal

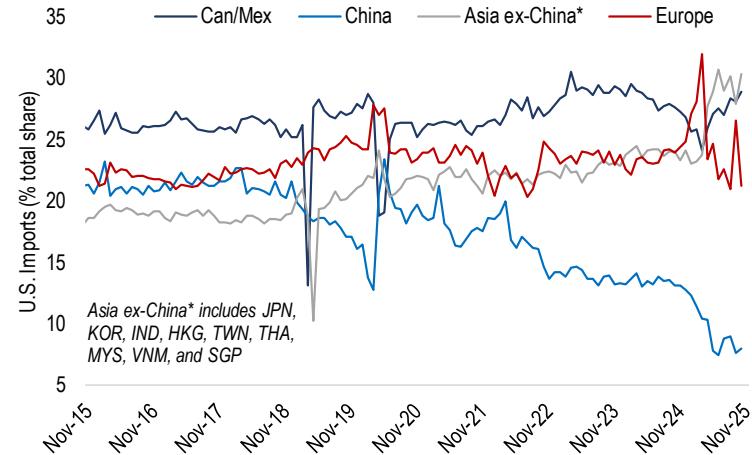


U.S. Imports Are Running ~5% below the 2024 Average with Ex-Gold, Tech and Pharma Down ~11% ...

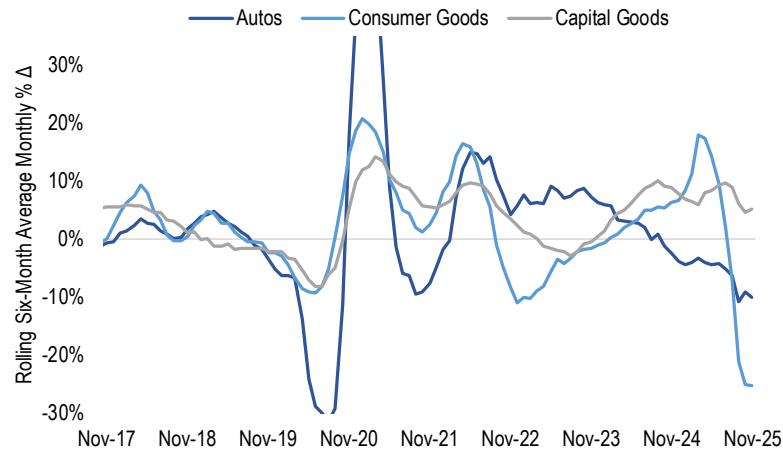


Sources: Census Bureau, Arch Global Economics

Merchandise Import Share for Asia Ex-China Elevated as Europe Corrects from Early-2025 Pharma Surge

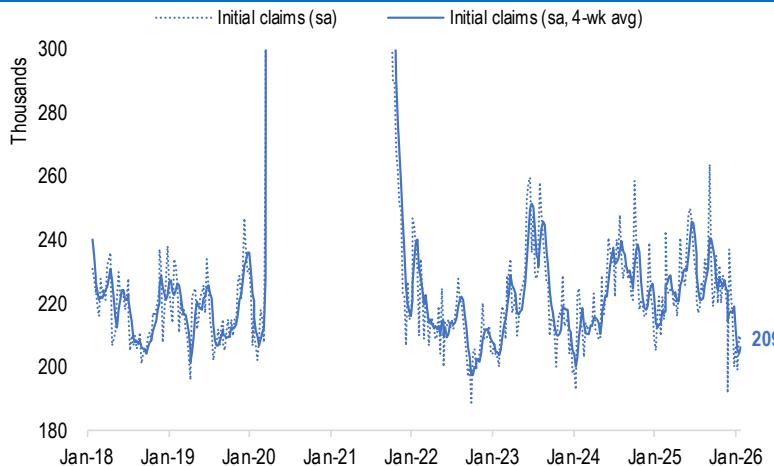


... Which Is Driven Primarily by Consumer Goods and Autos, Byproduct Primarily of Inventory Drawdowns



