# HaMMR Digest

**Stay current with economic and mortgage market trends.**

## January 12, 2026

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## State of Flux

- **Key Takeaway:** December jobs report confirmed the recent uptick in hiring was not a mirage, but labor demand remained weak.
- **Macro Implications:** The drop in the unemployment rate and stable hours worked implies slack not building, enough for Fed to hold later this month.
- **Housing Implications:** A stable labor market ensures a base of housing demand remains, which should be further supported by improving affordability.

### Macro: Don't Short This Economy

- Incoming data has remained constructive aside from goods production.
- Productivity growth has surged, but it remains unclear if this is a new trend.
- Trade deficit at narrowest since 2009 amid plunge in ex-capital goods imports.

### Rates: Despite the Background Noise, Not Much Action

- 10y UST yield down 2bps w/w but rangebound around these levels since Dec.
- Yield curve bear flattens as front-end curve climbed on better economic data.
- Markets pricing in two more 25bps rate cuts for '26 with the first pushed to June.

### Housing: Waiting for Liftoff?

- Promising start to '26 as mortgage rates sink on back of new policy proposals.
- Mortgage applications and rate locks have yet to react, likely due to seasonality.
- If buyer demand rekindles, expect sellers to take notice with a pickup in listings.

### Jobs Report: Must Wait for Greater Clarity

- Unemployment rate dipped to 4.38% in Dec., reversing much of prior surge.
- Avg. 3m job growth down to -22k and negative for three straight months.
- Median unemployment duration at 11wks, highest since '15 ex-pandemic.

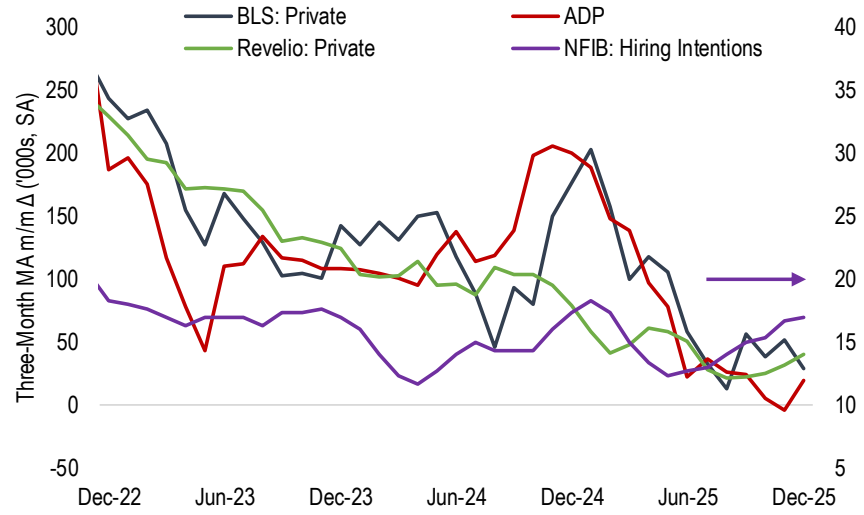
### Labor Market Turnover: Not Bad, Not Great Either

- Net hiring firmed further, aided by a pullback in separations in November.
- Breadth of hiring remained weak with largest drawdown in leisure sectors.
- Small business net hiring modestly rebounded after a few weak months.

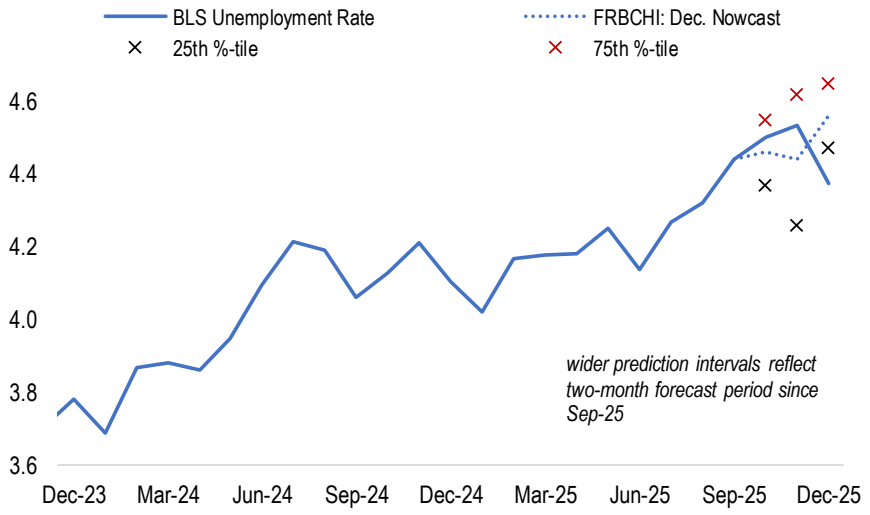
### Home Construction: Resurgence? Don't Bet on It

- Single-family starts rose 5% in Oct., but down -8% on the year.
- Permitting declined -0.5% m/m and down -12% from the peak last February.
- Builder sentiment remains depressed but has bottomed.

**Job Growth Muted as Labor Demand Remained Weak, Despite Turning Higher from Summer Doldrums …**

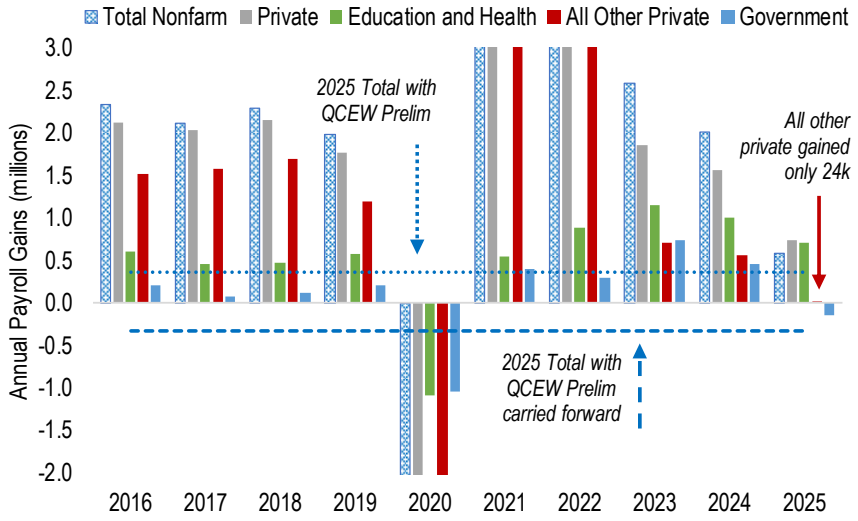



**… However, the Unemployment Rate's About-Face Showed Slack Is No Longer Swelling**

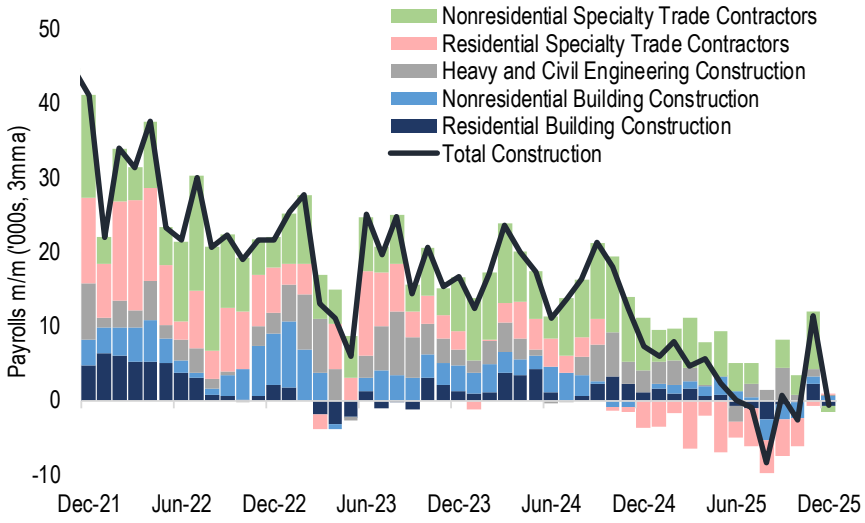



Sources: Bureau of Labor Statistics, Federal Reserve Board, Revelio Labs, ADP, Arch Global Economics

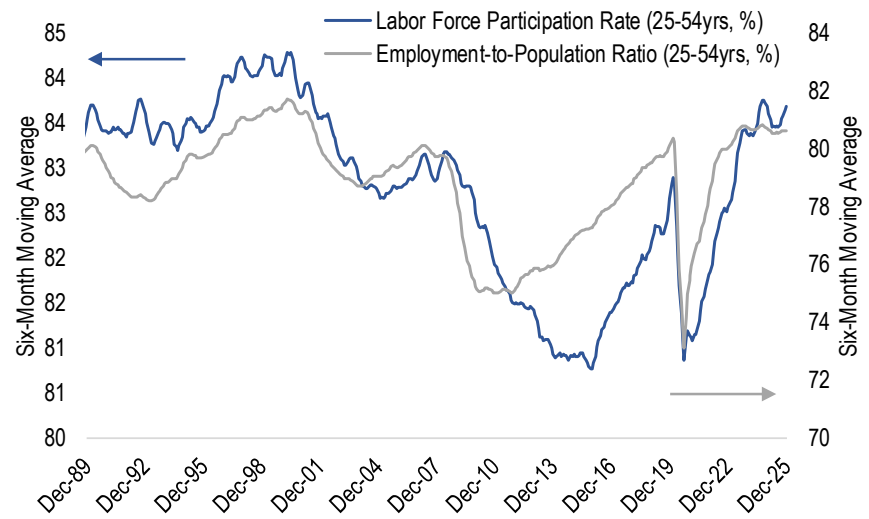
## Job Growth Tepid Outside Education and Health in '25 as Goods Producers and Government Weighed



