



HaMMR Digest

Stay current with economic and mortgage market trends.

January 19, 2026

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And the Wheels Go Round and Round

- **Key Takeaway:** String of hard and soft data point to an economy that exited the shutdown with momentum with signs pointing to broad-based growth.
- **Macro Implications:** Inflation data remains mixed but no signs of acceleration alongside stable labor market and improving activity point to a Fed on hold.
- **Housing Implications:** Activity entering 2026 with a head of steam, but we reserve our optimism for now given each of the last two years began similarly.

Macro: Told You Not to Short This Economy

- Fed's survey of businesses shows uplift in activity in Q4 with stable labor markets.
- November retail sales portray a healthy pace of holiday spending for '25.
- Durables manufacturing ex-autos rose 4% y/y in Dec. to highest level since '22.

Rates: Better Data, Flatter Curve, Fewer Hikes Priced In

- 10y UST yield surged post strong claims data, rising 6bps w/w overall to 4.22%.
- Yield curve bear flattens as front-end curve climbed on better economic data.
- 1yr1yr OIS highest since Aug. with markets paring back rate cuts to ~50bps for '26.

Housing: Dry Kindling Is There, Just Waiting for the Spark

- Affordability has improved with mortgage rates at ~6%, the lowest since 3Q22.
- Improvement is coming from tighter spreads but unclear how far they can run.
- New policy announcements boosting demand risk upward pressure on prices.

Consumer Inflation: Still Distorted by Shutdown

- Dec. CPI inflation rose 0.31% m/m with annual growth remaining at 2.7%.
- Core prices weaker than expected with modest signs of tariff pass-through.
- Distortions from shutdown remain but scant signs of underlying acceleration.

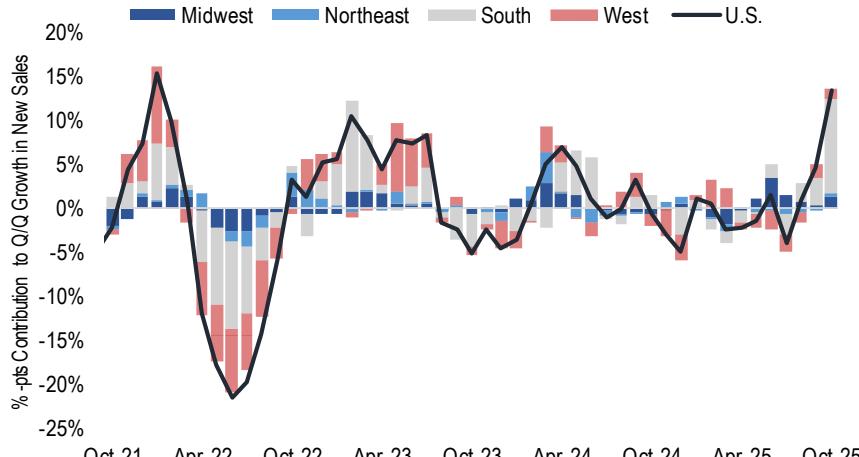
Existing Home Sales: We Have a Pulse!

- Existing home sales up 19% annualized in Q4 and 11% from June's low.
- Inventory rose at a 2% annualized pace in the three months to December.
- Months' supply fell to 3.81, a one-year low amid strong sales.

New Home Sales: Pulling Out All the Stops

- New home sales remained firm in October and up 18% from May's low.
- Inventory growth has cooled with not-started units for sale elevated.
- After rising in 1H25, months' supply has eased to a 14-month low.

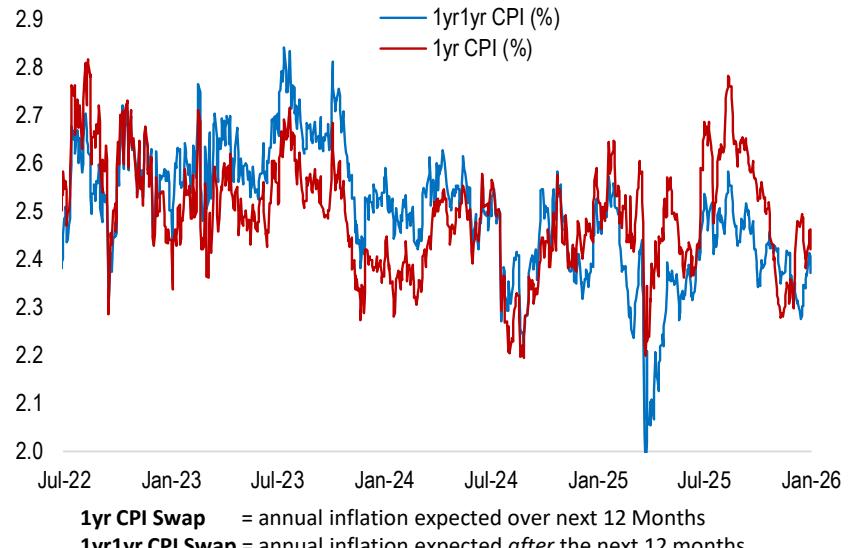
New Home Sales Surged as Builders Got the Memo on Affordability: Increase Incentives and Cut Prices



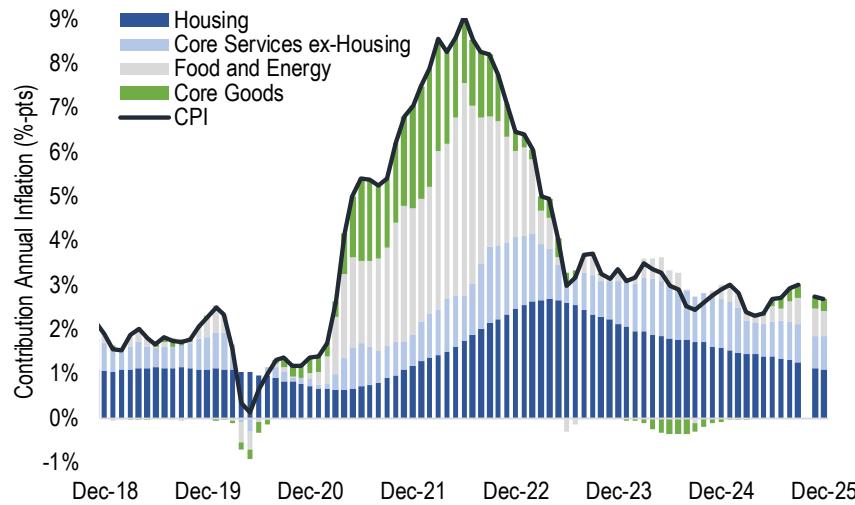
1y1y OIS reflects the market's expectation for the fed funds rate one year from now, over the following year.

Sources: Bloomberg, Census Bureau, Arch Global Economics

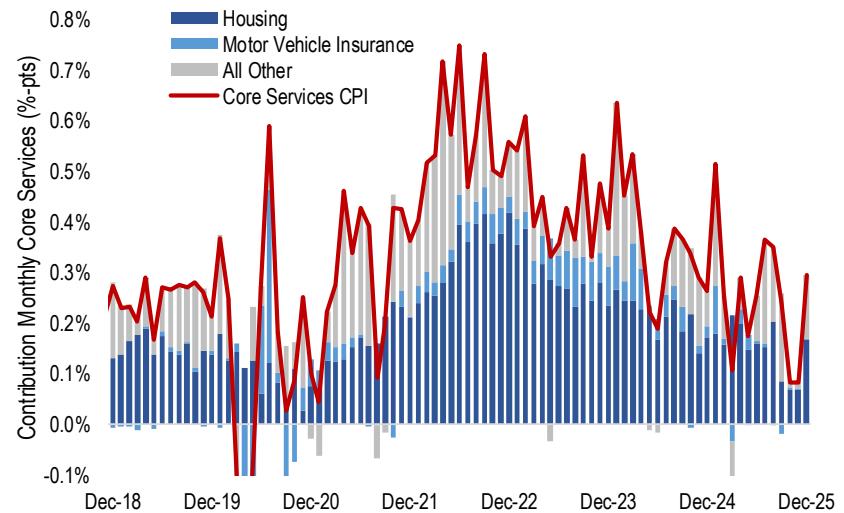
Is the Rebound in Market Expectations of Inflation Due to Tariffs or Stronger Expected Economic Activity?