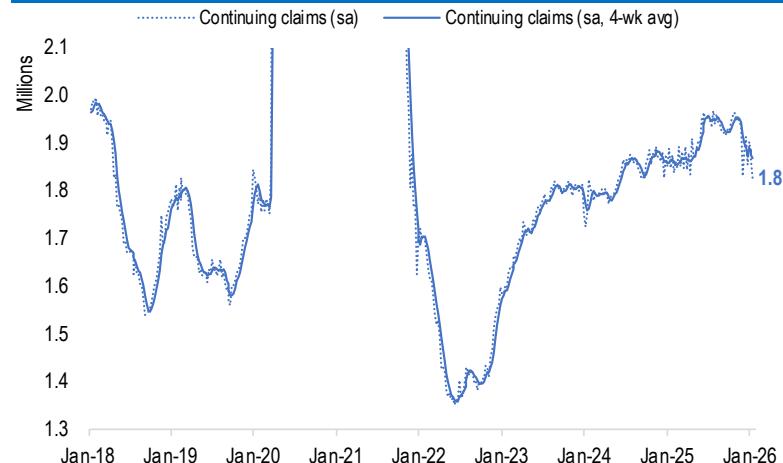
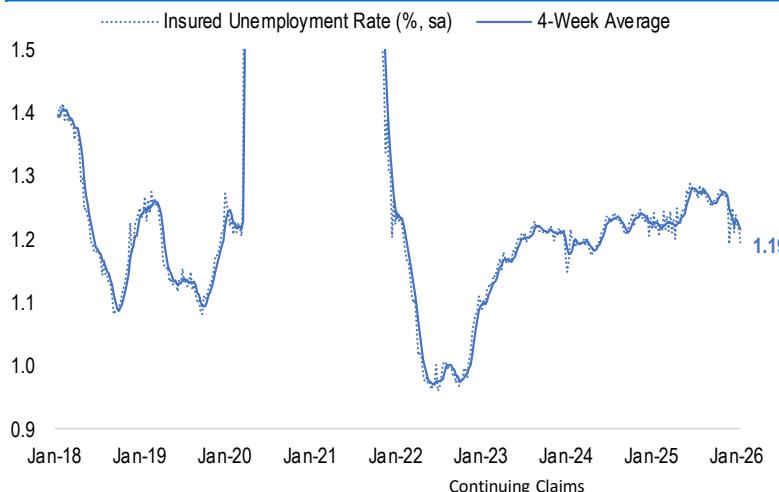
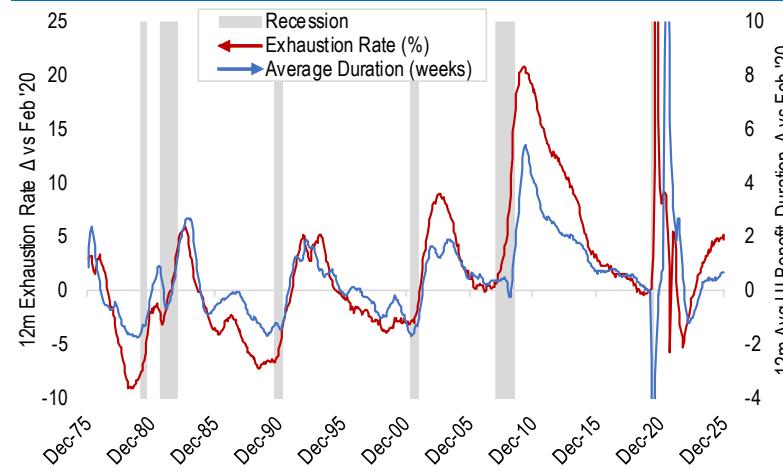
Initial Claims Inched Up to 209k (sa)