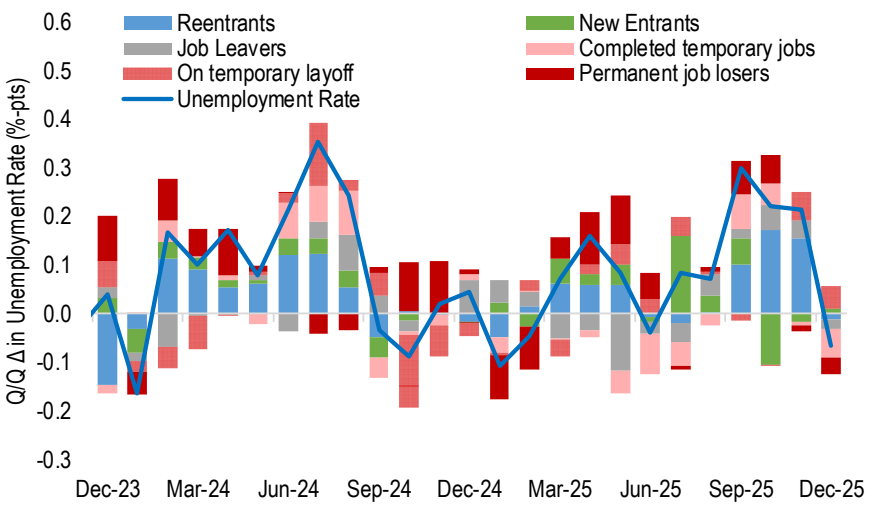

## Construction Jobs Gains from Nov. Vanished in Dec., Which Could Be Seasonal/Weather Noise




## Prime-Age Employment and Participation Rates Suggest Labor Market Slack Is Not Building …

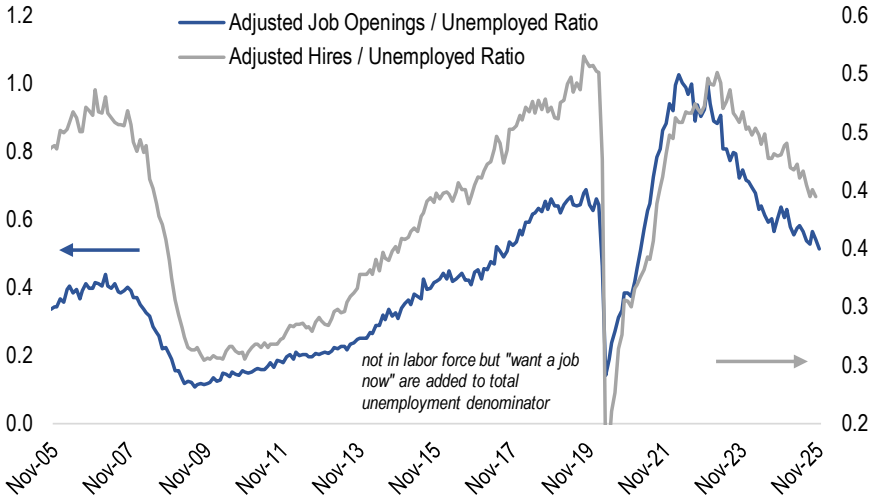



## … With 4Q25 Unemployment Decline Largely Driven by Reentrants, Likely a Shutdown Artifact

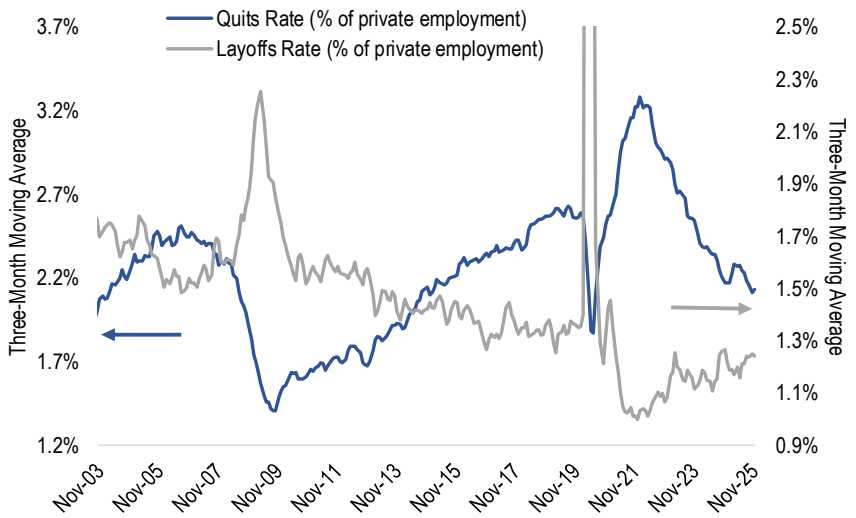



Sources: U.S. Bureau of Labor Statistics, Arch Global Economics

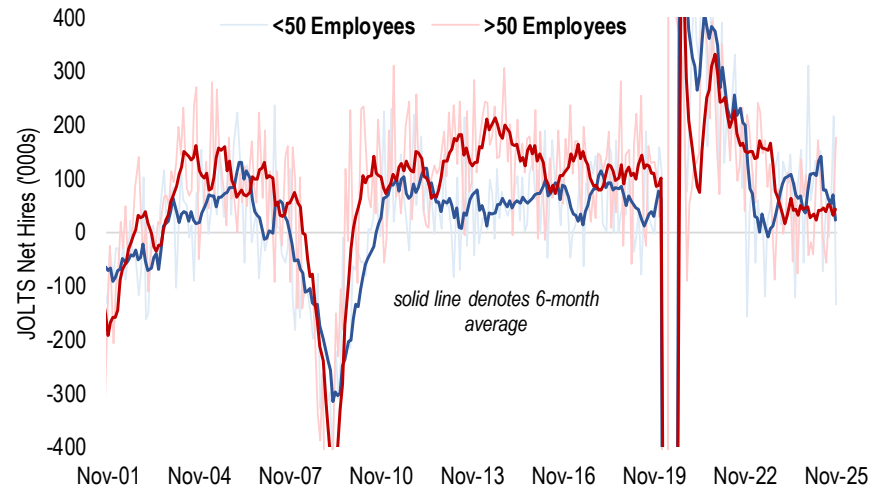
## Latest JOLTS Data Indicates Tentative Stabilization May Be Underway in the Labor Market



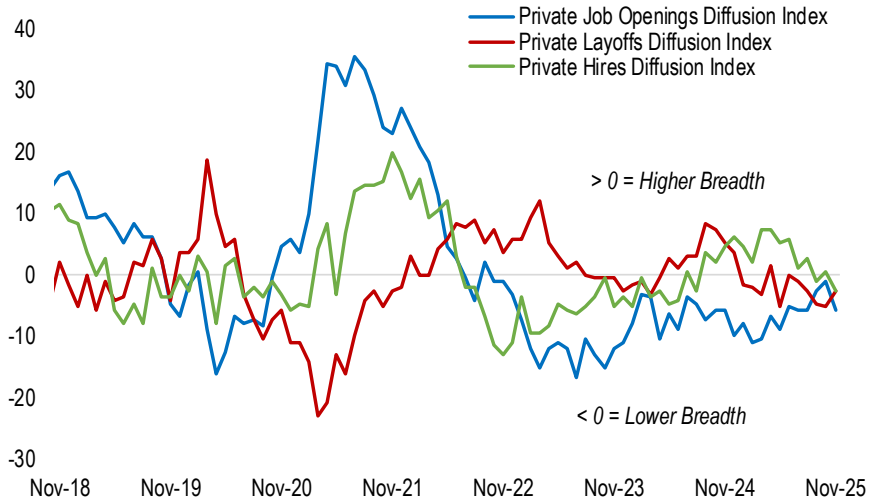

## Quits Ticked Higher but Remained Remarkably Weak as Layoffs Have Steadily Crept Higher




## Net Hiring by Smaller Firms Perked Up Slightly While Larger Firms Seem Inclined to Hold the Line on Staffing

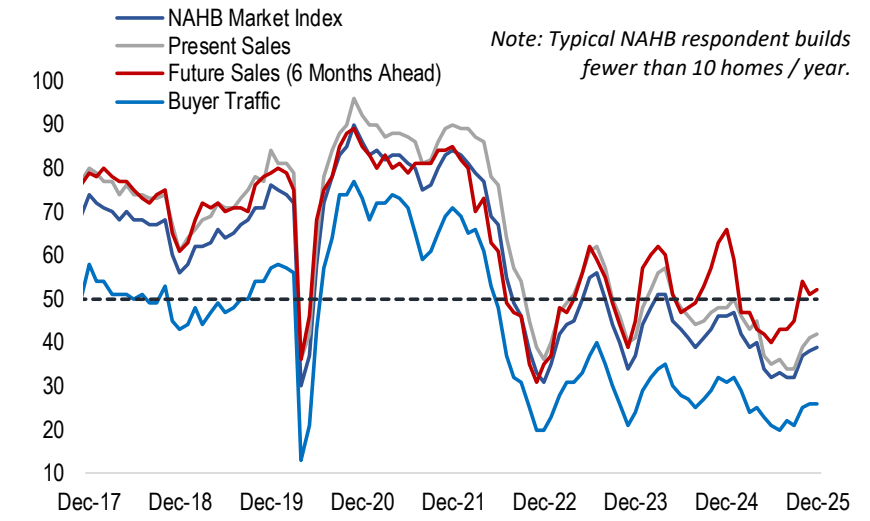



## Breadth of Industries Hiring Continued to Shrink, but Pickup in Job Openings Signals Demand Is Turning

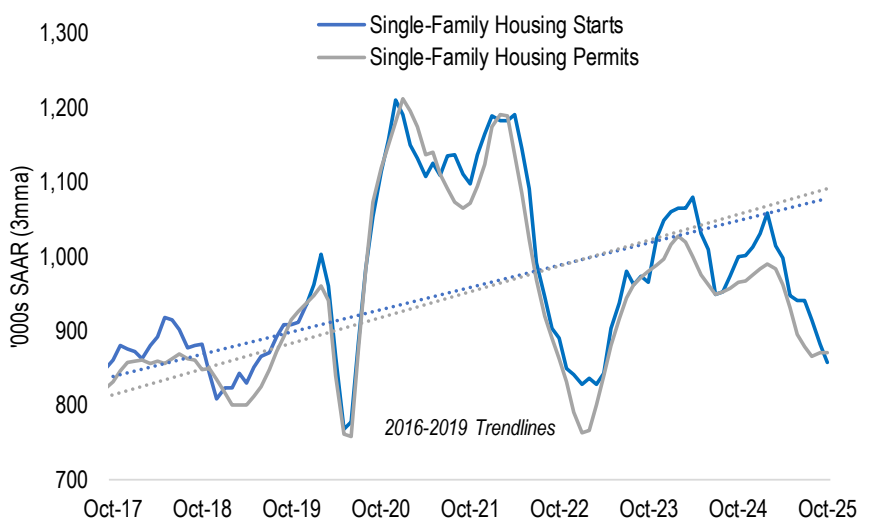



Sources: U.S. Bureau of Labor Statistics, Arch Global Economics

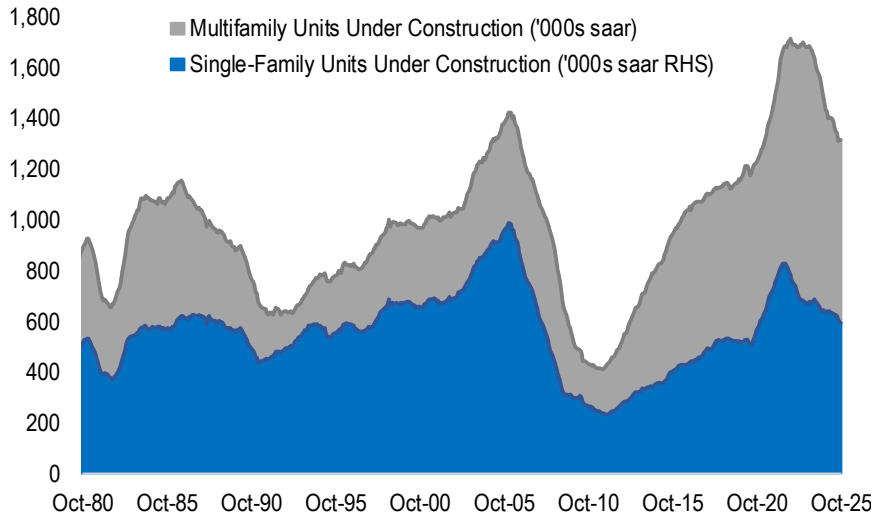
## Builder Optimism Remained Low Despite Early Signs of Stabilization with Rebound in Future Sales



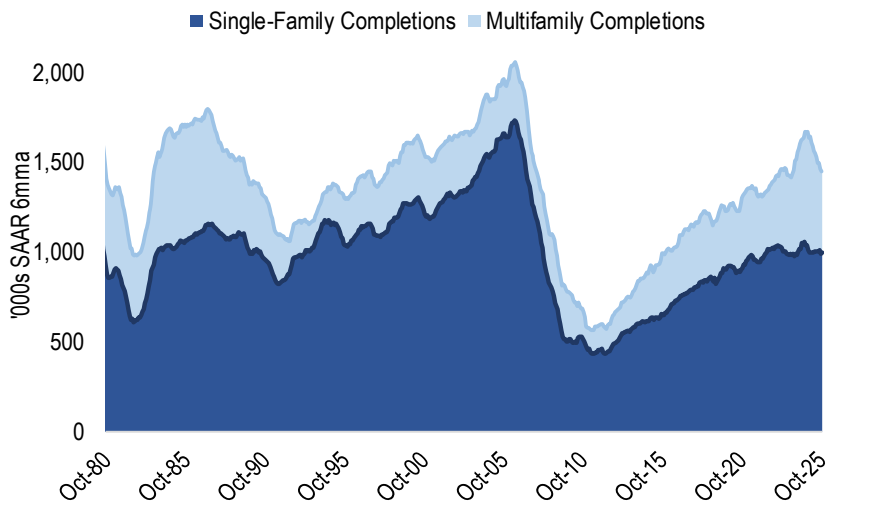

## Single-Family Starts and Permits Both Well Below Pre-Pandemic Trends, Unlikely to Change Near-Term




## Single-Family Units in the Pipeline Trending Lower as Starts Activity Trails Completions

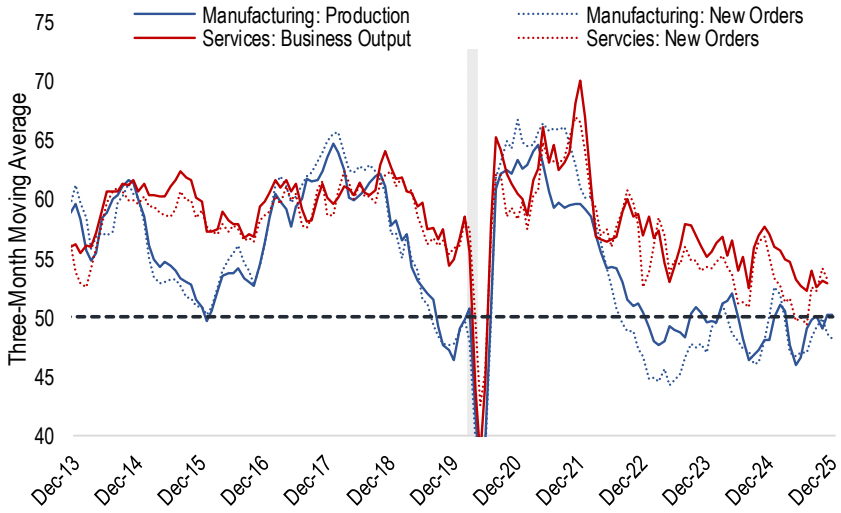



## Completions Will Remain Builders' Focus in Near-Term until Home Sales Pace Improves

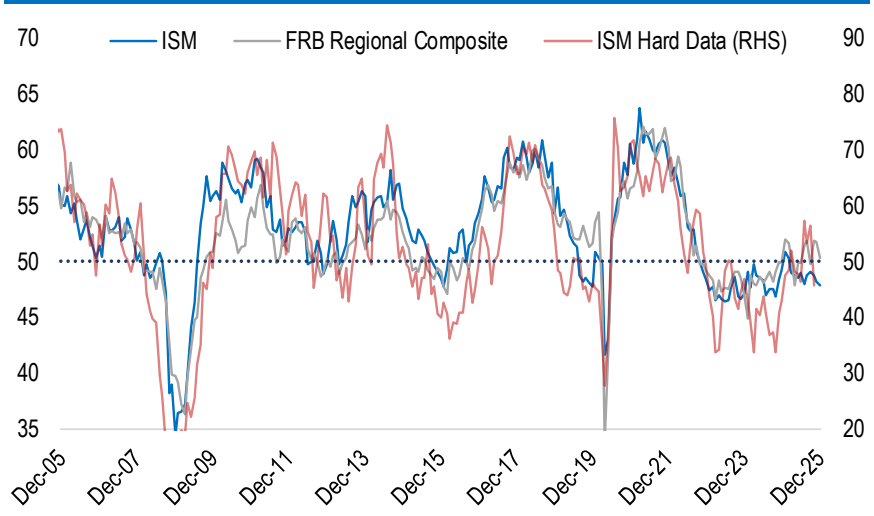



Sources: U.S. Census Bureau, National Association of Home Builders (NAHB), Arch Global Economics