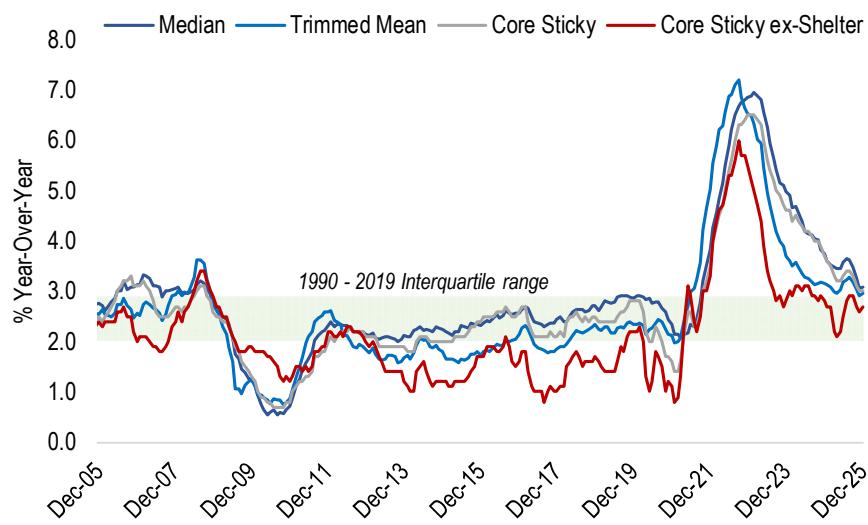
Annual Consumer Inflation Remained at 2.7% in December with a More Modest Lift to Core Goods



Core Services Inflation Distortion from the Shutdown Evident but Will Dissipate in the Months Ahead

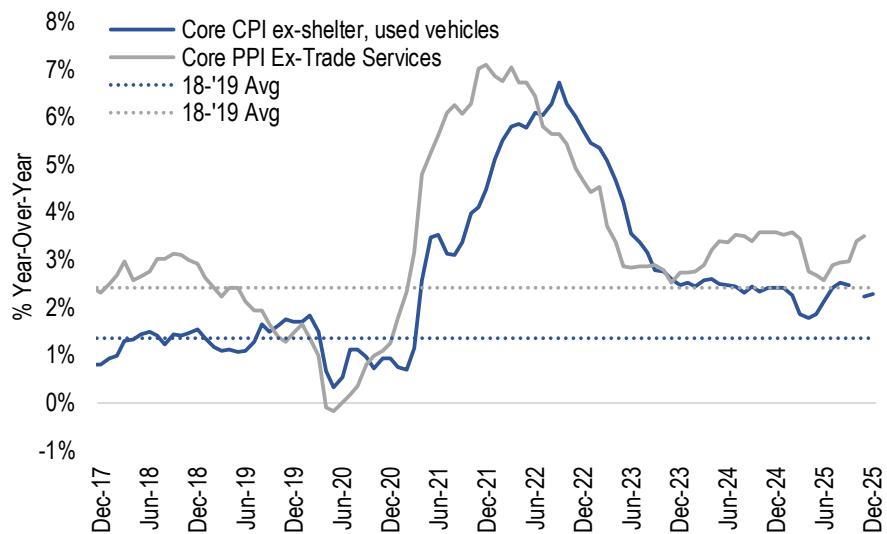


Underlying Measures of Consumer Inflation Look to Be Pivoting Higher



Sources: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, Arch Global Economics

Producers Feeling the Cost Pinch with Distributive Services Still Shouldering the Burden of Tariffs



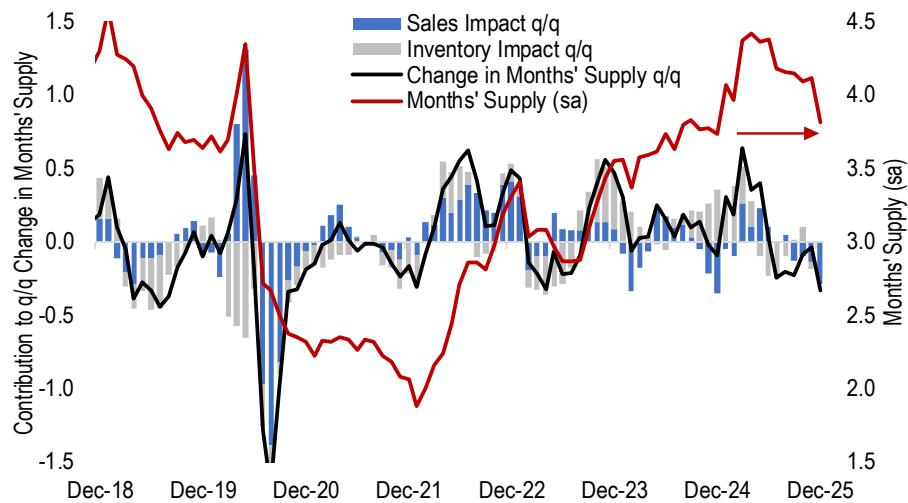
Lower Mortgage Rates Boosted Sales Incrementally Late Last Year



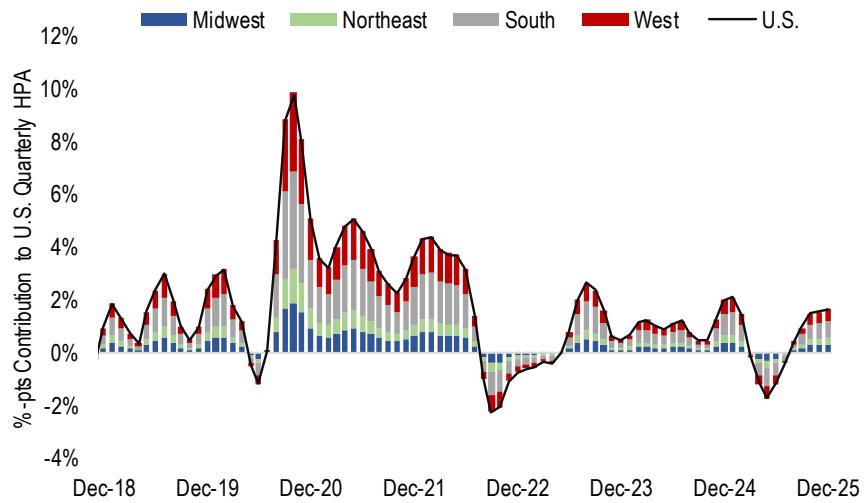
Sellers Remained Cautious with Listings Growth Easing, Helping to Contain Inventory Levels



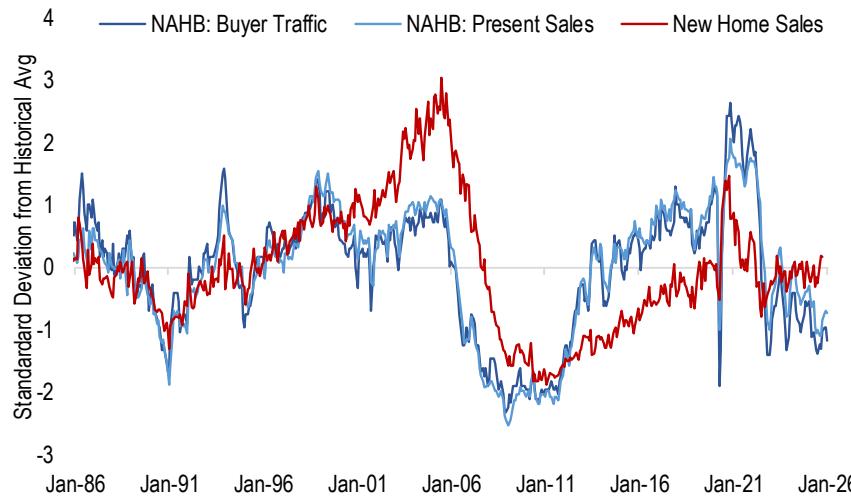
The Rebound in Sales, Albeit Modest at Best, Was Enough to Keep Months' Supply in Check