in Week Ending Jan. 24, Just Above Multi-Year Low

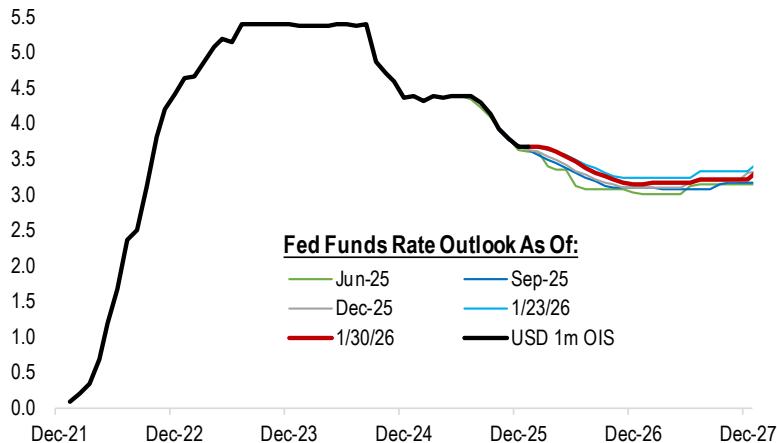


Continuing Claims Declined to 1,827k (sa) during Week

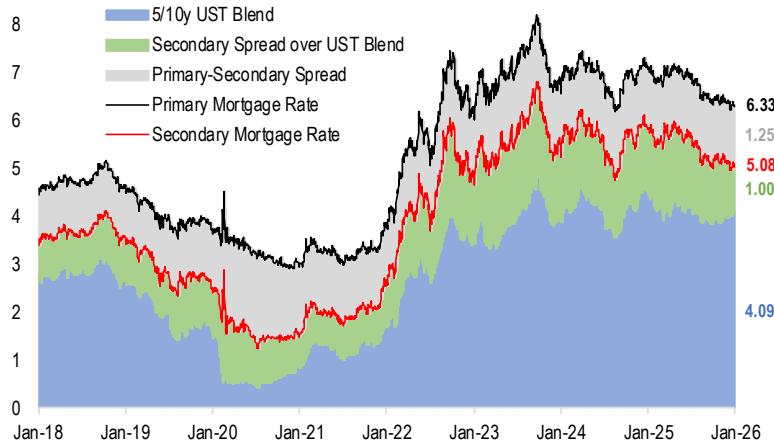
Ending Jan. 17, Lowest Since 2024

Insured Unemployment Rate Also Declined to 1.19%,
Also the Lowest Level Since 2024Claims Data Would Look Worse, If Not for Multi-Year
High Exhaustion Rate and Duration of Unemployment

Market Odds Pricing in Two or More 25bps Rate Cuts in '26 after Kevin Warsh Nominated for Fed Chair

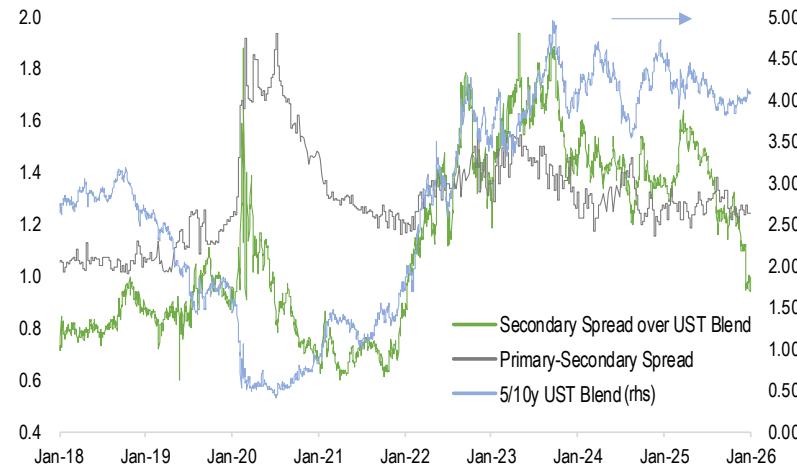


... Which Kept Mortgage Rates in the Low-6% Range for Another Week

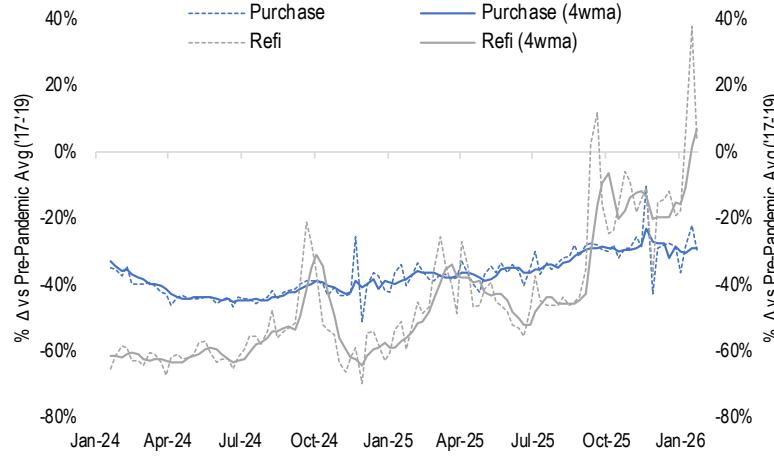


Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

Mortgage Spreads Held Steady While UST Yields Inched Lower ...