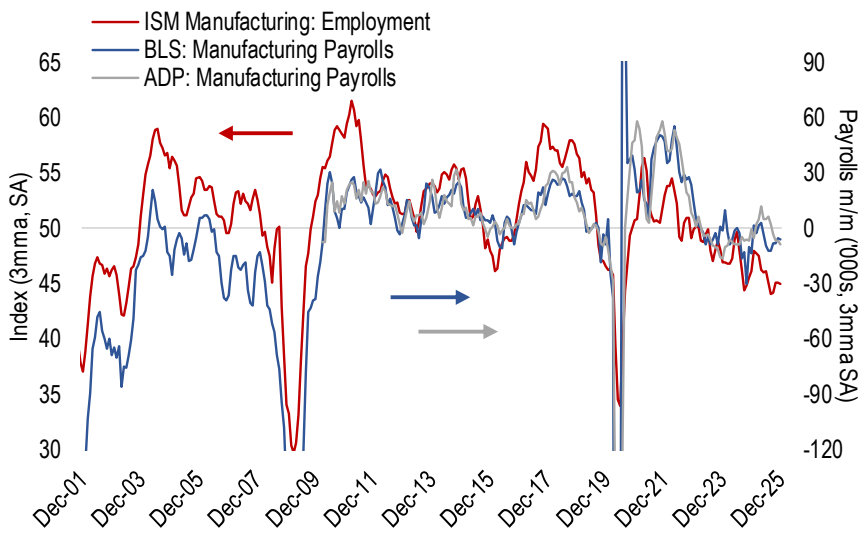
## Manufacturing Output Remained Marginally Positive as Services Sector Showed a Rekindling



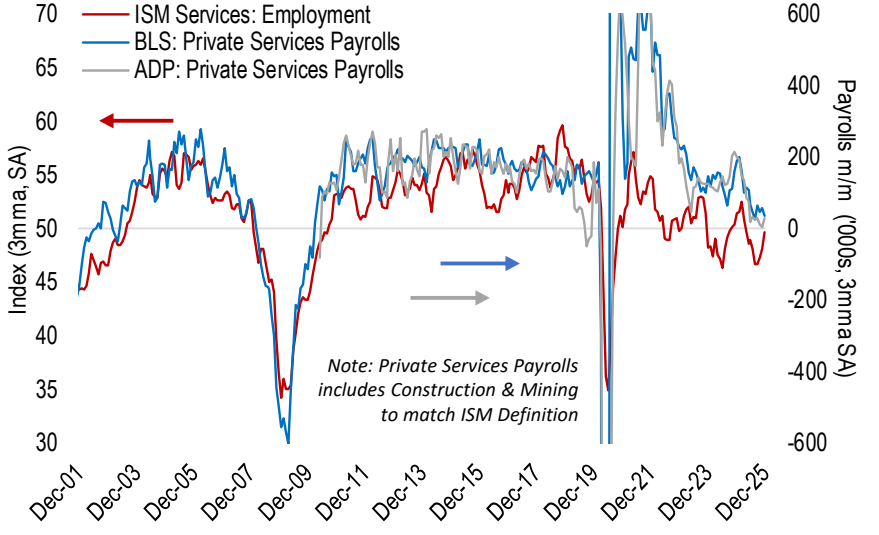

## FRB Regional Manufacturing Surveys Point to Greater Resilience Than the More Globally Exposed Firms in ISM




## ISM Employment Index Hints at Stabilization, Albeit at Very Weak Levels



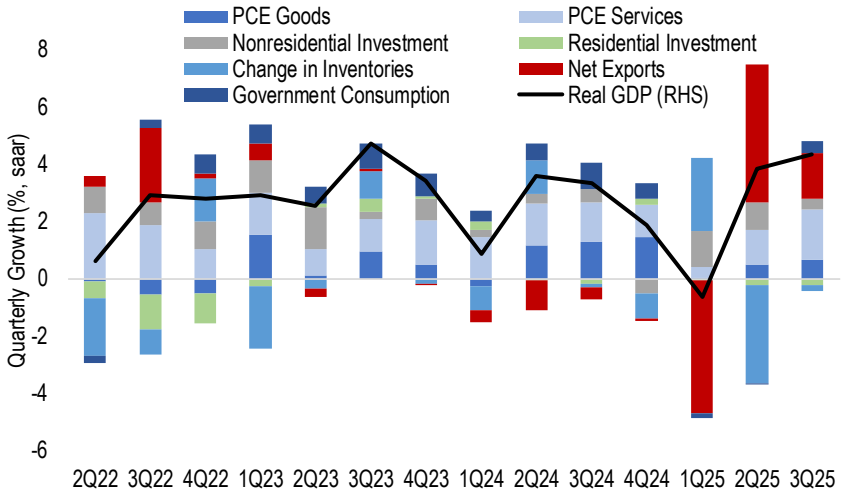

## ISM Services Employment Showed Renewed Life, Converging with Other Data on Services Payrolls



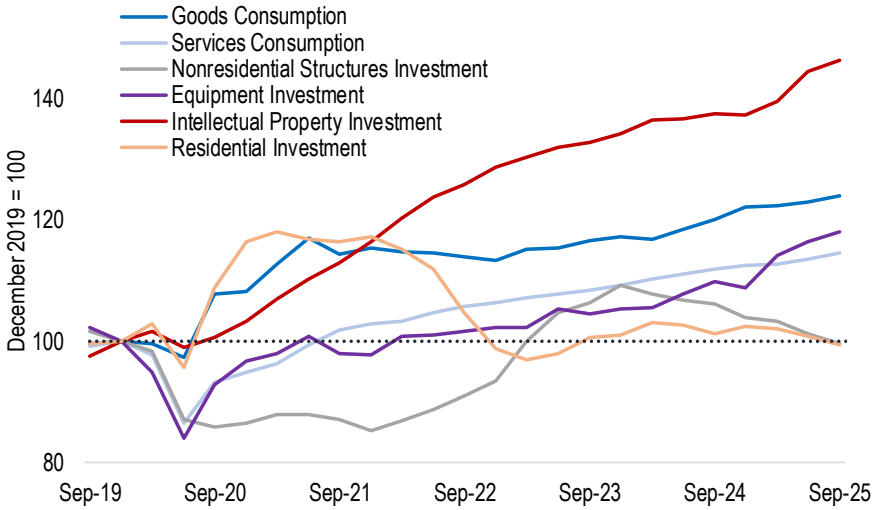

Sources: ISM, FRB, Census Bureau, BLS, Arch Global Economics

Note: Hard Data ISM only through October; Private Services Payrolls Includes Construction & Mining to Match ISM Definition

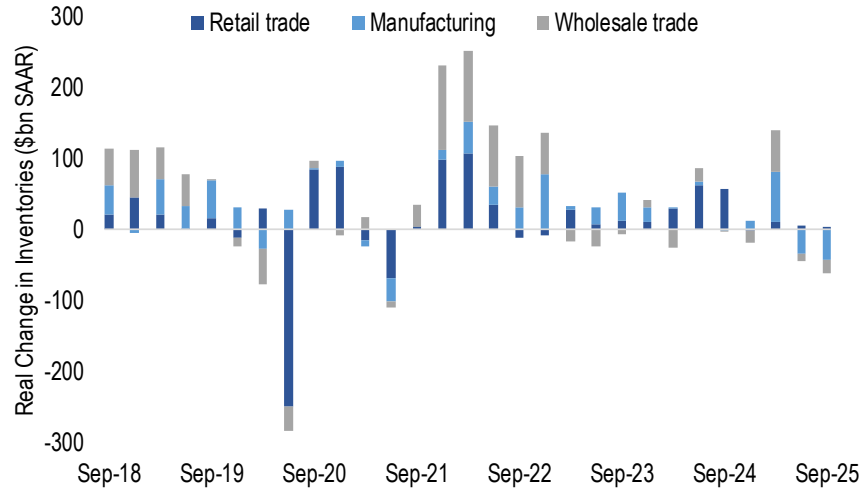
## Despite Whipsaw from Trade Disruption, Real Economic Growth Proved Resilient