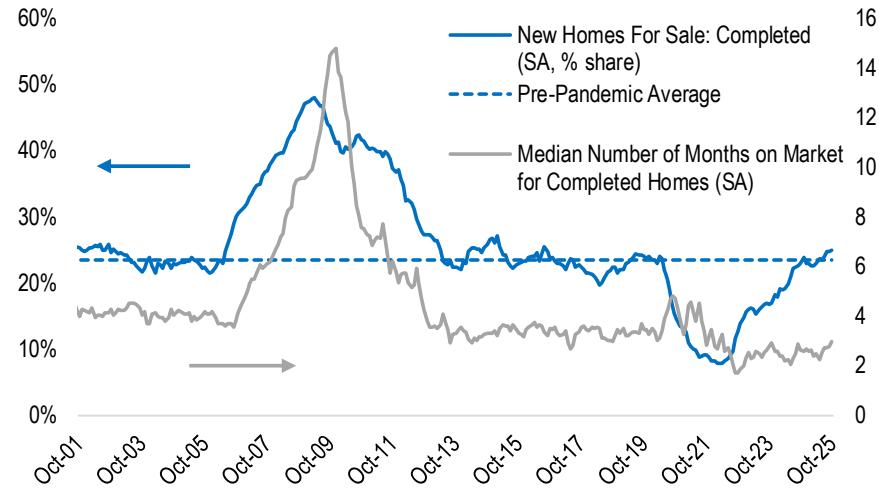
Re-Tightening of Supply-Demand Dynamics Rekindled Positive Home Price Momentum



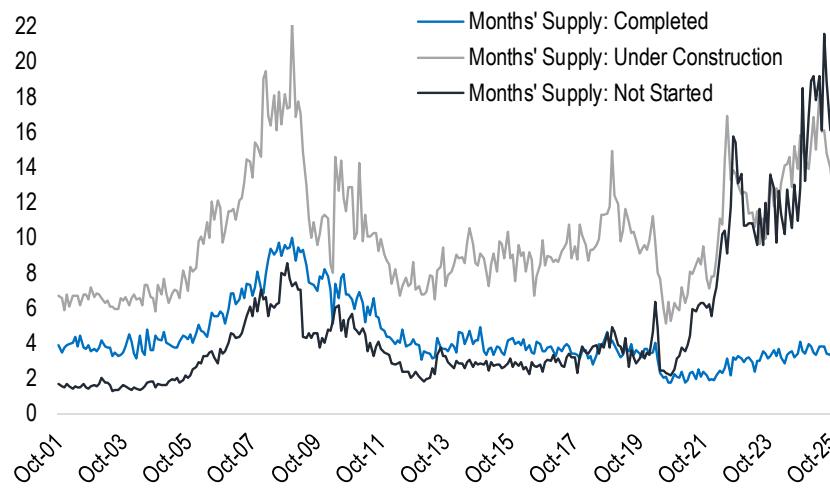
New Home Sales Were Strong in October, but Builder Apprehension Remains in Jan. '26



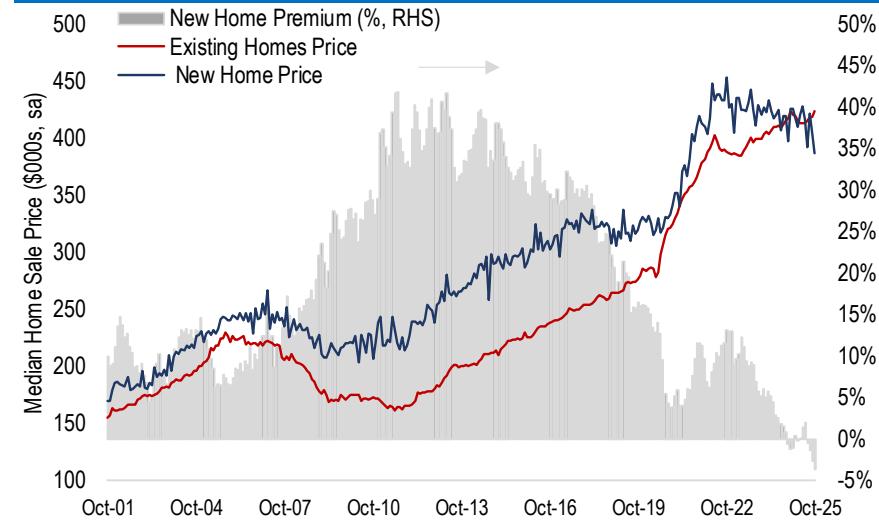
Completed Homes' Share of New Homes for Sale Inched above Pre-Pandemic Norm but Are Still Selling Quickly

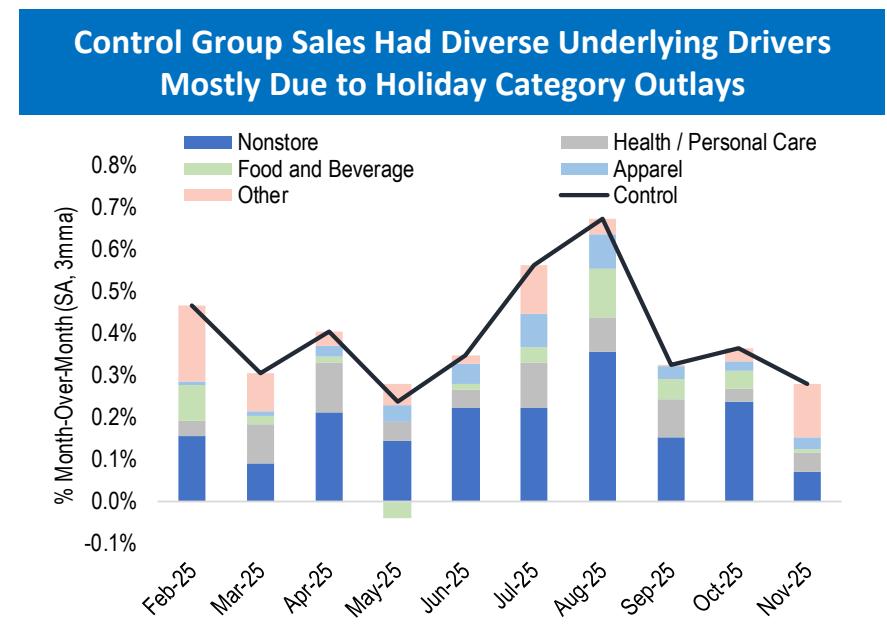
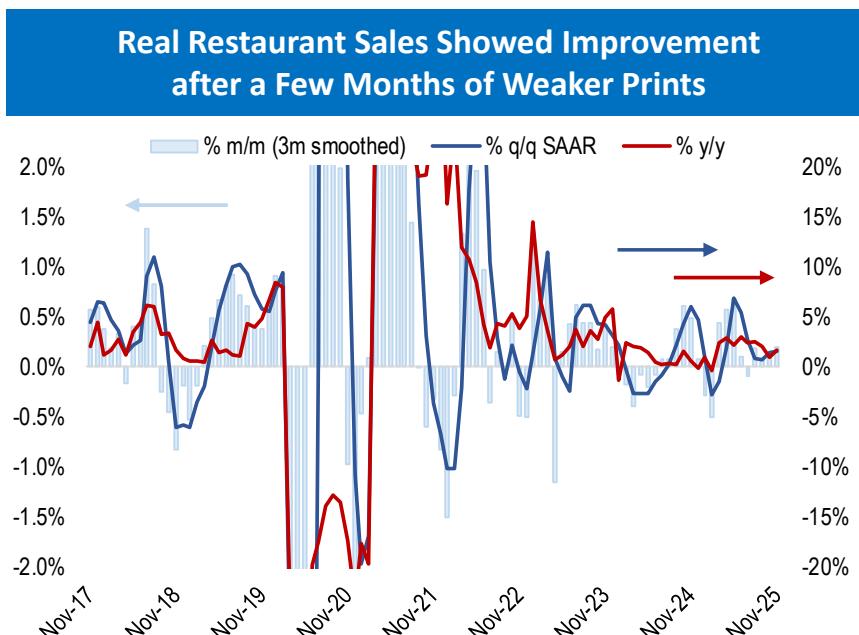
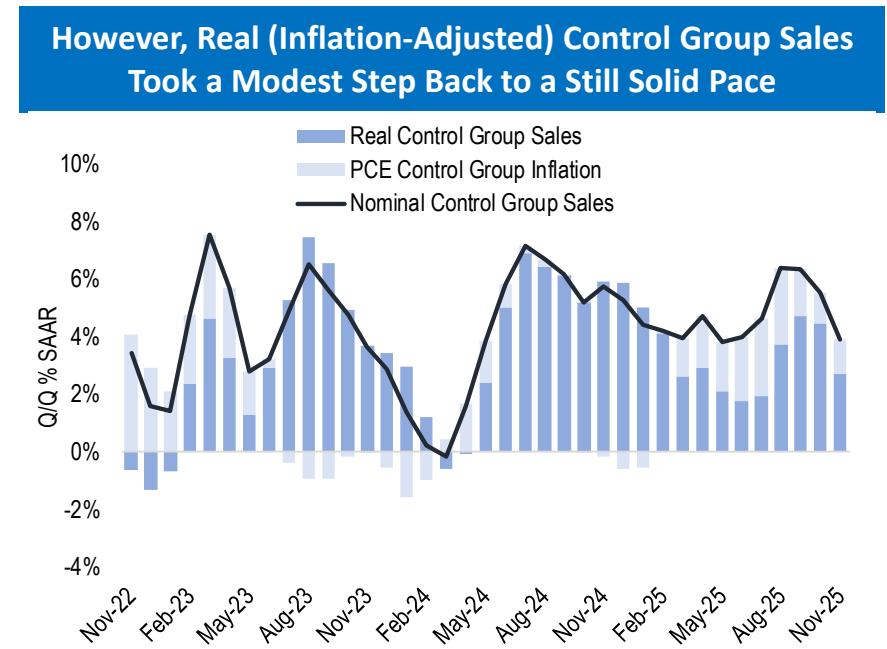
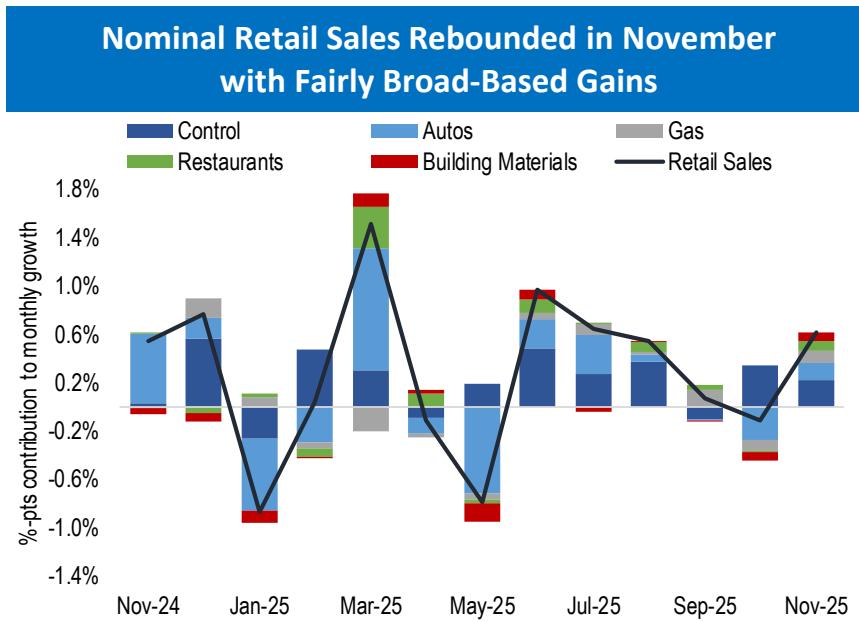