Prior Surge in Mortgage Applications Faded after Prior Brief Dip below 6%

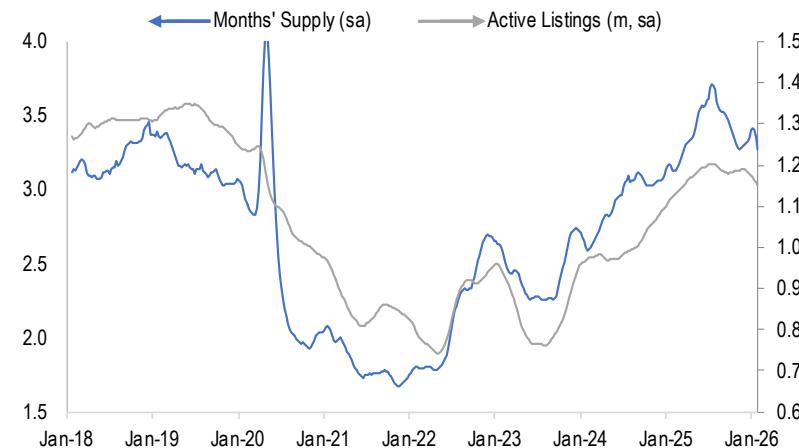


Secondary Spread: Current Coupon Option Adjusted Spread over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate - Secondary Mortgage Rate

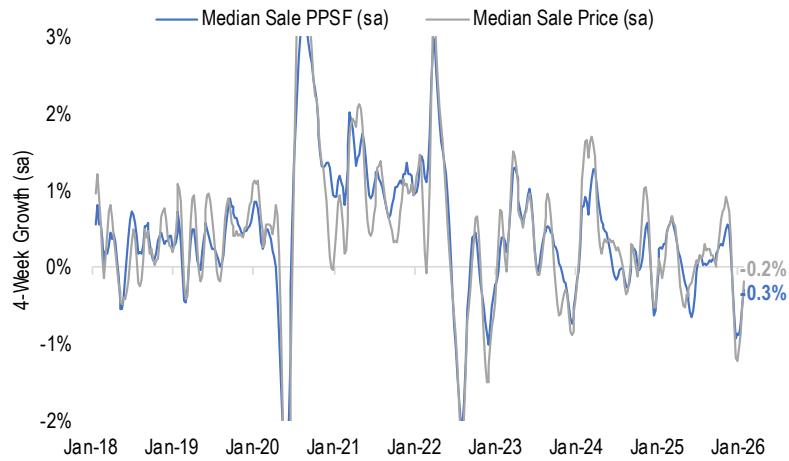
Pending Sales Downturn Appears to Be Bottoming in late-January ...



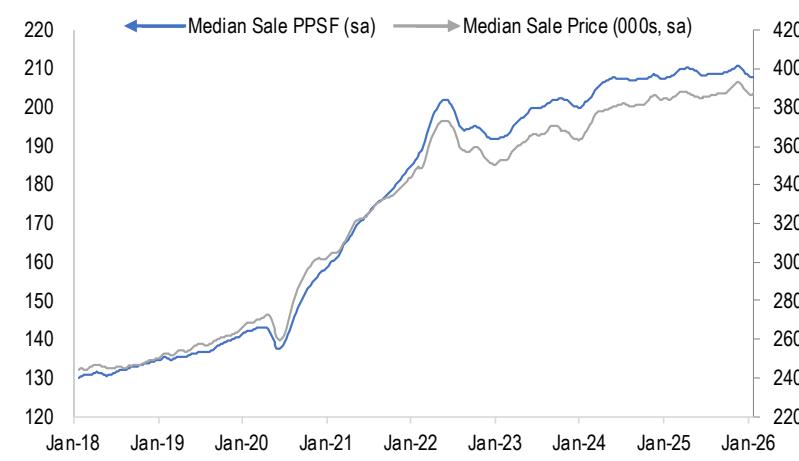
... Which Has Started to Turn Months' Supply Lower after Rising for More Than Two Months