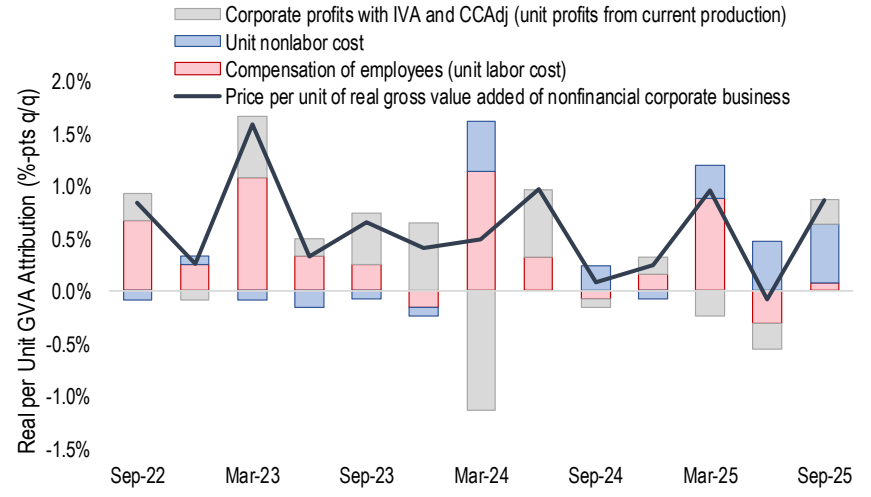

## Growth Drivers Remained Heavily Dependent on AI Capex Accompanied by a Consumer Spending Rebound




## Businesses Drew Down Inventories as 2025 Progressed, Mostly in Goods Inputs



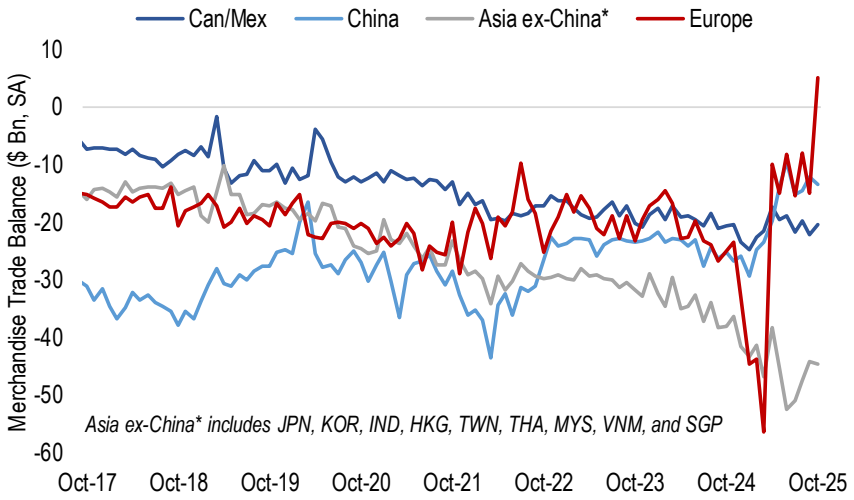

## Private Sector Firms Were Able to Pass Along Costs in 3Q25 While Still Holding the Line on Labor Costs



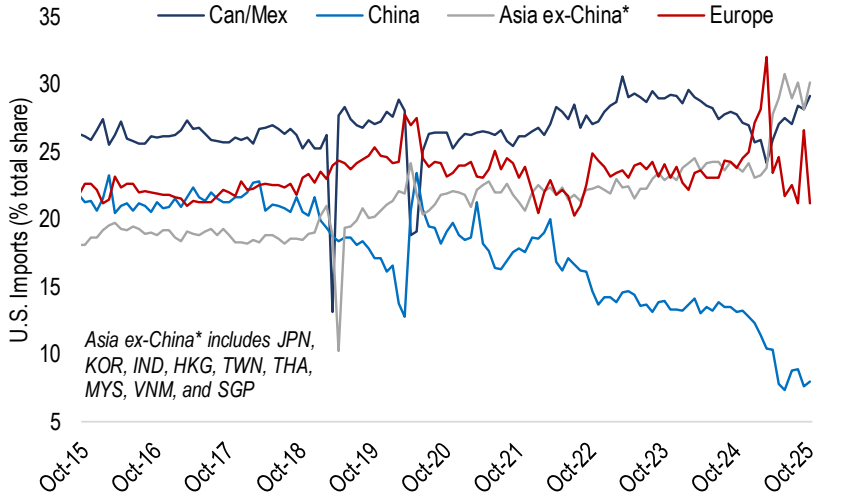

Sources: BEA, Arch Global Economics

SAAR = Seasonally Adjusted Annual Rate

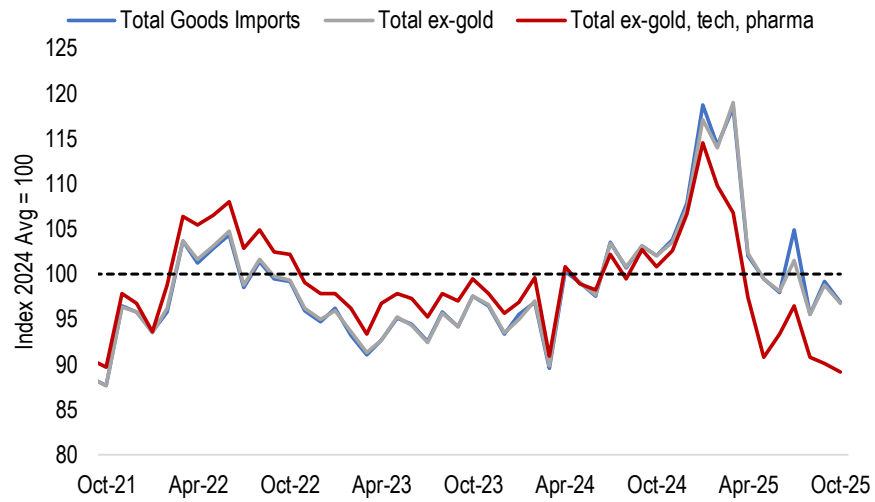
## Whipsaw from Trade Policies Still Lingering as Overall Trade Balance Mix Finds New Normal



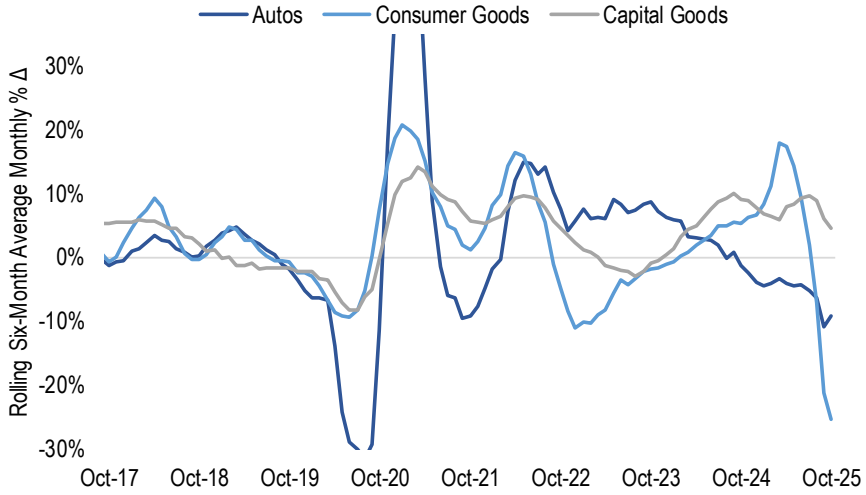

## Merchandise Import Share for Asia Ex-China Elevated as Europe Corrects from Early-Year Pharma Surge




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

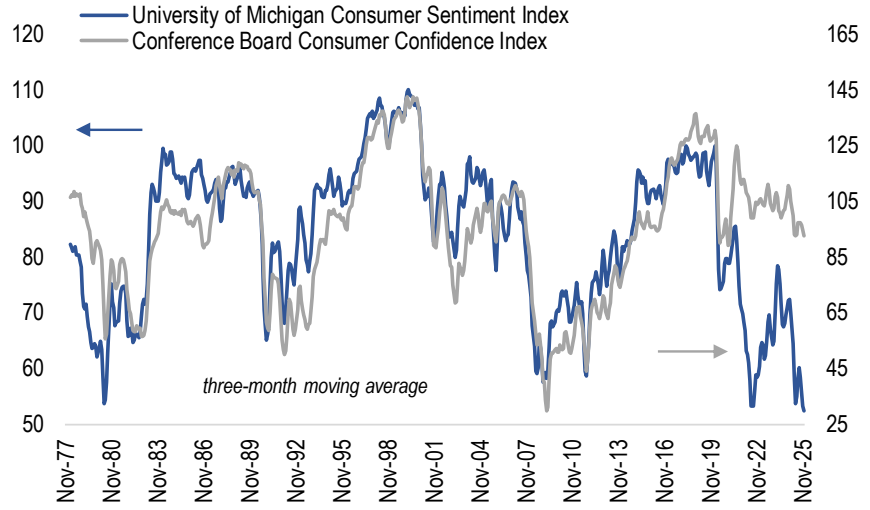



## … Which Is Driven Primarily by Consumer Goods and Autos, Byproduct Primarily of Inventory Drawdowns

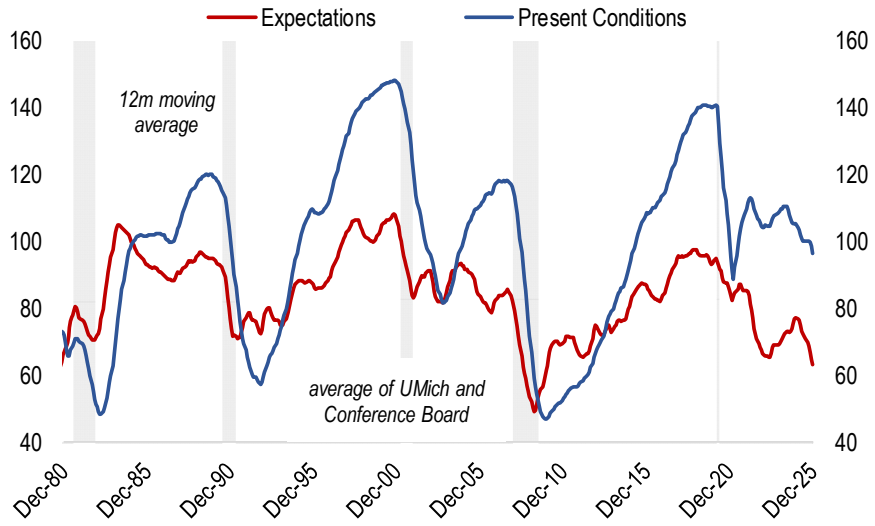



Sources: Census Bureau, Arch Global Economics

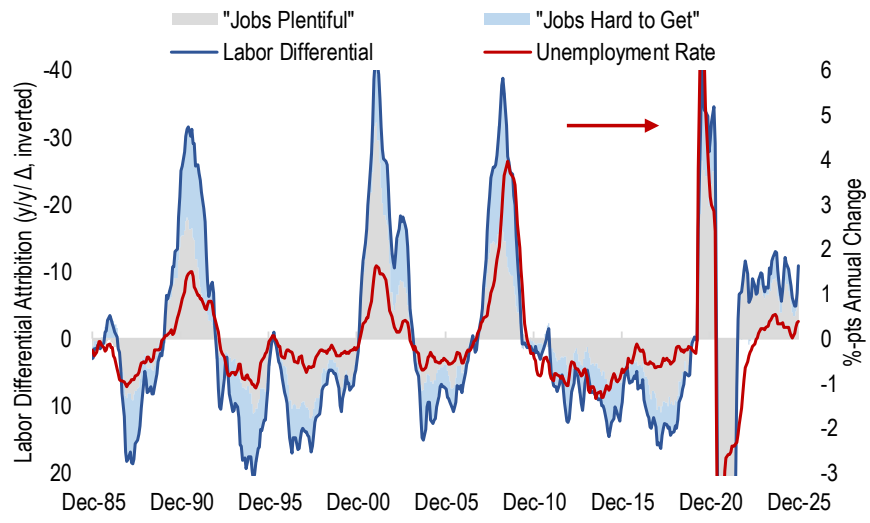
## Consumer Sentiment Measures Continue to Bounce along Historically Low Readings …



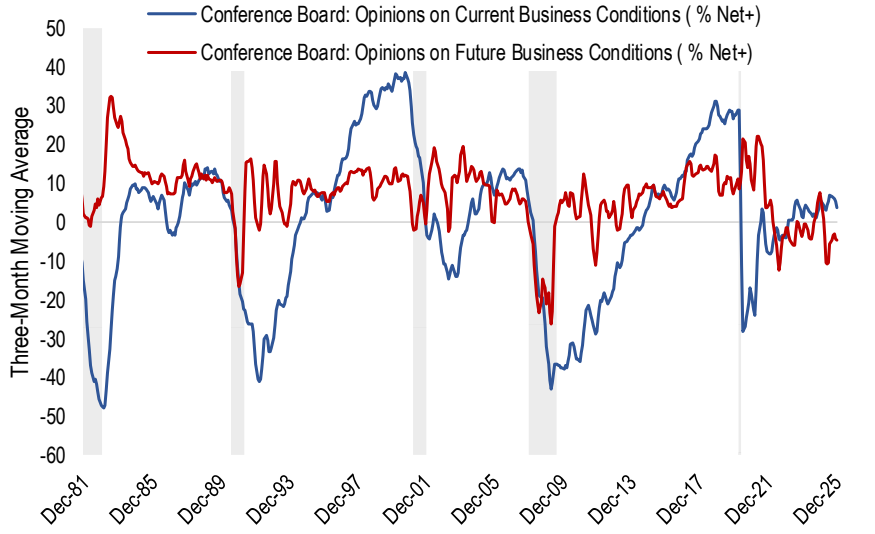

## … Driven Primarily by Pessimism over Future Expectations on Inflation and Labor Prospects




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

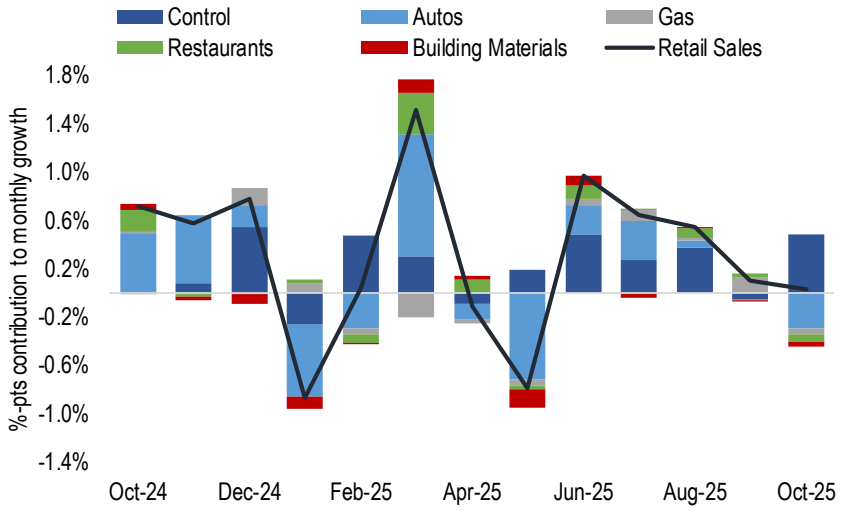



## Consumer Outlook on Future Business Conditions Deteriorated after Steadily Improving

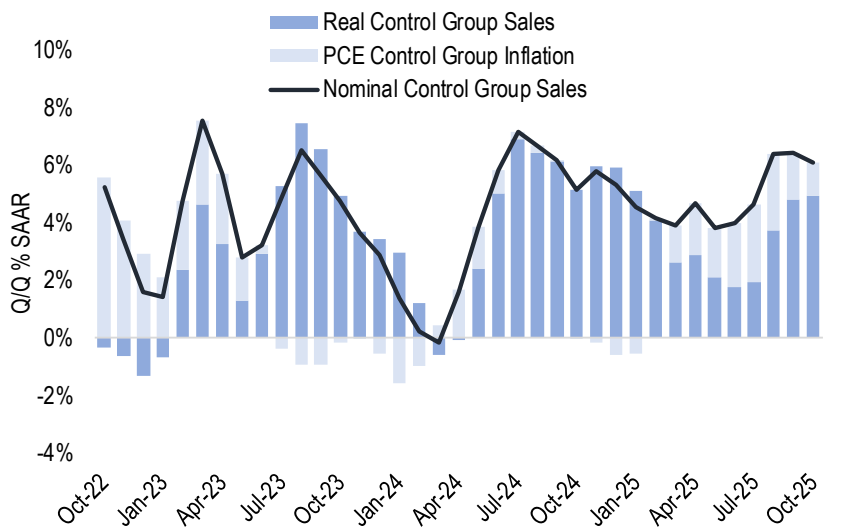



Sources: University of Michigan (UMICH), Conference Board, Federal Reserve Bank of New York (FRBNY), Arch Global Economics