Surge in Sales Led to Steep Drop in Months' Supply for Uncompleted Home Segments



National New Home Discount Relative to Existing Home Prices Deepened to a Record in October



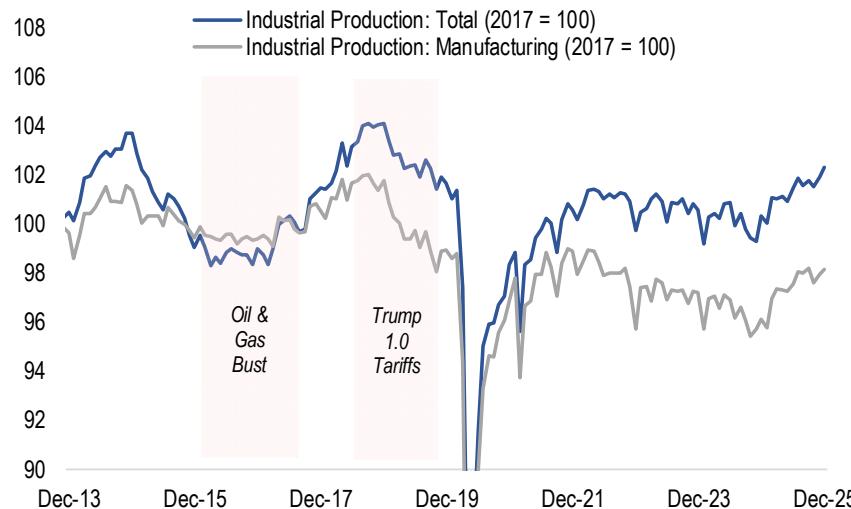


Note: SA = Seasonally Adjusted

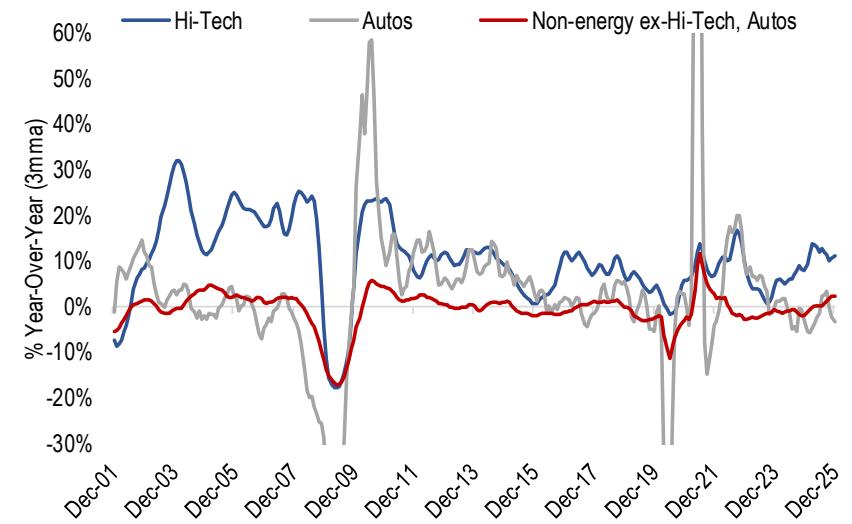
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

"Control Group" = Retail sales excludes autos, gas, building materials and restaurants.

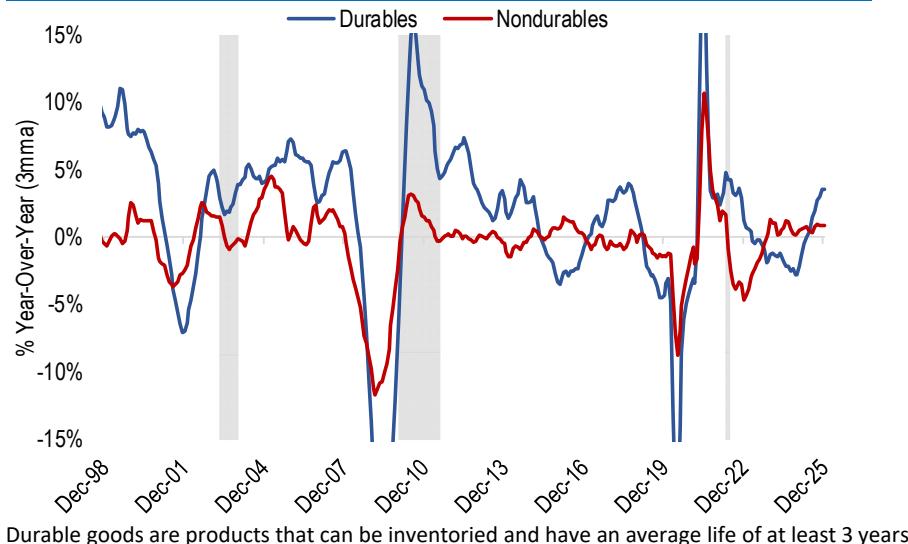
Industrial Production Has Strengthened Further despite Four Consecutive Declines in Autos Output