Pace of Seasonally Adjusted Home-Price Growth Has Rebounded after Falling Sharply through Year-End



Home Prices Turned Lower in 4Q25, but Pace of Downturn Has Cooled to Start 2026



Annual Home-Price Declines Becoming More Widespread as Many 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%	-0.7%	0.2%	-1.2%	5.1%	0.8%	97.7%	-0.3%	-4.6	-11.3	1%	-8%	-10%
Atlanta	-3.1%	-0.8%	1.7%	0.0%	5.0%	1.1%	97.2%	-0.4%	22.1	14.8	1%	0%	-5%
Austin	-4.6%	-1.5%	-1.7%	1.1%	6.5%	1.1%	96.6%	-0.2%	65.2	50.5	4%	67%	46%
Baltimore	3.3%	1.6%	3.7%	1.1%	5.2%	1.1%	99.7%	-0.5%	-2.7	-14.3	19%	-25%	-41%
Boston	2.4%	-0.3%	1.7%	0.4%	3.6%	0.3%	99.2%	-0.8%	7.0	1.2	11%	-7%	-19%
Chicago	2.1%	-2.3%	3.2%	-1.3%	2.9%	0.6%	98.4%	-0.3%	2.8	4.0	-9%	-28%	-28%
Dallas	-4.6%	0.3%	-0.7%	2.8%	6.2%	0.5%	96.9%	-0.3%	38.0	27.2	-2%	35%	35%
Denver	-5.1%	-2.0%	3.6%	2.6%	6.5%	0.8%	98.0%	-0.4%	37.9	27.3	2%	83%	54%
Houston	-2.0%	-0.2%	-0.5%	-0.1%	6.4%	1.6%	96.0%	-0.5%	26.6	4.6	2%	6%	2%
Los Angeles	-1.1%	-0.1%	-2.1%	-2.7%	3.5%	1.3%	98.9%	-0.7%	12.5	4.0	-3%	20%	29%
Miami	0.2%	-0.4%	2.5%	5.2%	3.8%	0.5%	94.8%	-0.5%	28.5	17.0	-3%	18%	16%
Minneapolis	0.6%	-0.4%	1.7%	0.2%	5.1%	1.5%	98.7%	-0.1%	-2.2	-1.6	-3%	-1%	-7%
Nashville	1.6%	-1.5%	2.0%	0.7%	3.8%	0.9%	97.5%	-0.2%	26.9	10.8	12%	30%	19%
New York	1.5%	-3.6%	0.7%	-1.5%	3.3%	0.6%	99.2%	-0.2%	-50.3	-59.5	-2%	-32%	-37%
Phoenix	-2.6%	0.1%	0.9%	3.1%	6.6%	0.5%	97.7%	-0.2%	19.4	14.4	2%	25%	34%
Portland	-0.9%	0.4%	1.1%	0.2%	6.2%	0.7%	98.6%	-0.2%	23.8	18.7	0%	48%	33%
Riverside	-2.0%	-1.3%	-1.3%	-1.9%	4.6%	1.2%	98.4%	-0.2%	4.0	-4.7	-8%	-1%	10%
San Diego	-3.2%	-0.7%	-1.8%	1.1%	4.7%	1.6%	98.5%	-0.3%	5.6	3.1	-4%	-6%	-6%
Seattle	-3.1%	-4.7%	0.5%	-0.5%	4.9%	0.6%	98.3%	-1.1%	17.8	2.6	14%	50%	20%
Tampa	1.6%	0.4%	5.4%	1.4%	7.9%	0.7%	96.5%	0.1%	16.8	8.2	-4%	25%	18%
Washington DC	-3.3%	-2.3%	-2.7%	-2.9%	4.0%	1.2%	99.0%	-0.6%	14.9	0.6	14%	9%	-15%