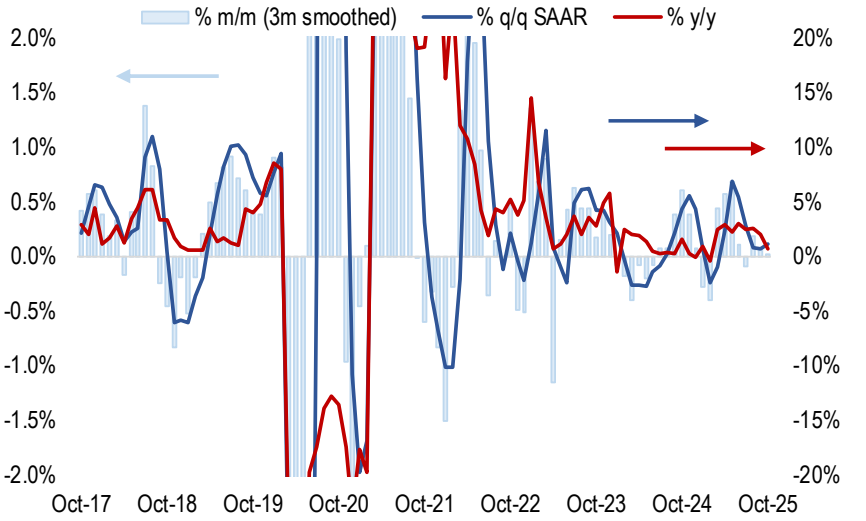
## Nominal Retail Sales Cooled Further into October, Led by Retrenchment in Autos



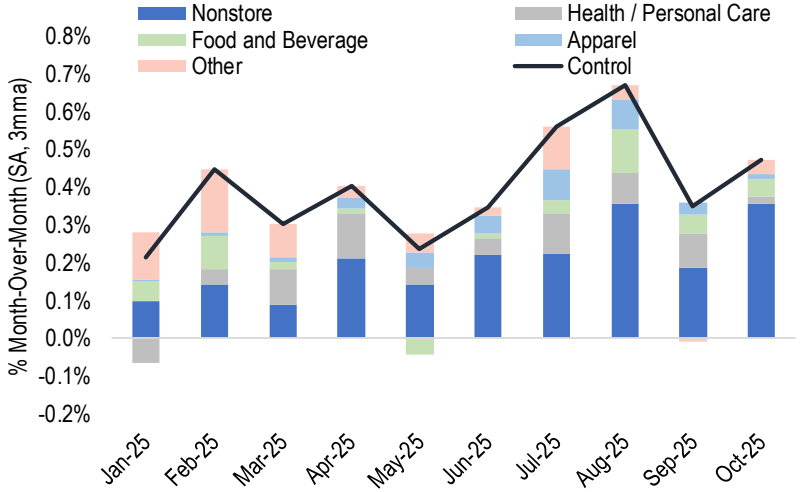

## However, Real (Inflation-Adjusted) Control Group Sales Remained at an Elevated Quarterly Pace




## Real Restaurant Sales Retained Choppy Monthly Trend, but Lack of Sustained Drawdown Is Encouraging

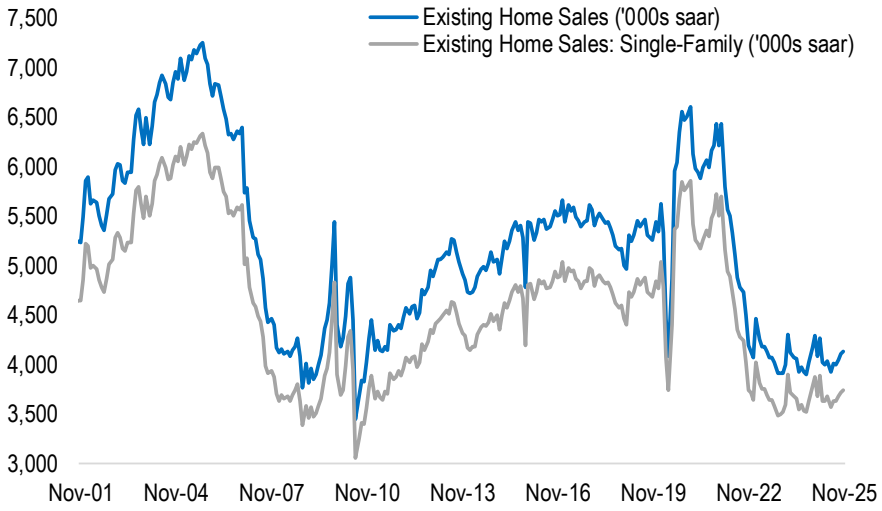



## Control Group Increasingly Driven by Online Shopping as Households Look for Deals to Combat Inflation



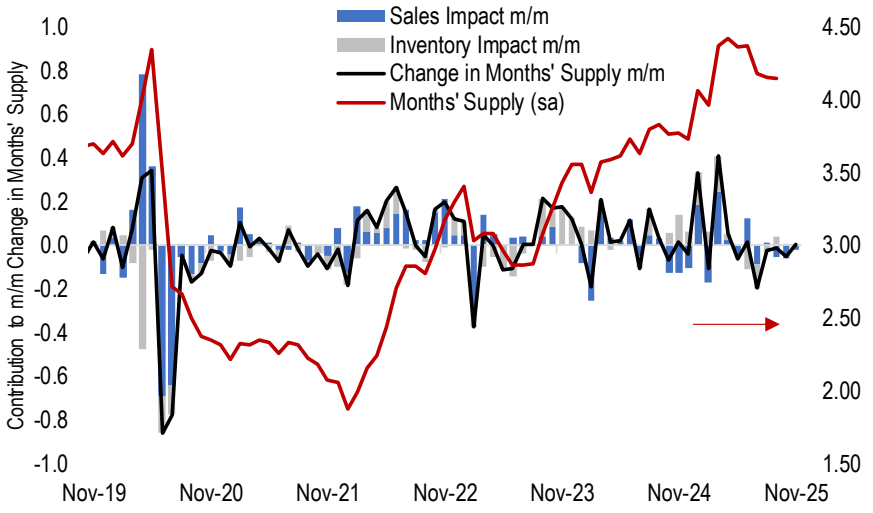

Note: **"Control Group"** = Retail sales excludes autos, gas, building materials and restaurants. SA = Seasonally Adjusted
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

## Lower Mortgage Rates Boosted Sales Incrementally Late Last Year

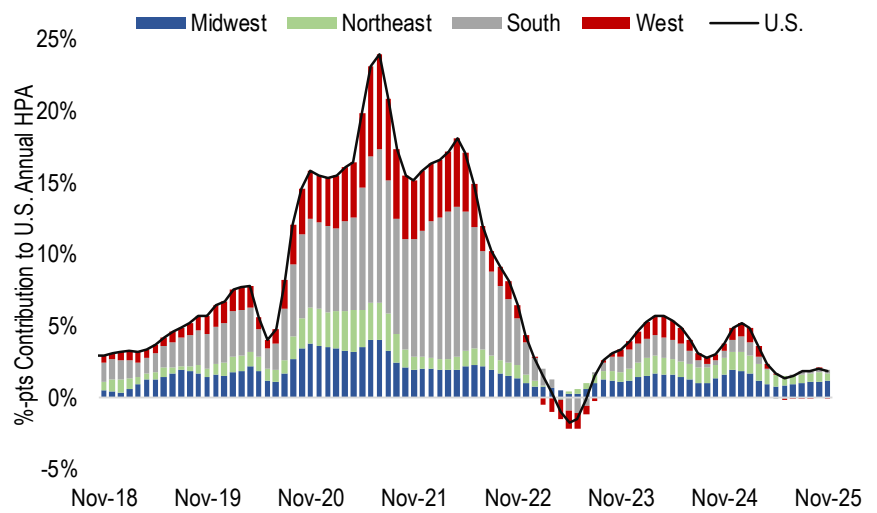



## Sellers Remained Cautious with Listings Growth Easing, Helping to Contain Inventory Levels


## The Rebound in Sales, Albeit Modest at Best, Was Enough to Keep Months' Supply in Check

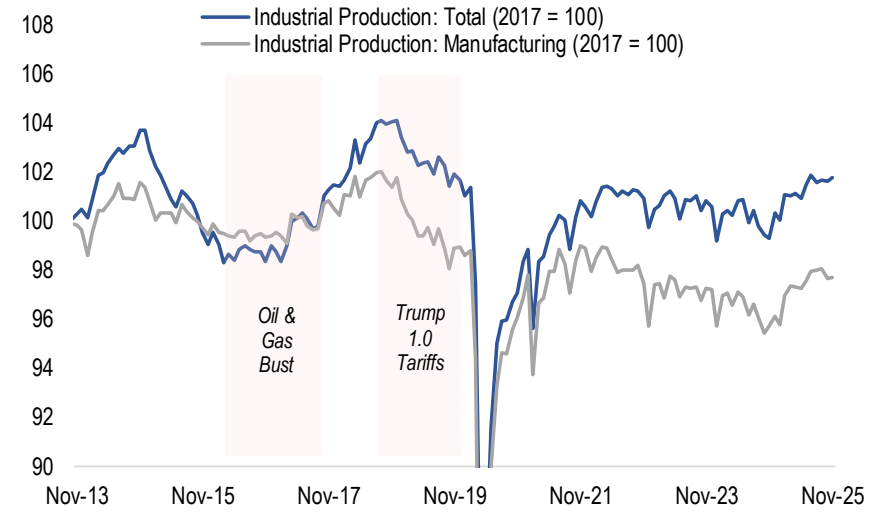



## Re-Tightening of Supply-Demand Dynamics Rekindled Positive Home Price Momentum

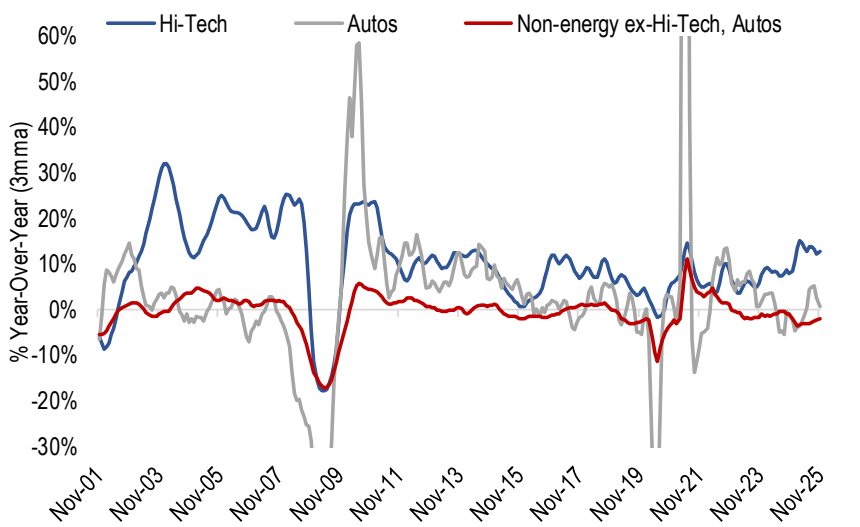



Sources: National Association of REALTORS® (NAR), Arch Global Economics

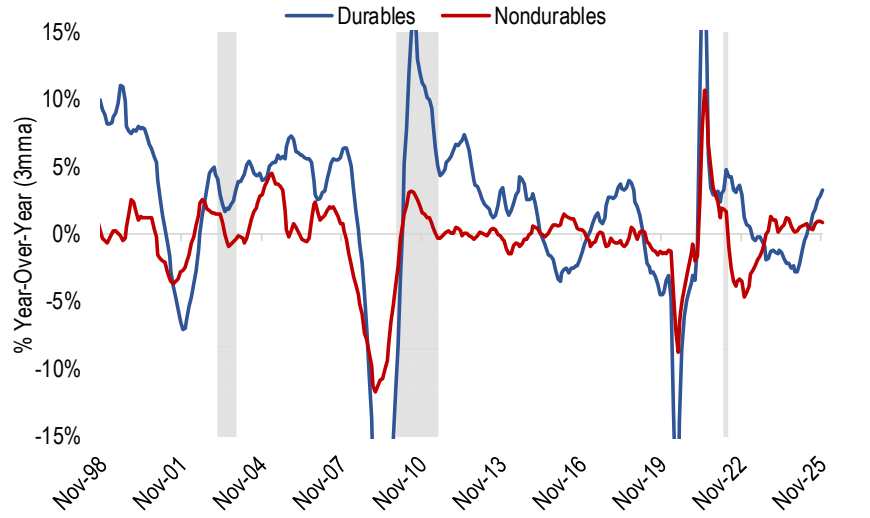
## Industrial Production Has Proven Resilient with Manufacturing Output Holding above Pre-Tariff Levels