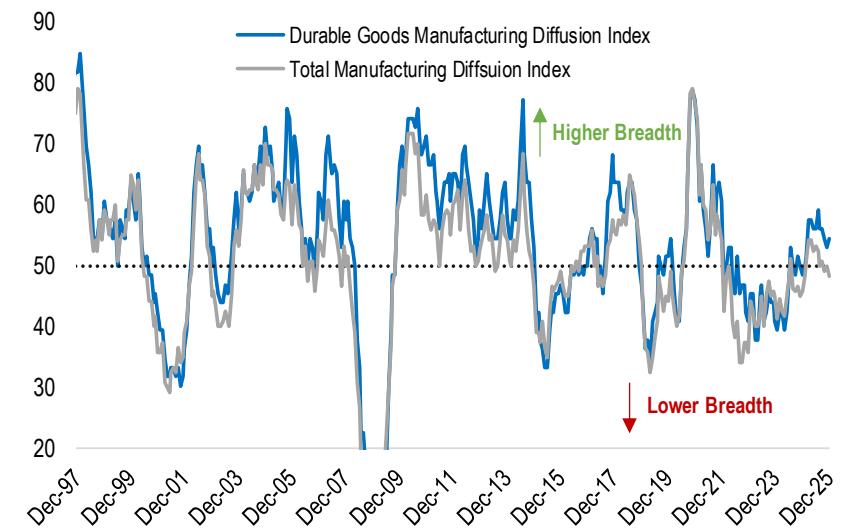
Production Related to Tech and Information Processing Continued to Gain Momentum



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



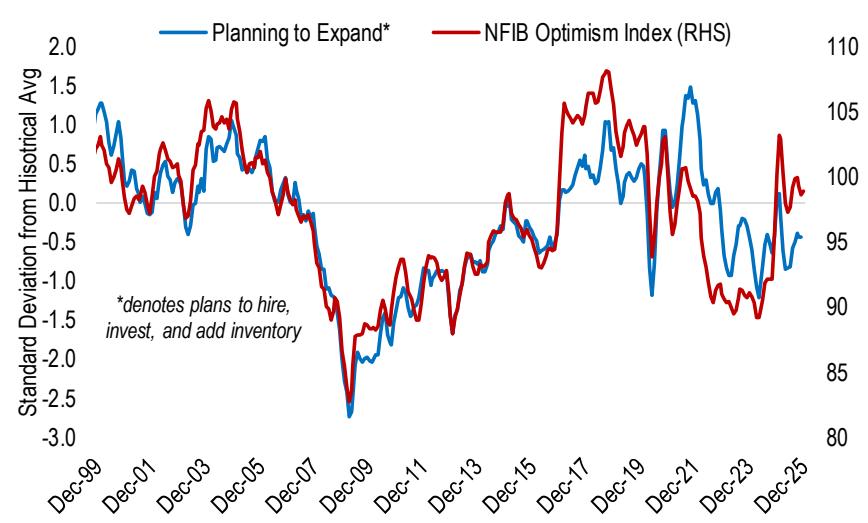
Durable Goods Breadth Held Firm with Notable Strength in Tech, Metals and Electrical Components



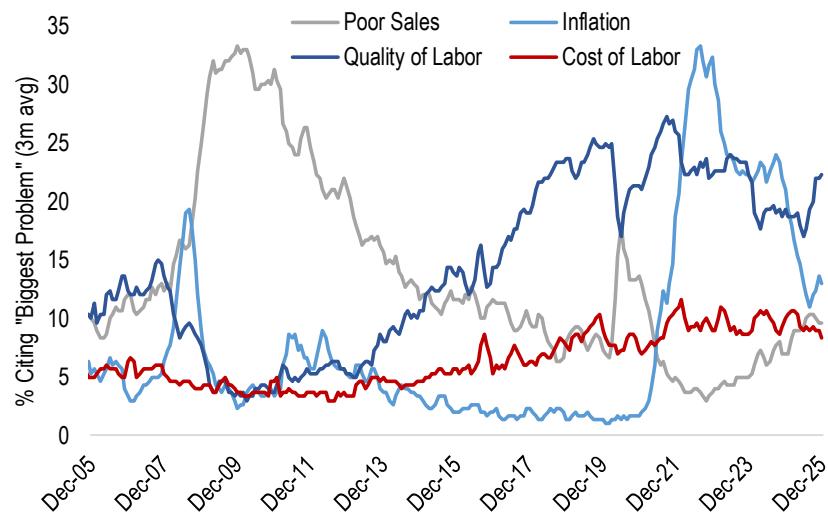
Small Businesses Have Turned More Sanguine about Future Revenue ...



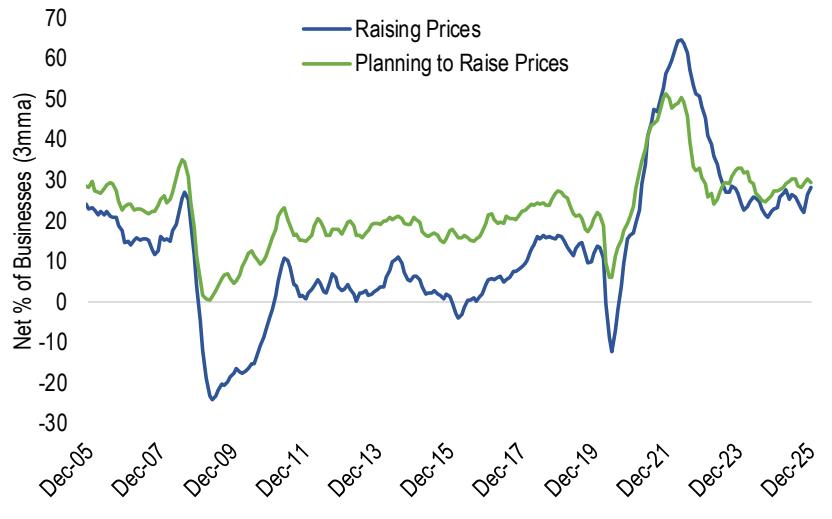
... But Plans to Expand Have Been Tame, Suggesting Sentiment Improvement Has Yet to Alter Behavior



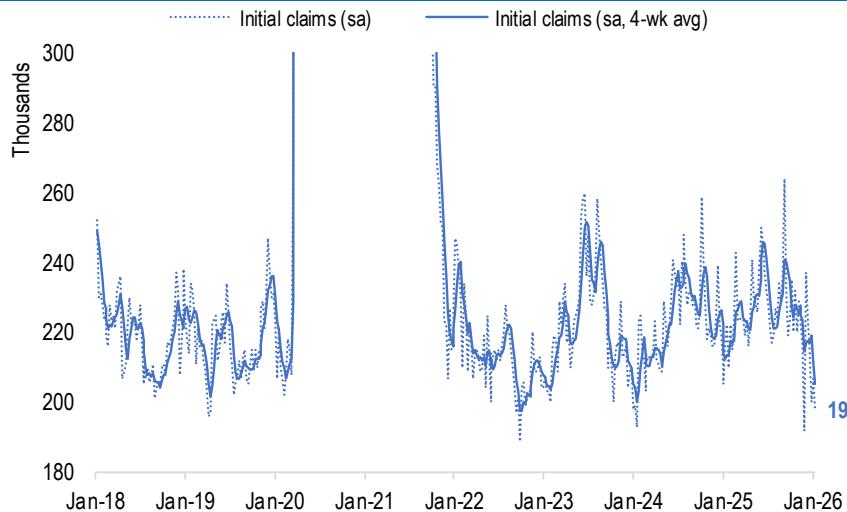
Share of Firms Citing "Poor Sales" as "Biggest Problem" Has Rolled Over While "Labor Quality" Keeps Rising



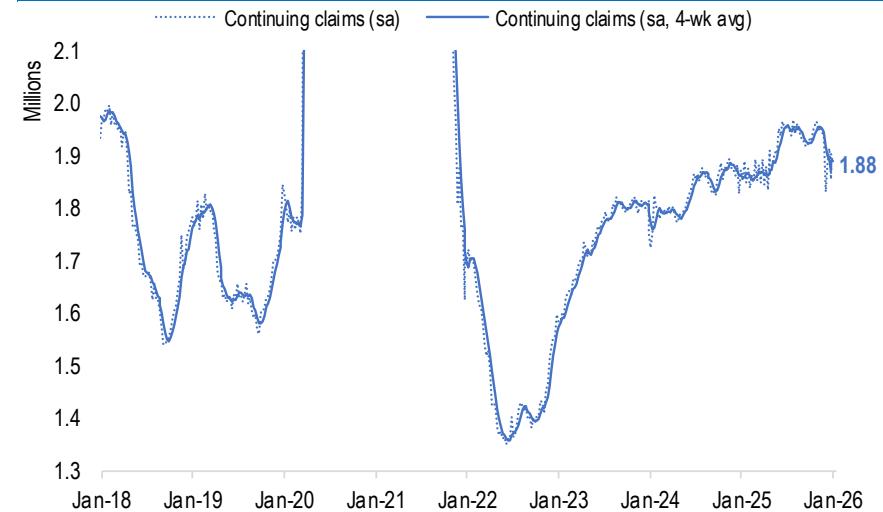
Firms Seem Less Hesitant to Raise Prices, Signaling Margin Compression Limits or Improving Demand



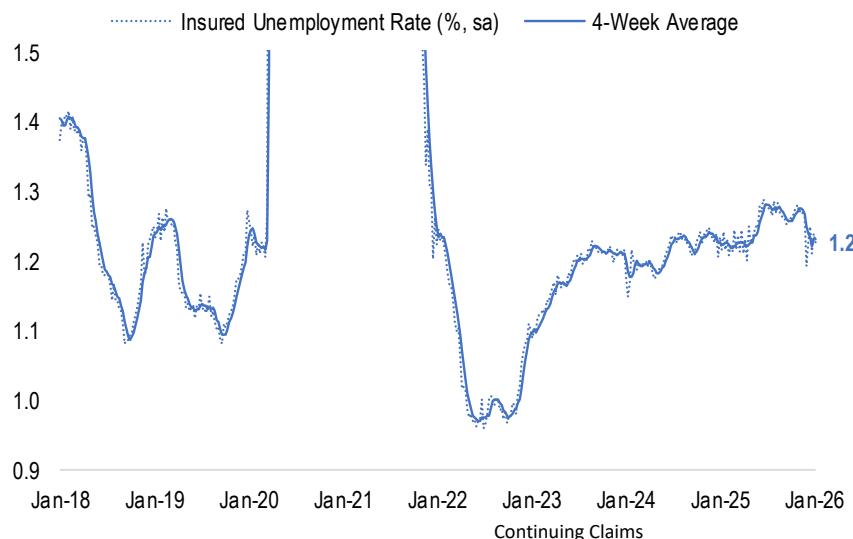
Initial Claims Dropped below 200k (sa) in Week Ending Jan. 10, Just Above Multi-Year Low



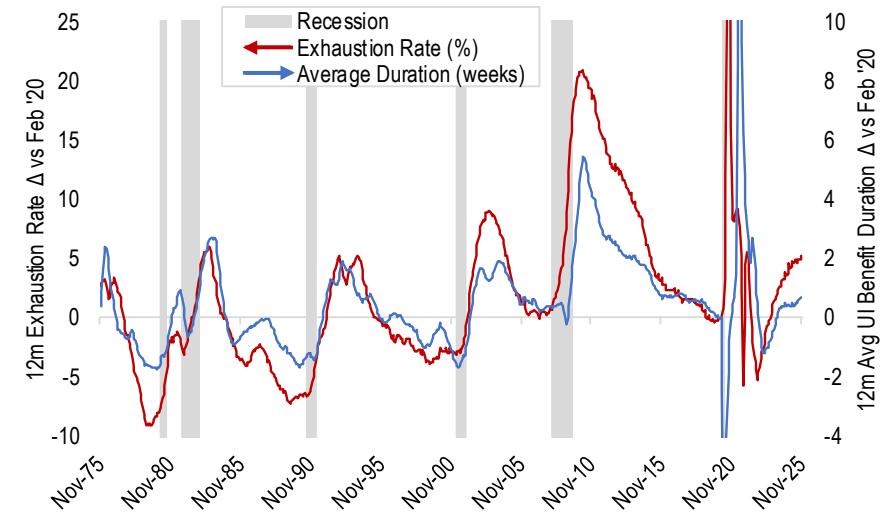
Continuing Claims Ticked Down to 1,884k (sa) during Week Ending Jan. 3, Still Near 12-Month Low



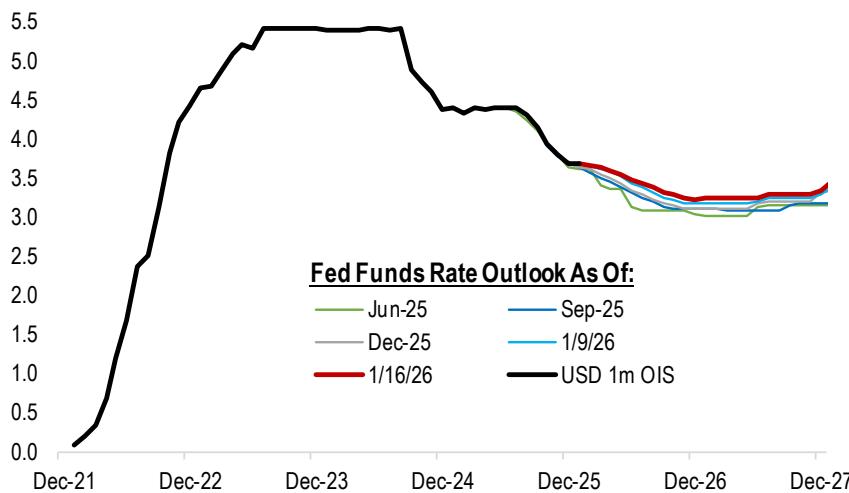
Insured Unemployment Rate Also Inched Lower to 1.23%, Similarly Near Last Year's Lows



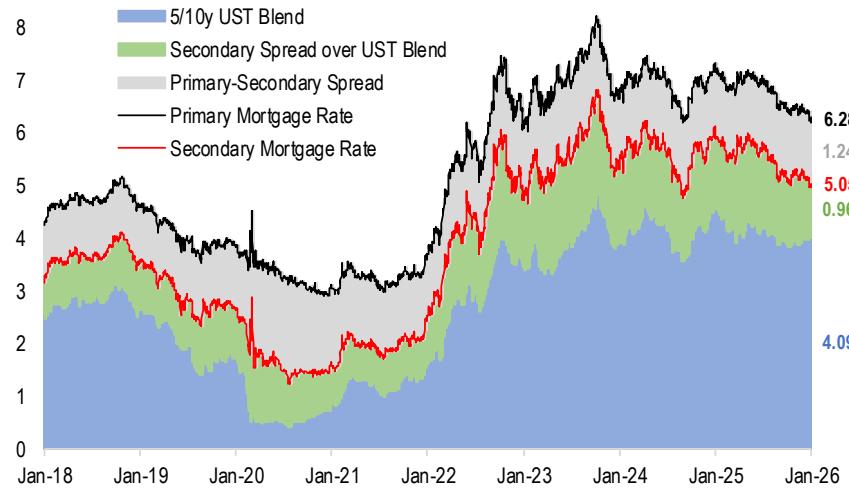
Claims Data Would Look Worse, if Not for Multi-Year High Exhaustion Rate and Duration of Unemployment



Market Odds Pricing in Two 25bps Rate Cuts in '26, with Hikes Being Considered in '27

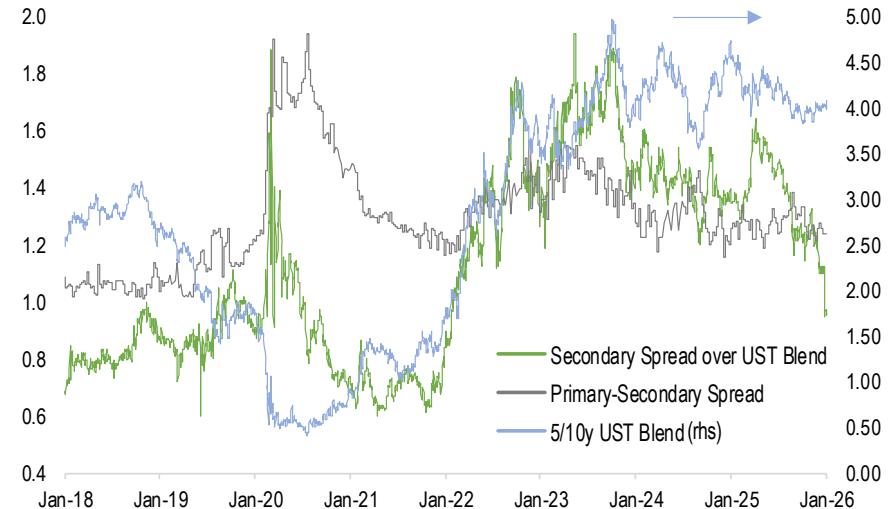


... But Higher Treasury Yields Pushed Up Mortgage Rates 8 bps on the Week

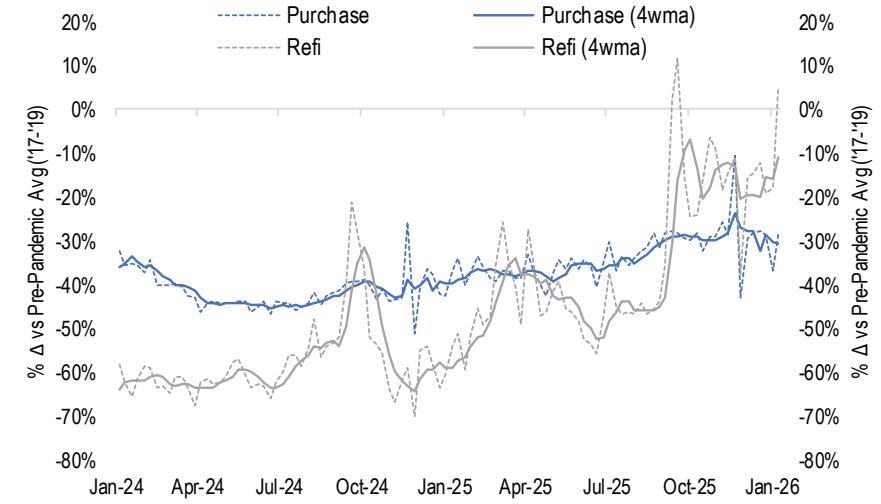


Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

Mortgage Spreads Roughly Unchanged Week after Trump Proposed “Representatives” Buy \$200B MBS ...



Clear Initial Signs of a Reaction in Mortgage Applications to Rates Dipping (Briefly) below 6%

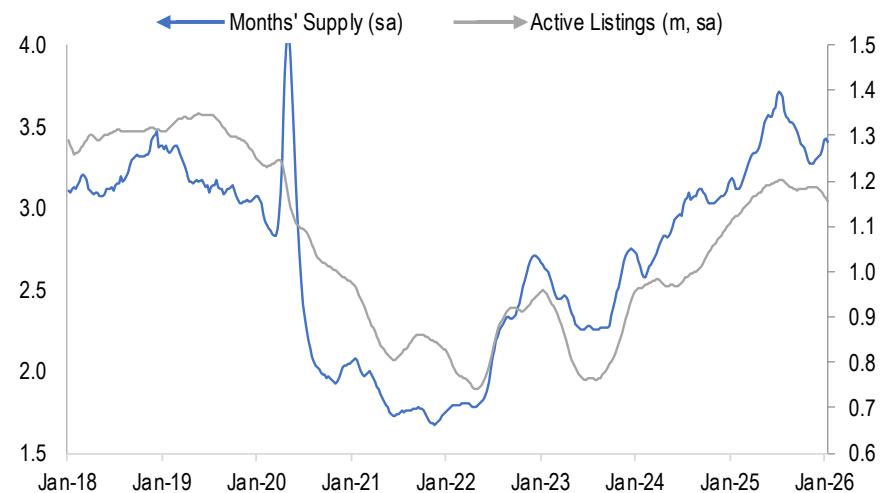


Secondary Spread: Current Coupon Option Adjusted Spread over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate - Secondary Mortgage Rate

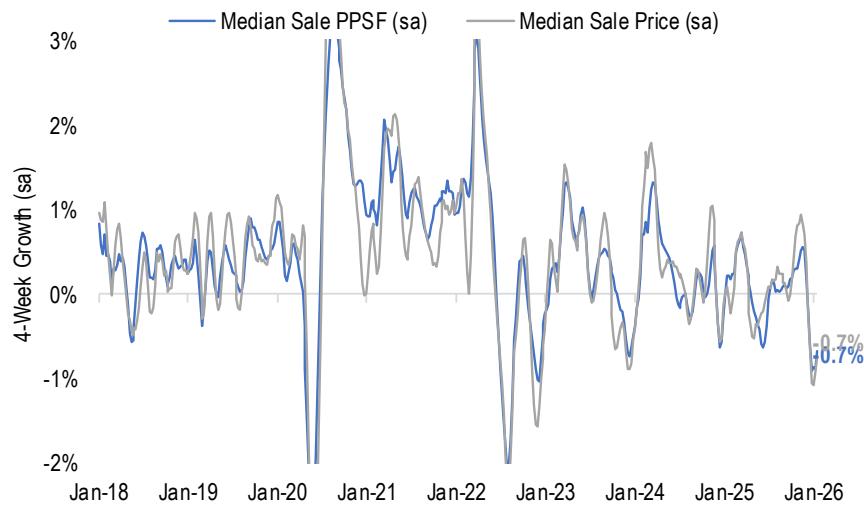
Pending Sales Have Continued to Pull Back through Mid-January ...



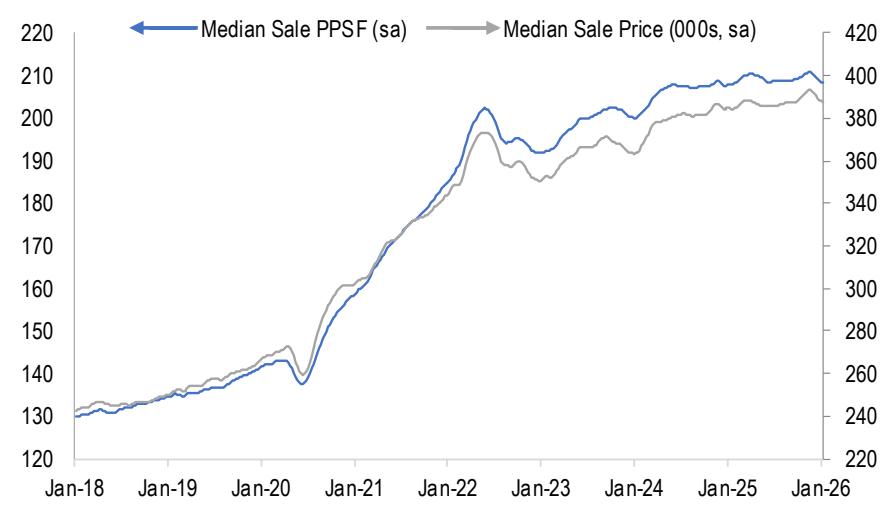
... Faster Than New Listings Have Cooled, Turning Months' Supply Notably Higher