Data as of Jan. 25, 2026, 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
2/2/26	9:45 AM	S&P Global US Manufacturing PMI	Jan F	--	52.0	--	51.9	index, sa
2/2/26	10:00 AM	ISM Manufacturing	Jan	--	48.5	--	47.9	index, sa
2/2/26	10:00 AM	ISM Prices Paid	Jan	--	59.4	--	58.5	index, nsa
2/3/26	-	Wards Total Vehicle Sales	Jan	--	15.3	--	16.0	m, saar
2/3/26	10:00 AM	JOLTS Job Openings	Dec	--	7,250	--	7,146	k, sa
2/4/26	7:00 AM	MBA Mortgage Applications w/w	Jan 30	--	--	--	-8.5	%, sa
2/4/26	8:15 AM	ADP Employment m/m	Jan	--	45.0	--	41.0	k, sa
2/4/26	9:45 AM	S&P Global US Services PMI	Jan F	--	52.5	--	52.5	index, sa
2/4/26	10:00 AM	ISM Services Index	Jan	--	53.5	--	54.4	index, nsa
2/5/26	8:30 AM	Initial Jobless Claims	Jan 31	--	212	--	209	k, sa
2/5/26	8:30 AM	Continuing Claims	Jan 24	--	1,850	--	1,827	k, sa
2/6/26	8:30 AM	Nonfarm Payrolls m/m	Jan	--	67.5	--	50.0	k, sa
2/6/26	8:30 AM	Private Payrolls m/m	Jan	--	75.0	--	37.0	k, sa
2/6/26	8:30 AM	Average Hourly Earnings m/m	Jan	--	0.3	--	0.3	%, sa
2/6/26	8:30 AM	Average Hourly Earnings y/y	Jan	--	3.6	--	3.8	%, nsa
2/6/26	8:30 AM	Average Weekly Hours All Employees	Jan	--	34.2	--	34.2	sa
2/6/26	8:30 AM	Unemployment Rate	Jan	--	4.4	--	4.4	%, sa
2/6/26	8:30 AM	Labor Force Participation Rate	Jan	--	62.4	--	62.4	%, sa
2/6/26	10:00 AM	U. of Mich. Sentiment	Feb P	--	55.0	--	56.4	index, nsa
2/6/26	3:00 PM	Consumer Credit m/m	Dec	--	9.0	--	4.2	\$B, sa

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

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
1/26/26	8:30 AM	Durable Goods Orders m/m	Nov P	5.3	4.0	-2.1	-2.2	%, sa
1/26/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Nov P	0.7	0.3	0.3	0.5	%, sa
1/26/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Nov P	0.4	0.2	--	0.8	%, sa
1/27/26	9:00 AM	FHFA House Price Index m/m	Nov	0.6	0.3	--	0.4	%, sa
1/27/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Nov	0.5	0.2	0.4	0.3	%, sa
1/27/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Nov	1.4	1.2	1.3	1.3	%, nsa
1/27/26	10:00 AM	Conf. Board Consumer Confidence	Jan	84.5	91.0	94.2	89.1	index, sa
1/28/26	7:00 AM	MBA Mortgage Applications w/w	Jan 23	-8.5	--	--	14.1	%, sa
1/28/26	2:00 PM	FOMC Rate Decision (Upper Bound)	Jan 28	3.75	3.75	--	3.75	%
1/29/26	8:30 AM	Nonfarm Productivity q/q	3Q F	4.9	4.9	--	4.9	%, saar
1/29/26	8:30 AM	Unit Labor Costs q/q	3Q F	-1.9	-1.9	--	-1.9	%, saar
1/29/26	8:30 AM	Initial Jobless Claims	Jan 24	209	205	210	200	k, sa
1/29/26	8:30 AM	Continuing Claims	Jan 17	1,827	1,850	1,865	1,849	k, sa
1/29/26	10:00 AM	Durable Goods Orders m/m	Nov F	5.3	--	--	5.3	%, sa
1/29/26	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Nov F	0.4	--	--	0.7	%, sa
1/29/26	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Nov F	0.2	--	--	0.4	%, sa
1/29/26	10:00 AM	Wholesale Inventories m/m	Nov F	0.2	0.2	--	0.2	%, sa
1/29/26	10:00 AM	Wholesale Trade Sales m/m	Nov	1.3	-0.1	--	-0.4	%, sa
1/30/26	8:30 AM	PPI Final Demand m/m	Dec	0.5	0.2	--	0.2	%, sa
1/30/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Dec	0.7	0.2	--	0.0	%, sa
1/30/26	8:30 AM	PPI Final Demand y/y	Dec	3.0	2.8	--	3.0	%, nsa
1/30/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Dec	3.3	2.9	3.1	3.0	%, nsa

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