## Production Related to Tech and Information Processing Continued to Gain Momentum

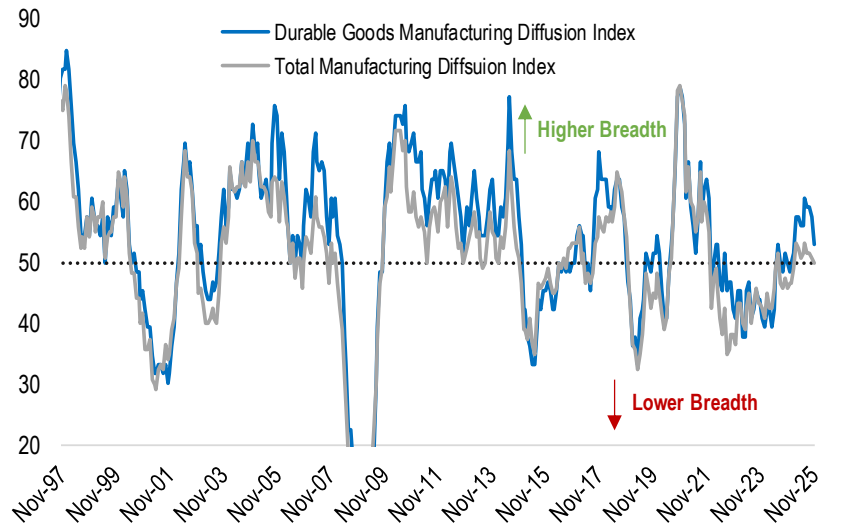



## Durable Goods Production Still Strong, Carried by Robust Business Equipment Output



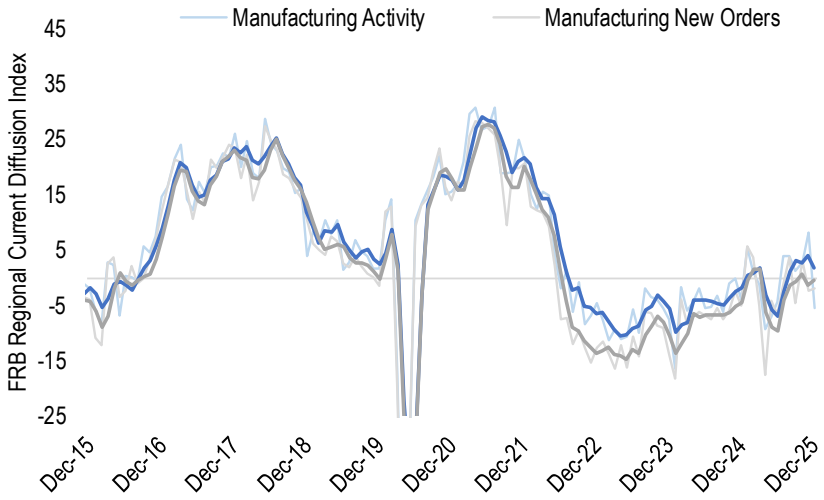

Durable goods are products that can be inventoried and have an average life of at least 3 years

## Durable Goods Breadth Held Firm with Notable Strength in Autos and Electrical Components

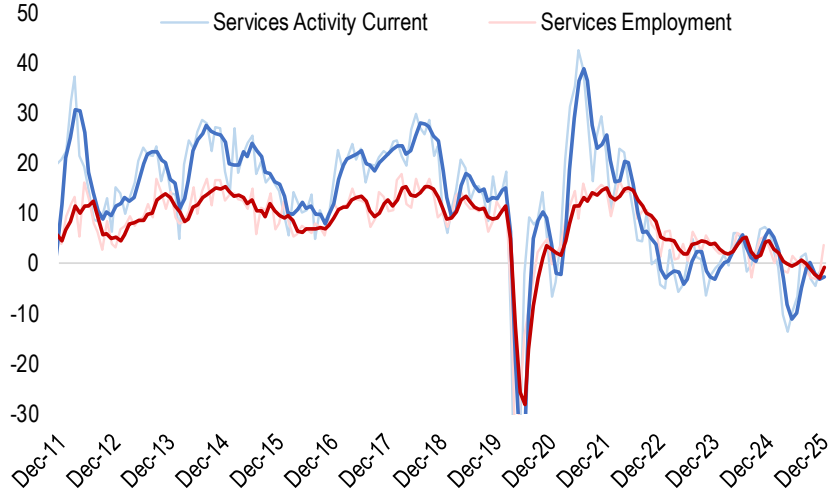



Sources: Federal Reserve Board (FRB), Conference Board, Arch Global Economics

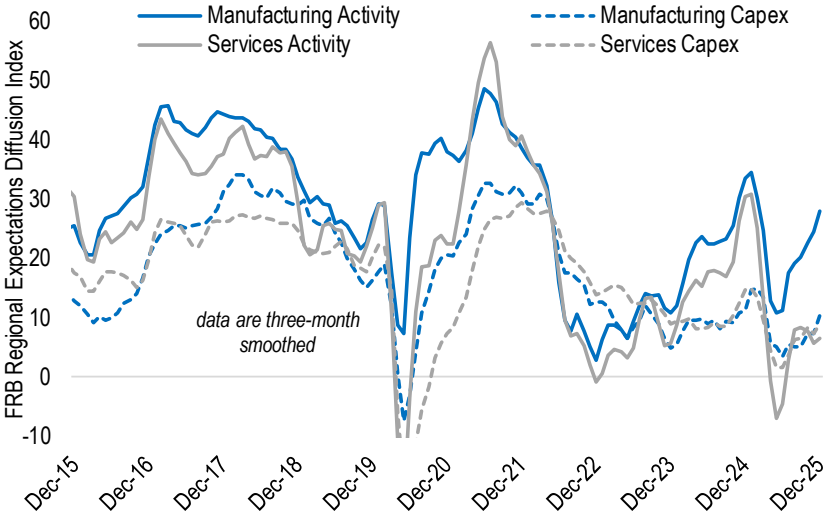
## Manufacturing Activity Rebound with Rising New Orders Has Been Broad-Based aside from the Oil Patch



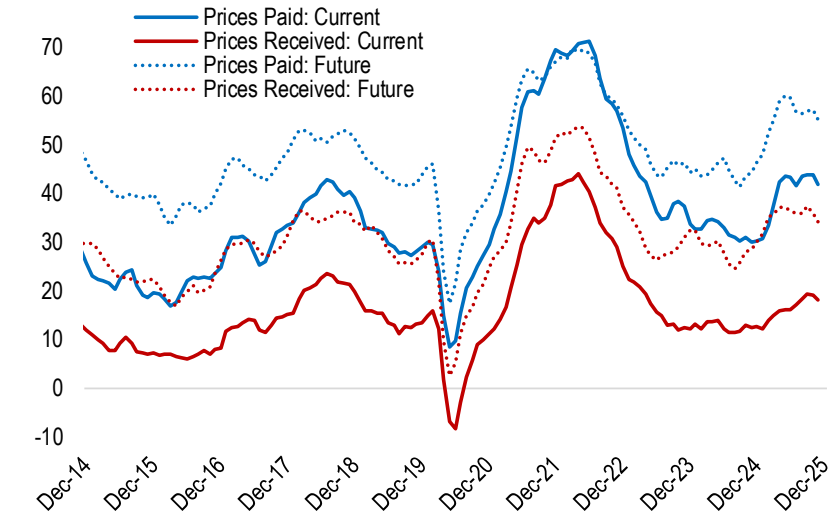

## Services Industry Has Been Struggling with Notable Weakness in the Northeast




## Business Expectations Best Summed Up as "Cautiously Optimistic"

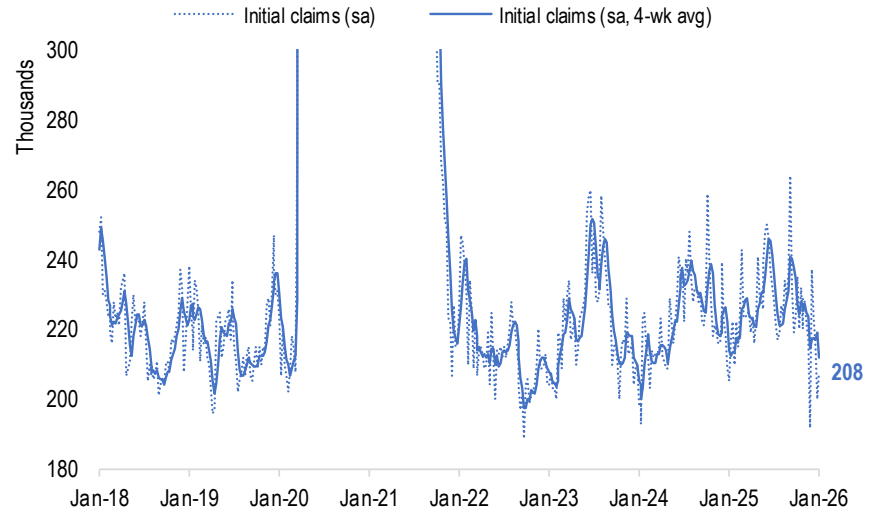



## All-Industry Pricing Dynamics Point to Current Margin Squeeze with Plan on Recouping Costs

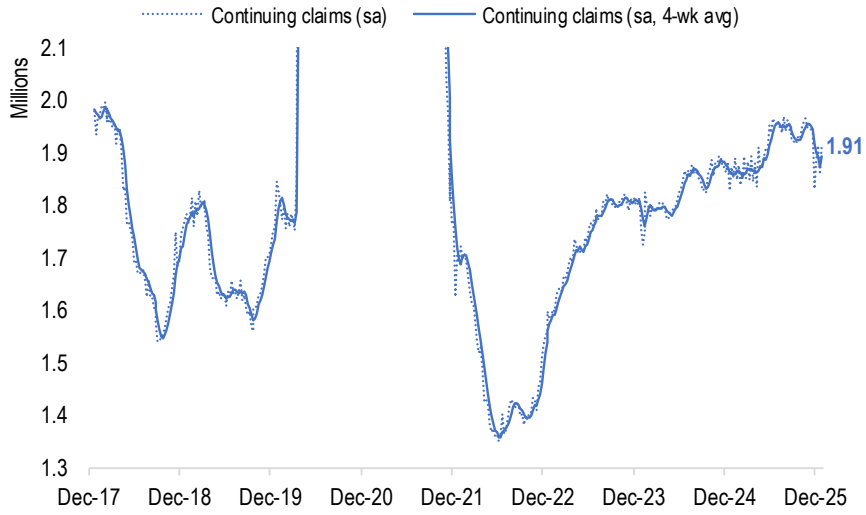



Sources: Federal Reserve Board, Arch Global Economics

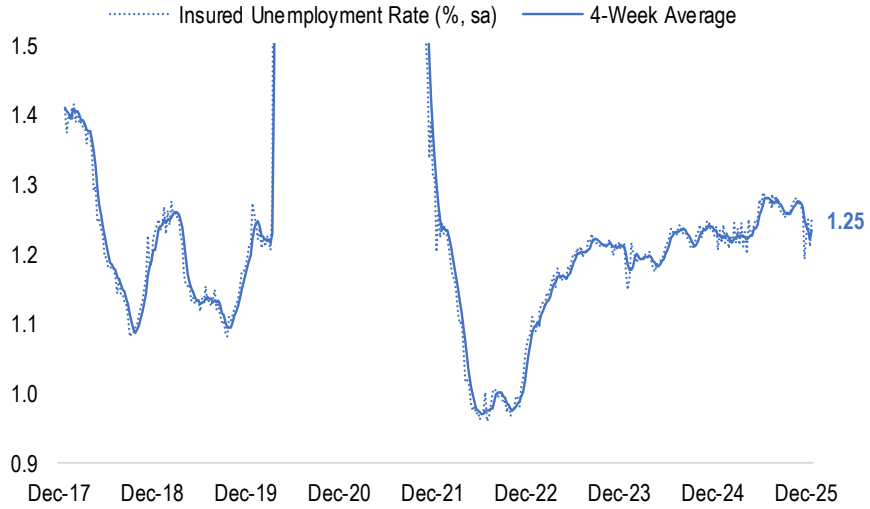
## Initial Claims Nudged Higher to 208k (sa) in Week Ending Jan. 3, Still Near Multi-Year Low




## Continuing Claims Ticked Higher to 1,914k (sa) during Week Ending Dec. 27, Reversing Some of Recent Plunge

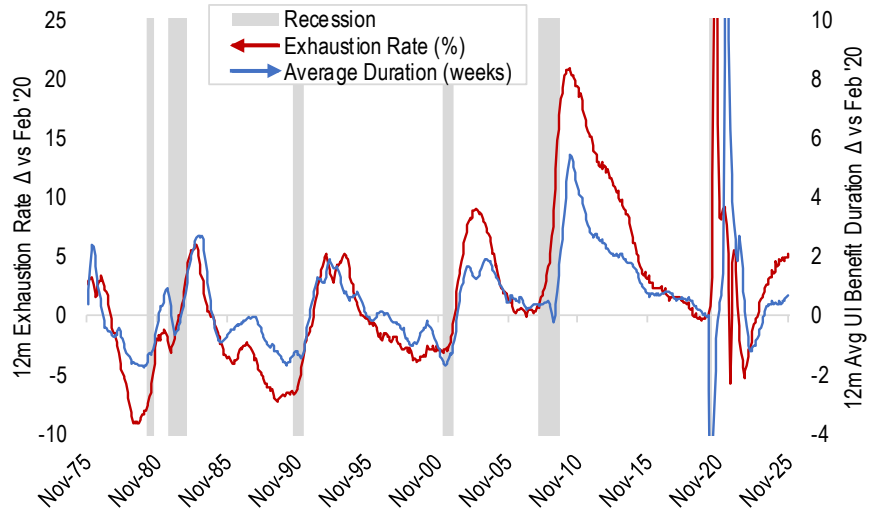



## Insured Unemployment Rate Also Ticked Higher to 1.25%, Similarly Reversing Some of Prior Decline




Insured Unemployment = Continuing Claims / Employed Population Eligible for Unemployment Insurance