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



Home Prices Turned Lower in 4Q25 and That Momentum Had Carried Through 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	0.1%	-1.0%	1.2%	-0.2%	3.9%	0.6%	97.9%	-0.2%	-4.9	-11.7	2%	-8%	-12%
Atlanta	-1.0%	3.0%	2.0%	0.1%	3.6%	0.8%	97.5%	-0.2%	18.5	13.9	4%	1%	-8%
Austin	-3.5%	0.6%	0.8%	3.6%	4.9%	1.0%	96.5%	-0.2%	65.5	45.9	5%	71%	47%
Baltimore	-1.1%	-2.2%	4.7%	2.3%	4.2%	0.8%	99.3%	-1.0%	-1.0	-12.5	19%	-26%	-42%
Boston	1.9%	0.1%	3.9%	1.1%	2.6%	0.2%	99.4%	-0.8%	5.5	1.3	14%	-7%	-22%
Chicago	3.3%	0.5%	6.1%	1.6%	2.4%	0.6%	98.6%	0.0%	-3.1	-1.4	-9%	-31%	-27%
Dallas	-5.8%	-0.9%	-0.3%	2.6%	5.0%	0.8%	96.5%	-0.8%	37.8	23.3	1%	35%	35%
Denver	-4.4%	-0.7%	-1.6%	-0.1%	4.6%	0.6%	98.1%	-0.3%	34.1	27.5	1%	87%	59%
Houston	-2.1%	-0.1%	-0.1%	0.5%	5.1%	1.3%	96.2%	-0.4%	27.1	7.5	3%	1%	-8%
Los Angeles	-1.8%	-1.6%	-0.4%	-2.0%	2.3%	0.6%	98.9%	-0.7%	10.2	3.4	-2%	17%	21%
Miami	-1.6%	-1.2%	5.1%	6.0%	2.9%	0.6%	95.0%	-0.3%	22.0	15.0	-1%	11%	8%
Minneapolis	1.5%	-1.3%	3.4%	0.8%	3.9%	1.0%	98.7%	-0.2%	-3.9	-2.6	-3%	3%	-5%
Nashville	1.0%	-2.3%	1.7%	-0.7%	2.9%	0.8%	97.5%	-0.2%	27.6	12.1	14%	24%	11%
New York	3.7%	-2.2%	-0.7%	-3.6%	2.4%	0.4%	99.5%	-0.1%	-49.7	-57.7	-1%	-31%	-35%
Phoenix	-3.3%	-1.1%	1.7%	1.8%	4.7%	0.6%	97.8%	-0.1%	19.2	12.7	3%	25%	30%
Portland	-0.4%	1.1%	0.5%	-1.3%	4.1%	0.3%	98.5%	-0.4%	21.1	14.6	0%	45%	31%
Riverside	-2.4%	-2.5%	0.2%	-0.7%	3.3%	1.0%	98.5%	-0.2%	2.7	-6.6	-7%	-1%	5%
San Diego	-1.7%	0.6%	-0.1%	3.5%	3.4%	1.2%	98.6%	-0.2%	3.2	3.3	-1%	-6%	-9%
Seattle	-0.8%	-1.9%	0.4%	0.2%	3.5%	0.2%	98.4%	-0.8%	14.0	1.8	16%	46%	24%
Tampa	0.3%	0.2%	6.2%	0.0%	5.7%	0.2%	96.6%	-0.1%	20.6	11.1	-2%	23%	12%
Washington DC	-1.6%	-1.7%	-2.3%	-2.2%	3.3%	1.0%	99.0%	-0.7%	12.7	0.0	15%	4%	-18%

Data as of Jan. 11, 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
1/21/26	7:00 AM	MBA Mortgage Applications w/w	Jan 16	--	--	--	28.5	%, sa
1/21/26	10:00 AM	Pending Home Sales m/m	Dec	--	-0.5	--	3.3	%, sa
1/21/26	10:00 AM	Pending Home Sales y/y	Dec	--	--	--	-0.3	%, nsa
1/22/26	8:30 AM	GDP Annualized q/q	3Q T	--	4.3	--	4.3	%, saar
1/22/26	8:30 AM	Personal Consumption q/q	3Q T	--	3.5	--	3.5	%, saar
1/22/26	8:30 AM	Core PCE Deflator q/q	3Q T	--	2.9	--	2.9	%, saar
1/22/26	8:30 AM	Initial Jobless Claims	Jan 17	--	210	--	198	k, sa
1/22/26	8:30 AM	Continuing Claims	Jan 10	--	1,895	--	1,884	k, sa
1/22/26	10:00 AM	Personal Income m/m	Nov	--	0.4	--	--	%, sa
1/22/26	10:00 AM	Personal Spending m/m	Nov	--	0.5	--	--	%, sa
1/22/26	10:00 AM	Real Personal Spending m/m	Nov	--	0.3	--	--	%, sa
1/22/26	10:00 AM	PCE Inflation m/m	Nov	--	0.2	--	--	%, sa
1/22/26	10:00 AM	PCE Inflation y/y	Nov	--	2.8	--	--	%, nsa
1/22/26	10:00 AM	PCE Core Inflation (ex Food and Energy) m/m	Nov	--	0.2	--	--	%, sa
1/22/26	10:00 AM	PCE Core Inflation (ex Food and Energy) y/y	Nov	--	2.8	--	--	%, nsa
1/23/26	9:45 AM	S&P Global US Manufacturing PMI	Jan P	--	52.0	--	51.8	index, sa
1/23/26	9:45 AM	S&P Global US Services PMI	Jan P	--	52.9	--	52.5	index, sa
1/23/26	9:45 AM	S&P Global US Composite PMI	Jan P	--	53.0	--	52.7	index, sa
1/23/26	10:00 AM	Conference Board Leading Index m/m	Nov	--	-0.2	-0.3	-0.3	%, sa
1/23/26	10:00 AM	U. of Mich. Sentiment	Jan F	--	54.0	--	54.0	index, nsa
1/23/26	10:00 AM	U. of Mich. 1 Yr Inflation	Jan F	--	--	--	4.2	nsa
1/23/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jan F	--	--	--	3.4	nsa

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
1/13/26	6:00 AM	NFIB Small Business Optimism	Dec	99.5	99.2	--	99.0	index, sa
1/13/26	8:30 AM	CPI m/m	Dec	0.3	0.3	--	--	%, sa
1/13/26	8:30 AM	CPI Core (ex Food and Energy) m/m	Dec	0.2	0.3	--	--	%, sa
1/13/26	8:30 AM	CPI y/y	Dec	2.7	2.7	--	2.7	%, nsa
1/13/26	8:30 AM	CPI Core (ex Food and Energy) y/y	Dec	2.6	2.7	--	2.6	%, nsa
1/13/26	10:00 AM	New Home Sales	Oct	737	715	--	738	k, saar
1/13/26	10:00 AM	New Home Sales m/m	Oct	-0.1	-10.6	--	3.8	%, sa
1/13/26	10:00 AM	New Home Sales	Sep	738	708	--	711	k, saar
1/13/26	10:00 AM	New Home Sales m/m	Sep	3.8	--	--	11.3	%, sa
1/14/26	7:00 AM	MBA Mortgage Applications w/w	Jan 9	28.5	--	--	0.3	%, sa
1/14/26	8:30 AM	Advance Retail Sales m/m	Nov	0.6	0.5	-0.1	0.0	%, sa
1/14/26	8:30 AM	Retail Sales Control Group m/m	Nov	0.4	0.4	0.6	0.8	%, sa
1/14/26	8:30 AM	PPI Final Demand m/m	Oct	0.1	0.1	0.6	0.3	%, sa
1/14/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Oct	0.3	0.2	0.4	0.1	%, sa
1/14/26	8:30 AM	PPI Final Demand y/y	Oct	2.8	2.6	3.0	2.7	%, nsa
1/14/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Oct	2.9	2.5	2.9	2.6	%, nsa
1/14/26	8:30 AM	PPI Final Demand m/m	Nov	0.2	0.2	--	0.1	%, sa
1/14/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Nov	0.0	0.2	--	0.3	%, sa
1/14/26	8:30 AM	PPI Final Demand y/y	Nov	3.0	2.7	--	2.8	%, nsa
1/14/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Nov	3.0	2.7	--	2.9	%, nsa
1/14/26	10:00 AM	Existing Home Sales	Dec	4.4	4.2	4.1	4.1	m, saar
1/14/26	10:00 AM	Existing Home Sales m/m	Dec	5.1	2.2	0.7	0.5	%, sa
1/15/26	8:30 AM	Initial Jobless Claims	Jan 10	198	215	207	208	k, sa
1/15/26	8:30 AM	Continuing Claims	Jan 3	1,884	1,897	1,903	1,914	k, sa
1/15/26	8:30 AM	Import Price Index y/y	Nov	0.1	-0.2	--	--	%, nsa
1/16/26	9:15 AM	Industrial Production m/m	Dec	0.4	0.1	0.4	0.2	%, sa
1/16/26	9:15 AM	Capacity Utilization	Dec	76.3	76.0	76.1	76.0	sa
1/16/26	10:00 AM	NAHB Housing Market Index	Jan	37	40	--	39	index, sa

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