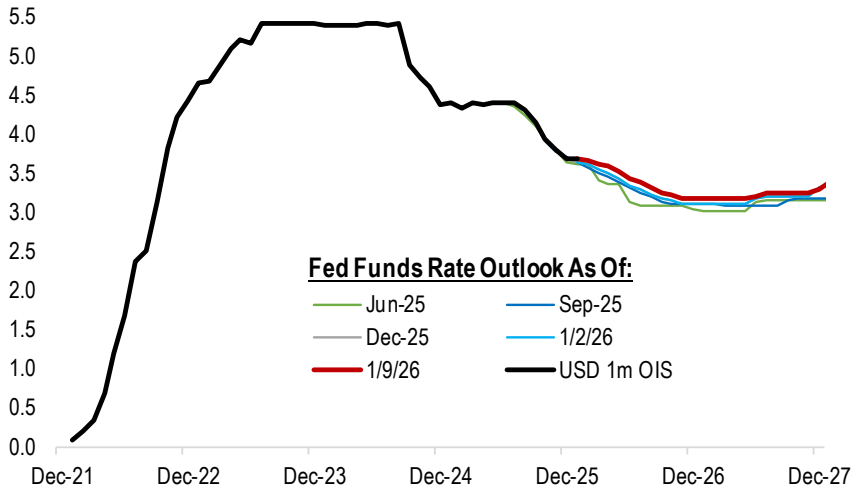
## Claims Data Would Look Worse, If Not for Multi-Year High Exhaustion Rate and Duration of Unemployment



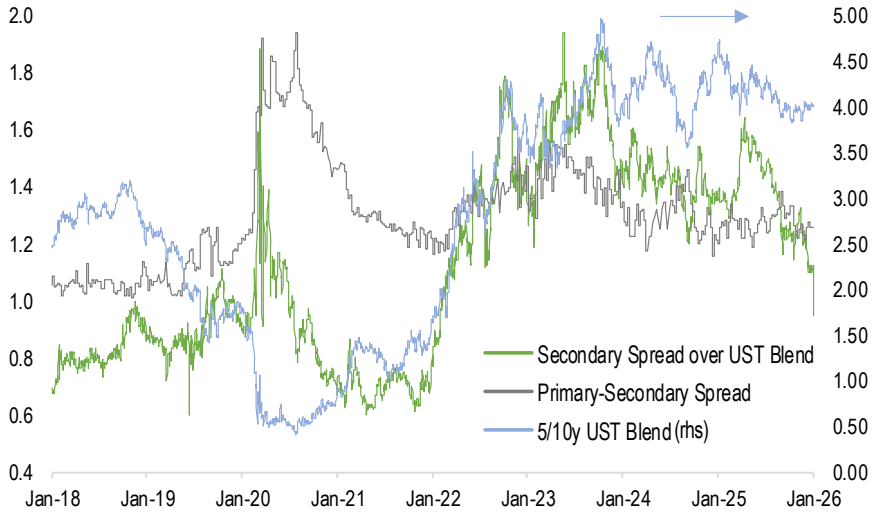

Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

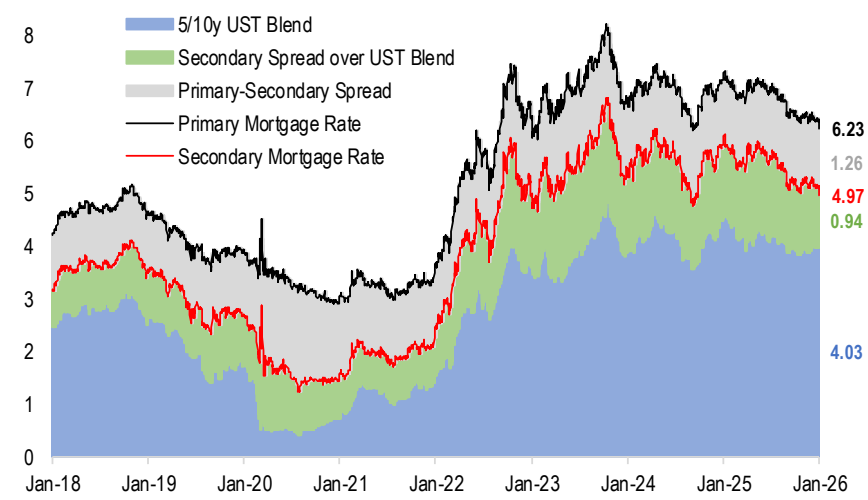
## Market Odds Pricing in Just Two 25bps Rate Cuts in '26, with Hikes Potentially on the Longer-Term Horizon



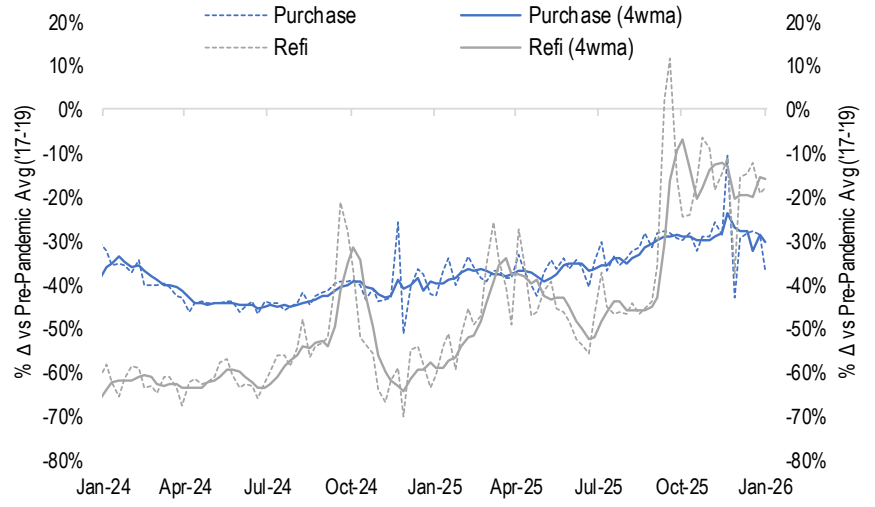

## Mortgage Spreads Down ~20bps on the Week as Trump Proposed "Representatives" Buy $200B MBS …




## … Which Pushed Mortgage Rates Down to Lowest Level Since Sept. '24



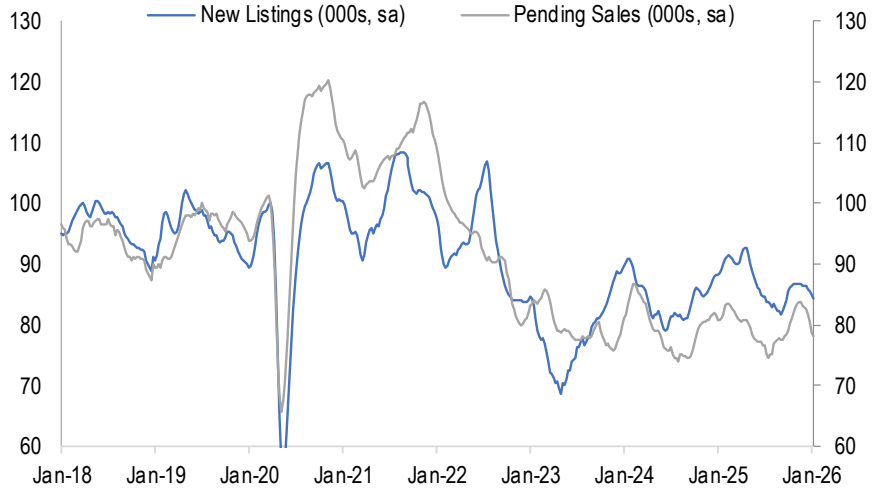

## Mortgage Applications Remained Volatile around Holidays, but Generally Appear to Be Trending Lower



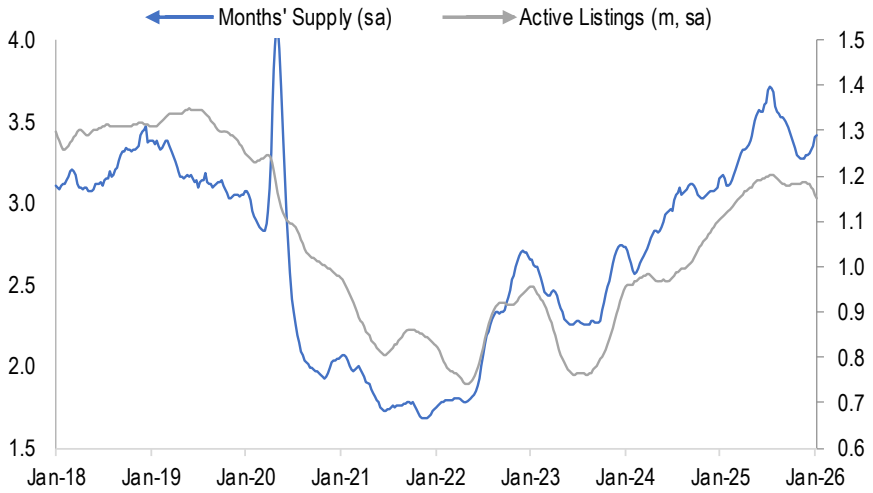

Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

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

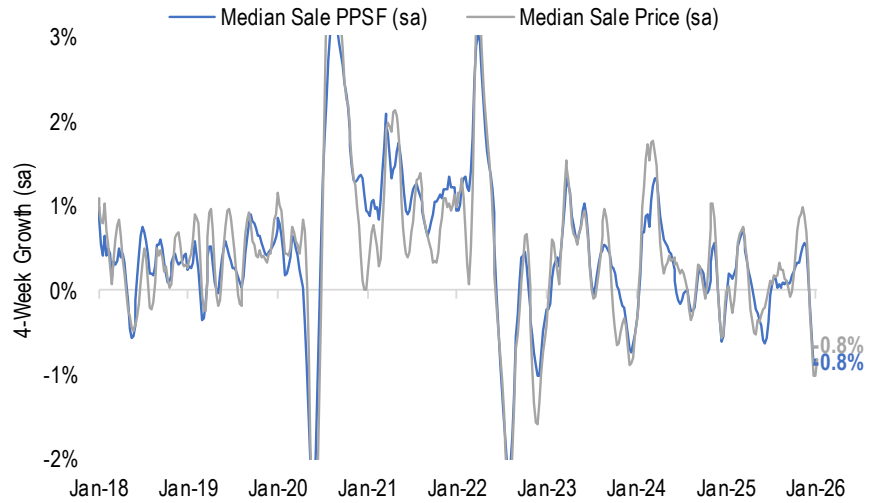
## Pending Sales Have Continued to Pull Back through the First Week of January …



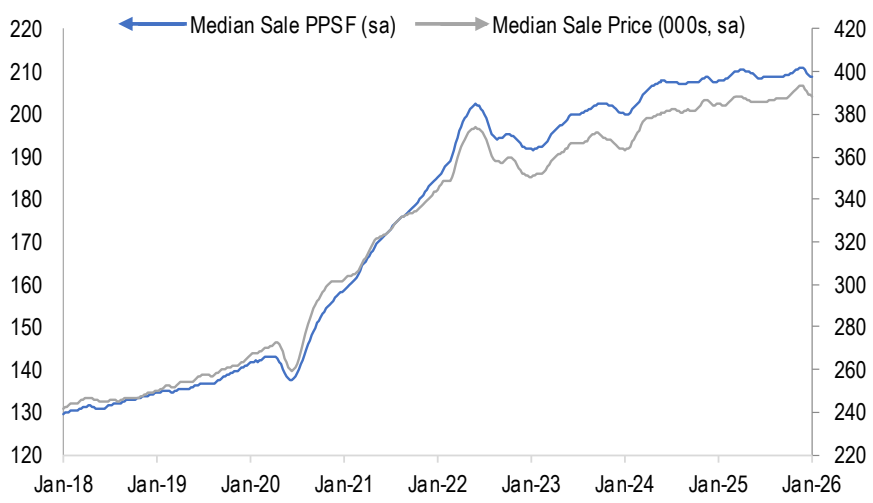

## … Faster Than New Listings Have Cooled, Turning Months' Supply Notably Higher




## Pace of Seasonally Adjusted Home-Price Growth Has Cooled Sharply in Recent Weeks




## Home Prices Turned Lower in 4Q25, and That Momentum Had Carried through to Start 2026




Sources: Redfin, Arch Global Economics

SA = Seasonally Adjusted
PPSF = Price Per Square Foot

Data as of Jan. 4, 2026, and reflects 4-week averages.

## 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** | **0.1%** | **-0.9%** | **1.7%** | **0.7%** | **3.4%** | **0.4%** | **98.0%** | **-0.3%** | **-5.8** | **-12.3** | **2%** | **-12%** | **-18%** |
| Atlanta | -1.1% | **2.7%** | 3.0% | 1.0% | 3.1% | 0.3% | 97.6% | *-0.2%* | 15.2 | 11.2 | 7% | *-8%* | *-20%* |
| Austin | **-5.0%** | *-1.6%* | 0.8% | *3.4%* | **4.4%** | **0.9%** | **96.4%** | -0.2% | **61.2** | **43.2** | 6% | **53%** | **37%** |
| Baltimore | *0.5%* | *0.6%* | *3.9%* | 1.6% | *3.9%* | 0.5% | **99.7%** | **-0.6%** | *-4.8* | *-12.9* | **18%** | **-29%** | **-46%** |
| Boston | **1.3%** | *0.3%* | *4.3%* | 0.8% | **2.2%** | *0.1%* | **99.4%** | **-0.7%** | 5.7 | -0.2 | **16%** | -5% | *-21%* |
| Chicago | **4.1%** | **1.3%** | **8.8%** | **4.4%** | **2.0%** | 0.3% | *98.7%* | **0.1%** | *-6.7* | -5.0 | **-9%** | **-34%** | **-30%** |
| Dallas | **-5.9%** | -0.9% | *0.1%* | *2.9%* | **4.3%** | 0.3% | **96.5%** | **-0.8%** | **36.4** | *21.9* | 1% | *34%* | *23%* |
| Denver | *-2.6%* | **1.0%** | **-2.1%** | -0.2% | *4.0%* | *0.1%* | 98.3% | -0.2% | *34.0* | **28.0** | 2% | **83%** | **55%** |
| Houston | *-1.7%* | 0.1% | *-0.2%* | 0.3% | **4.6%** | **1.3%** | **96.2%** | -0.5% | *29.1* | 8.5 | 2% | *-11%* | *-17%* |
| Los Angeles | *-2.4%* | **-3.0%** | *-0.9%* | **-2.0%** | **1.9%** | 0.2% | *99.0%* | **-0.7%** | 8.0 | 1.0 | *-1%* | 14% | 10% |
| Miami | -1.0% | *-1.3%* | **5.3%** | **7.1%** | *2.5%* | 0.4% | **95.0%** | -0.3% | *24.0* | *13.8* | *0%* | 2% | -4% |
| Minneapolis | *0.9%* | *-1.8%* | *3.3%* | 0.9% | 3.5% | **1.0%** | *98.8%* | *-0.2%* | *-2.9* | -2.6 | *-4%* | -2% | -9% |
| Nashville | *0.5%* | -0.6% | 0.9% | **-2.2%** | *2.4%* | 0.3% | 97.5% | *-0.5%* | *27.7* | 9.4 | **14%** | 21% | 1% |
| New York | **4.8%** | *-1.7%* | *-0.1%* | **-3.2%** | **2.0%** | *0.2%* | **99.7%** | **0.0%** | **-52.1** | **-59.5** | 0% | **-31%** | **-37%** |
| Phoenix | **-3.8%** | *-1.8%* | 2.4% | *2.7%* | **4.1%** | 0.4% | 97.9% | *-0.2%* | 18.2 | 12.4 | 3% | 16% | *21%* |
| Portland | -0.8% | *0.5%* | *0.0%* | *-0.7%* | 3.1% | *0.1%* | 98.4% | -0.5% | 20.5 | 13.4 | 1% | **40%** | **30%** |
| Riverside | -0.9% | -1.1% | 1.5% | 1.0% | 3.0% | **0.9%** | 98.6% | *-0.2%* | *0.6* | *-6.3* | **-6%** | -3% | 0% |
| San Diego | -1.2% | *0.4%* | *-1.1%* | *2.8%* | 3.0% | **0.9%** | 98.7% | *-0.2%* | 5.2 | 3.5 | 0% | *-7%* | -10% |
| Seattle | -0.1% | **-2.1%** | *-1.0%* | *-1.4%* | 3.0% | **0.0%** | 98.5% | **-0.7%** | 12.6 | 1.5 | **16%** | **44%** | *20%* |
| Tampa | *0.4%* | **1.2%** | **5.5%** | 1.6% | **4.7%** | **-0.6%** | **96.7%** | *-0.1%* | 20.8 | 12.9 | *-1%* | 15% | 5% |
| Washington DC | -0.5% | **-2.6%** | **-2.0%** | **-2.8%** | 3.0% | 0.6% | *99.0%* | **-0.7%** | 10.3 | -0.9 | **15%** | 1% | *-22%* |

Data as of Jan. 4, 2026, and reflects 4-week averages.

Sources: Redfin, Arch Global Economics

## Upcoming Data Releases

Key economic and housing data releases for the coming week:

| Date | Time | Indicator | Period | Actual | Consensus | Revised | Prior | Note |
|---|---|---|---|---|---|---|---|---|
| 1/13/26 | 6:00 AM | NFIB Small Business Optimism | Dec | -- | 99.2 | -- | 99.0 | index, sa |
| 1/13/26 | 8:30 AM | CPI m/m | Dec | -- | 0.3 | -- | -- | %, sa |
| 1/13/26 | 8:30 AM | CPI Core (ex Food and Energy) m/m | Dec | -- | 0.3 | -- | -- | %, sa |
| 1/13/26 | 8:30 AM | CPI y/y | Dec | -- | 2.7 | -- | 2.7 | %, nsa |
| 1/13/26 | 8:30 AM | CPI Core (ex Food and Energy) y/y | Dec | -- | 2.7 | -- | 2.6 | %, nsa |
| 1/13/26 | 10:00 AM | New Home Sales | Oct | -- | 715.0 | -- | -- | k, saar |
| 1/13/26 | 10:00 AM | New Home Sales m/m | Oct | -- | -10.6 | -- | -- | %, sa |
| 1/14/26 | 7:00 AM | MBA Mortgage Applications w/w | Jan 9 | -- | -- | -- | 0.3 | %, sa |
| 1/14/26 | 8:30 AM | PPI Final Demand m/m | Nov | -- | 0.2 | -- | -- | %, sa |
| 1/14/26 | 8:30 AM | PPI Core (ex Food and Energy) m/m | Nov | -- | 0.2 | -- | -- | %, sa |
| 1/14/26 | 8:30 AM | PPI Final Demand y/y | Nov | -- | 2.7 | -- | -- | %, nsa |
| 1/14/26 | 8:30 AM | PPI Core (ex Food and Energy) y/y | Nov | -- | 2.7 | -- | -- | %, nsa |
| 1/14/26 | 8:30 AM | Advance Retail Sales m/m | Nov | -- | 0.4 | -- | 0.0 | %, sa |
| 1/14/26 | 8:30 AM | Retail Sales Control Group m/m | Nov | -- | 0.4 | -- | 0.8 | %, sa |
| 1/14/26 | 10:00 AM | Existing Home Sales | Dec | -- | 4.2 | -- | 4.1 | m, saar |
| 1/14/26 | 10:00 AM | Existing Home Sales m/m | Dec | -- | 2.2 | -- | 0.5 | %, sa |
| 1/14/26 | 10:00 AM | Business Inventories m/m | Oct | -- | 0.1 | -- | 0.2 | %, sa |
| 1/15/26 | 8:30 AM | Philadelphia Fed Business Outlook | Jan | -- | -1.0 | -8.8 | -10.2 | index, sa |
| 1/15/26 | 8:30 AM | Initial Jobless Claims | Jan 10 | -- | 215 | -- | 208 | k, sa |
| 1/15/26 | 8:30 AM | Continuing Claims | Jan 3 | -- | 1,897 | -- | 1,914 | k, sa |
| 1/15/26 | 8:30 AM | Import Price Index m/m | Nov | -- | -0.2 | -- | -- | %, nsa |
| 1/16/26 | 9:15 AM | Industrial Production m/m | Dec | -- | 0.1 | -- | 0.2 | %, sa |
| 1/16/26 | 9:15 AM | Capacity Utilization | Dec | -- | 76.0 | -- | 76.0 | sa |
| 1/16/26 | 10:00 AM | NAHB Housing Market Index | Jan | -- | 40 | -- | 39 | index, sa |

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

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 |
|---|---|---|---|---|---|---|---|---|
| 1/5/26 | 10:00 AM | ISM Manufacturing | Dec | 47.9 | 48.4 | -- | 48.2 | index, sa |
| 1/5/26 | 10:00 AM | ISM Prices Paid | Dec | 58.5 | 58.7 | -- | 58.5 | index, nsa |
| 1/5/26 | 5:28 PM | Wards Total Vehicle Sales | Dec | 16.0 | 15.8 | -- | 15.6 | m, saar |
| 1/6/26 | 9:45 AM | S&P Global US Services PMI | Dec F | 52.5 | 52.9 | -- | 52.9 | index, sa |
| 1/6/26 | 9:45 AM | S&P Global US Composite PMI | Dec F | 52.7 | -- | -- | 53.0 | index, sa |
| 1/7/26 | 7:00 AM | MBA Mortgage Applications w/w | Jan 2 | 0.3 | -- | -- | -10.0 | %, sa |
| 1/7/26 | 8:15 AM | ADP Employment m/m | Dec | 41 | 50 | -29 | -32 | k, sa |
| 1/7/26 | 10:00 AM | ISM Services Index | Dec | 54.4 | 52.2 | -- | 52.6 | index, nsa |
| 1/7/26 | 10:00 AM | JOLTS Job Openings | Nov | 7,146 | 7,648 | 7,449 | 7,670 | k, sa |
| 1/7/26 | 10:00 AM | Durable Goods Orders m/m | Oct F | -2.2 | -2.2 | -- | -2.2 | %, sa |
| 1/8/26 | 8:30 AM | Nonfarm Productivity q/q | 3Q P | 4.9 | 5.0 | 4.1 | 3.3 | %, saar |
| 1/8/26 | 8:30 AM | Unit Labor Costs q/q | 3Q P | -1.9 | -0.1 | -2.9 | 1.0 | %, saar |
| 1/8/26 | 8:30 AM | Initial Jobless Claims | Jan 3 | 208 | 212 | 200 | 199 | k, sa |
| 1/8/26 | 8:30 AM | Continuing Claims | Dec 27 | 1,914 | 1,900 | 1,858 | 1,866 | k, sa |
| 1/8/26 | 11:00 AM | NY Fed 1-Yr Inflation Expectations | Dec | 3.4 | -- | -- | 3.2 | % |
| 1/8/26 | 3:00 PM | Consumer Credit m/m | Nov | 4.2 | 10.1 | 9.2 | 9.2 | $B, sa |
| 1/9/26 | 8:30 AM | Nonfarm Payrolls m/m | Dec | 50 | 70 | 56 | 64 | k, sa |
| 1/9/26 | 8:30 AM | Private Payrolls m/m | Dec | 37 | 75 | 50 | 69 | k, sa |
| 1/9/26 | 8:30 AM | Average Hourly Earnings m/m | Dec | 0.3 | 0.3 | 0.2 | 0.1 | %, sa |
| 1/9/26 | 8:30 AM | Average Hourly Earnings y/y | Dec | 3.8 | 3.6 | 3.6 | 3.5 | %, nsa |
| 1/9/26 | 8:30 AM | Average Weekly Hours All Employees | Dec | 34.2 | 34.3 | -- | 34.3 | sa |
| 1/9/26 | 8:30 AM | Unemployment Rate | Dec | 4.4 | 4.5 | 4.5 | 4.6 | %, sa |
| 1/9/26 | 8:30 AM | Labor Force Participation Rate | Dec | 62.4 | 62.4 | -- | 62.5 | %, sa |
| 1/9/26 | 8:30 AM | Housing Starts | Oct | 1,246 | 1,330 | -- | 1,306 | k, saar |
| 1/9/26 | 8:30 AM | Building Permits | Oct P | 1,412 | 1,350 | -- | 1,415 | k, saar |
| 1/9/26 | 8:30 AM | Housing Starts m/m | Oct | -4.6 | 1.8 | -- | 1.2 | %, sa |
| 1/9/26 | 8:30 AM | Building Permits m/m | Oct P | -0.2 | 1.5 | -- | 6.4 | %, sa |
| 1/9/26 | 10:00 AM | U. of Mich. Sentiment | Jan P | 54.0 | 53.5 | -- | 52.9 | index, nsa |
| 1/9/26 | 10:00 AM | U. of Mich. 1 Yr Inflation | Jan P | 4.2 | 4.1 | -- | 4.2 | nsa |
| 1/9/26 | 10:00 AM | U. of Mich. 5-10 Yr Inflation | Jan P | 3.4 | 3.3 | -- | 3.2 | nsa |

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics