



# 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.

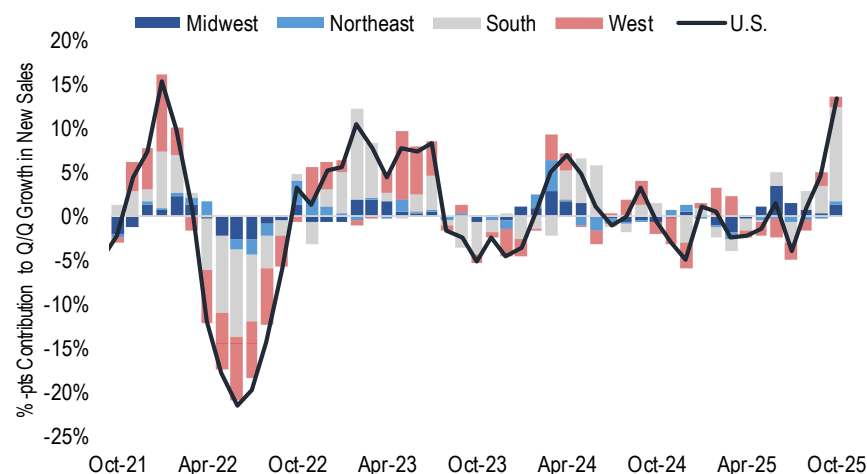
## Existing Home Sales: We Have a Pulse!

- 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.

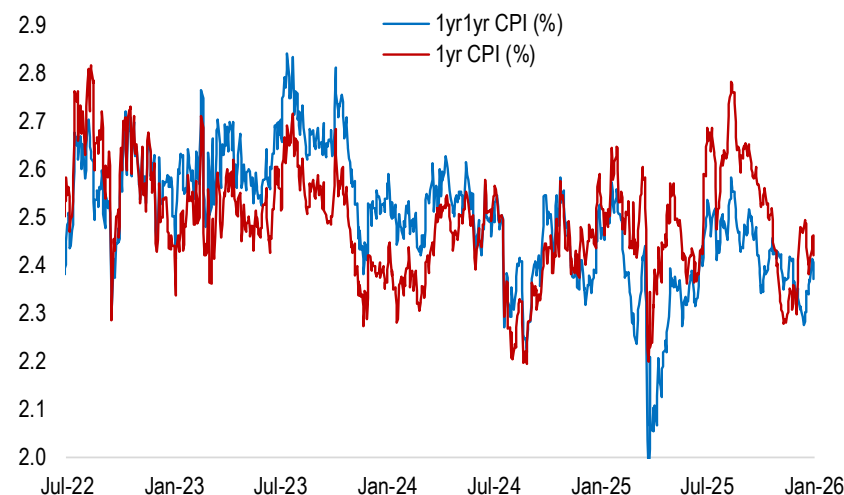
## New Home Sales Surged as Builders Got the Memo on Affordability: Increase Incentives and Cut Prices



**1yr1yr 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

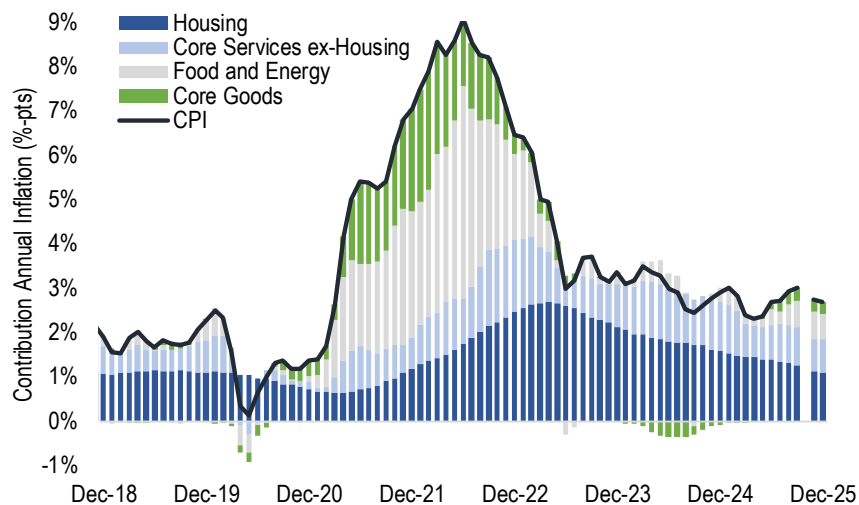
## Is the Rebound in Market Expectations of Inflation Due to Tariffs or Stronger Expected Economic Activity?



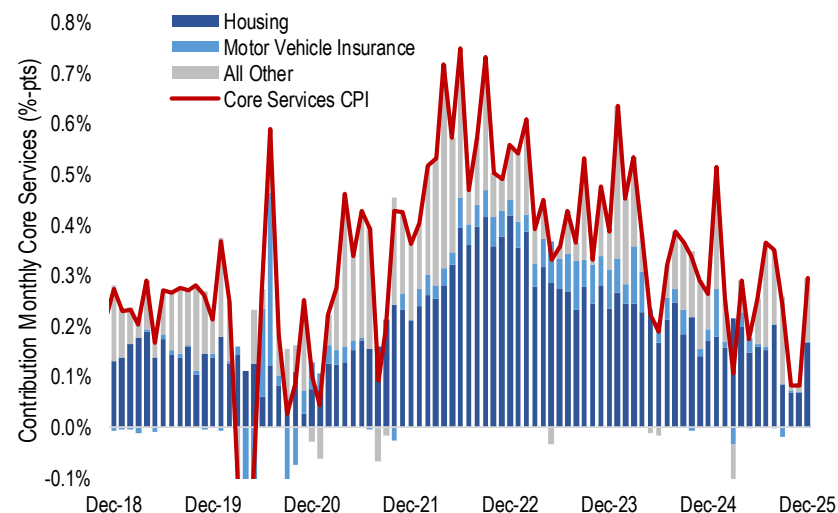
**1yr CPI Swap** = annual inflation expected over next 12 Months

**1yr1yr CPI Swap** = annual inflation expected *after* the next 12 months

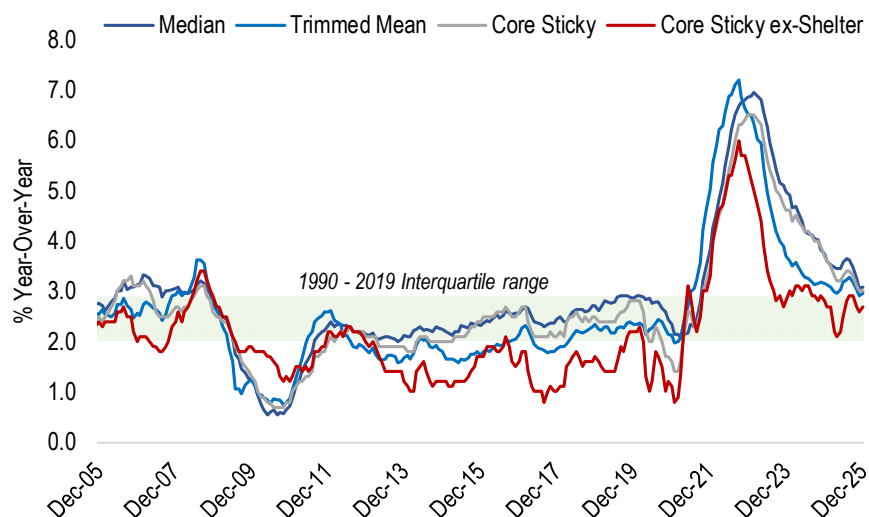
### Annual Consumer Inflation Remained at 2.7% in December with a More Modest Lift to Core Goods



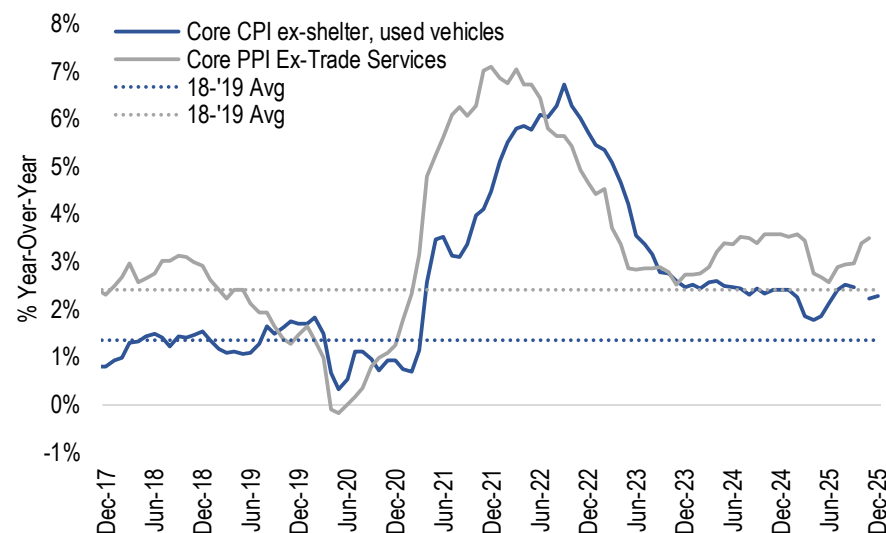
### Core Services Inflation Distortion from the Shutdown Evident but Will Dissipate in the Months Ahead



### Underlying Measures of Consumer Inflation Look to Be Pivoting Higher



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





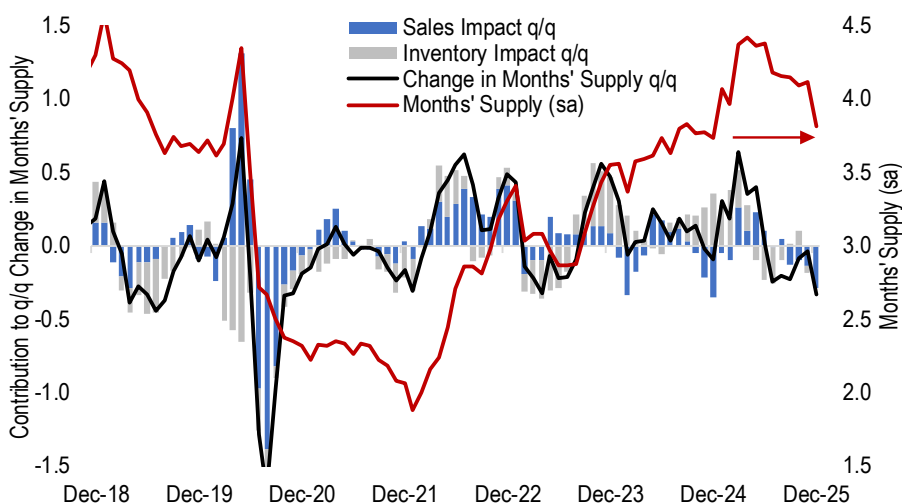
### Lower Mortgage Rates Boosted Sales Incrementally Late Last Year



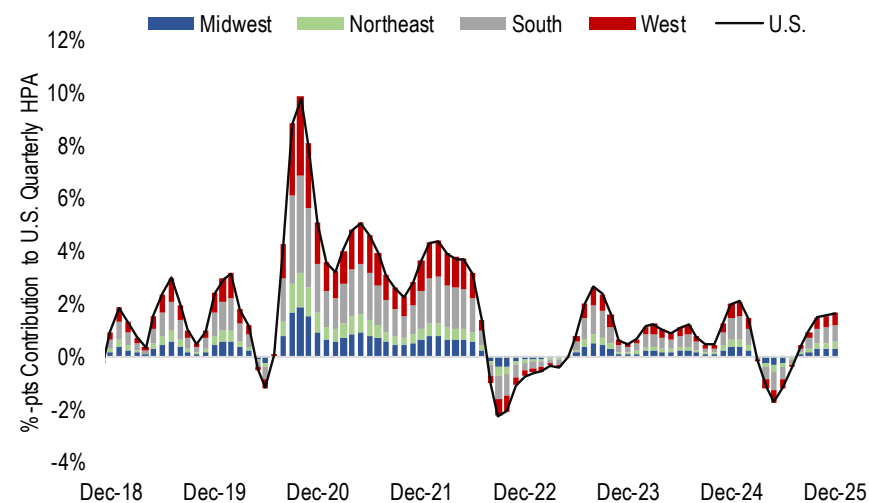
### Sellers Remained Cautious with Listings Growth Easing, Helping to Contain Inventory Levels



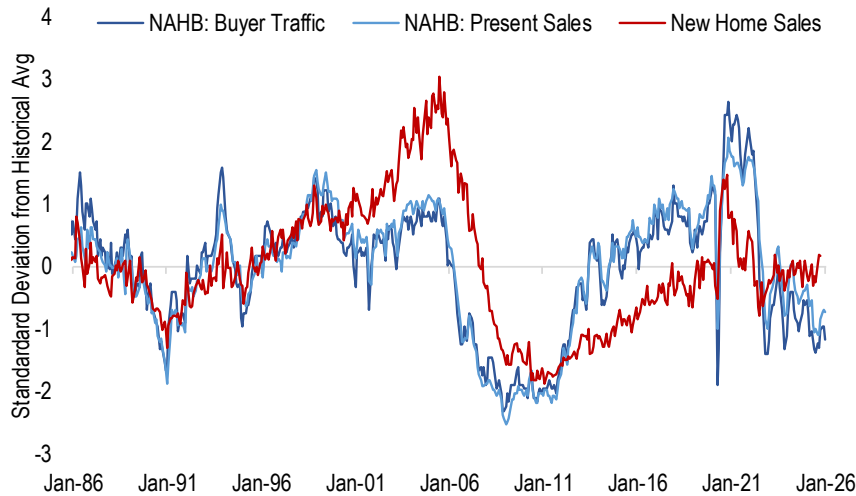
### The Rebound in Sales, Albeit Modest at Best, Was Enough to Keep Months' Supply in Check



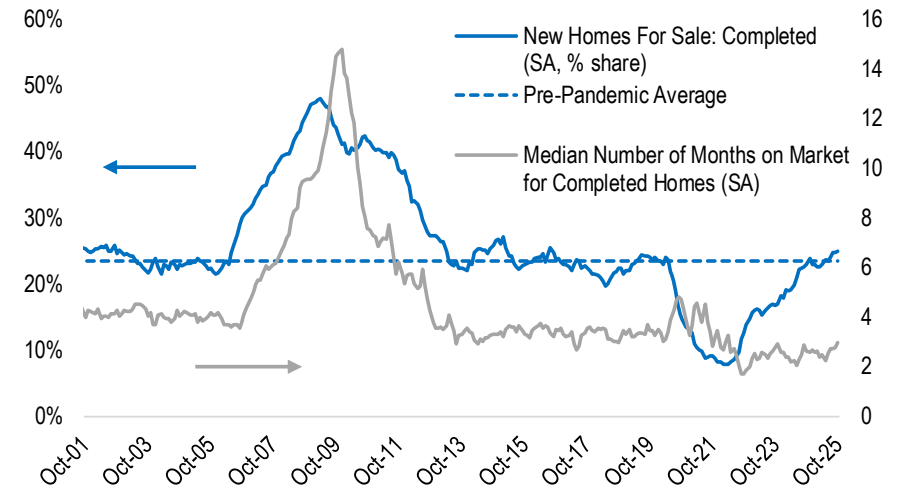
### Re-Tightening of Supply-Demand Dynamics Rekindled Positive Home Price Momentum



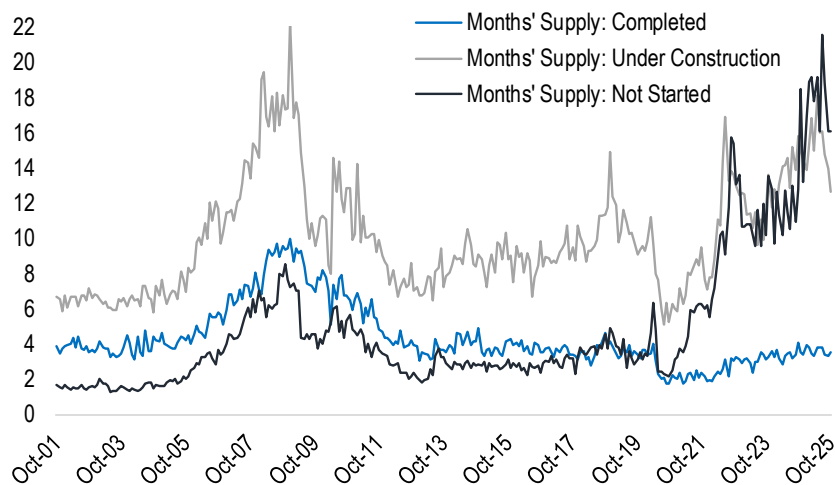
### New Home Sales Were Strong in October, but Builder Apprehension Remains in Jan. '26



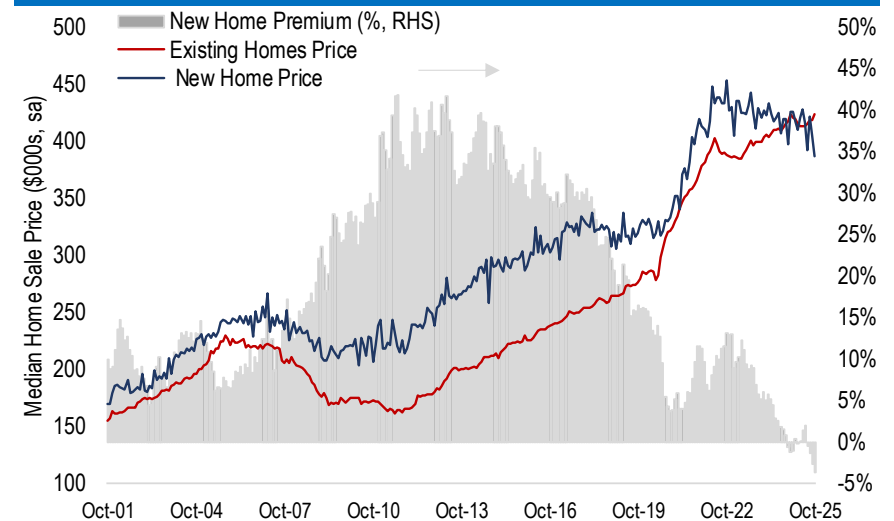
### Completed Homes' Share of New Homes for Sale Inched above Pre-Pandemic Norm but Are Still Selling Quickly



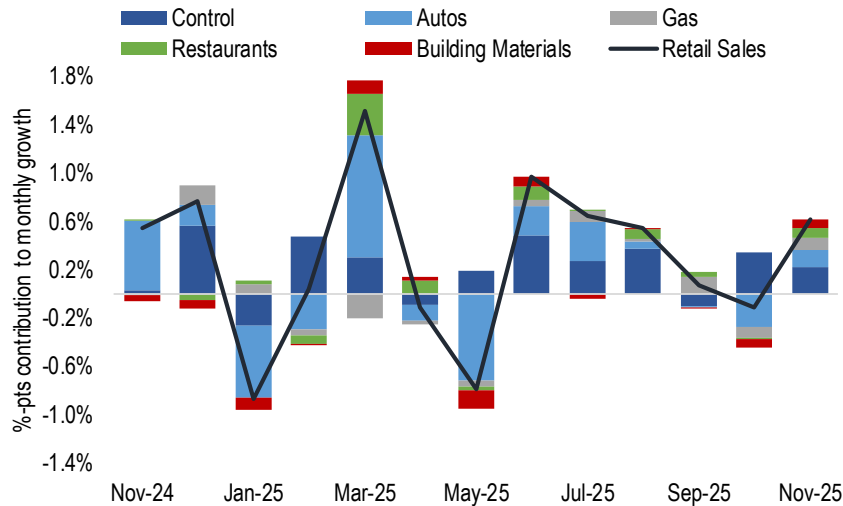
### Surge in Sales Led to Steep Drop in Months' Supply for Uncompleted Home Segments



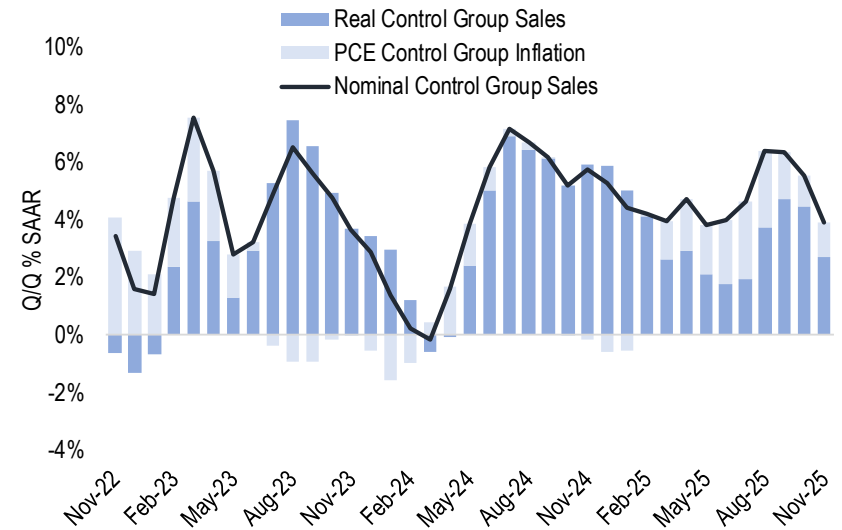
### National New Home Discount Relative to Existing Home Prices Deepened to a Record in October



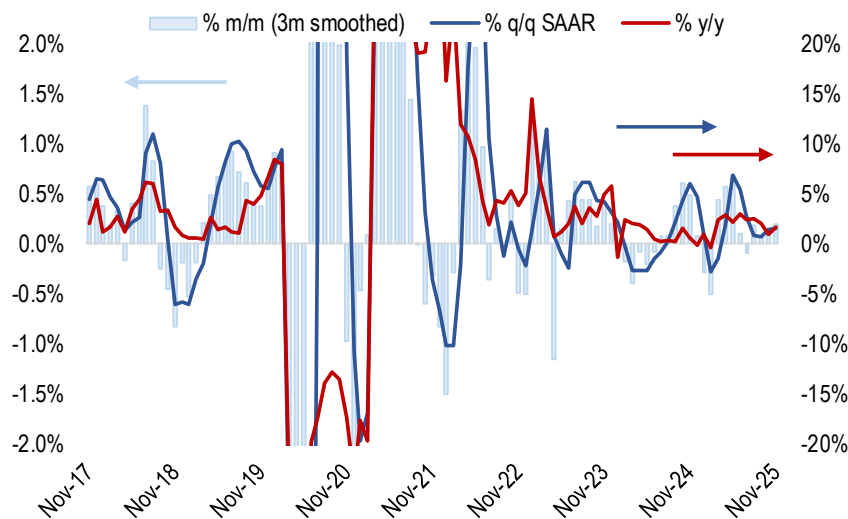
### Nominal Retail Sales Rebounded in November with Fairly Broad-Based Gains



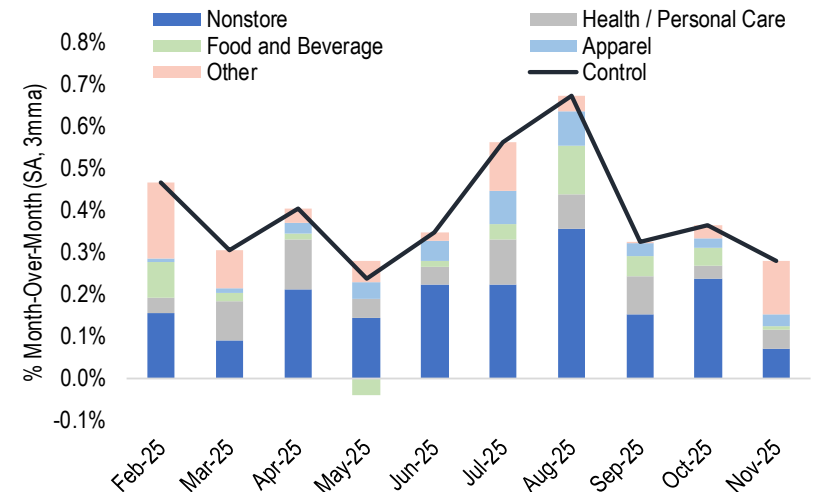
### However, Real (Inflation-Adjusted) Control Group Sales Took a Modest Step Back to a Still Solid Pace



### Real Restaurant Sales Showed Improvement after a Few Months of Weaker Prints

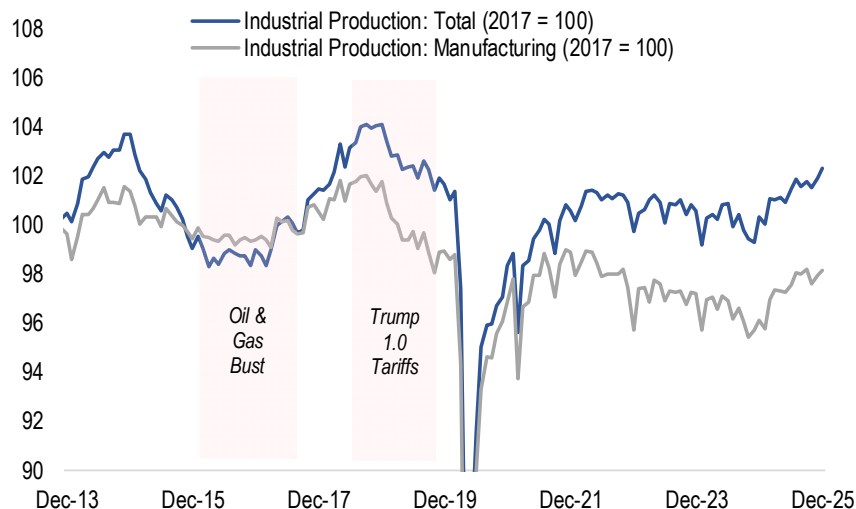


### Control Group Sales Had Diverse Underlying Drivers Mostly Due to Holiday Category Outlays

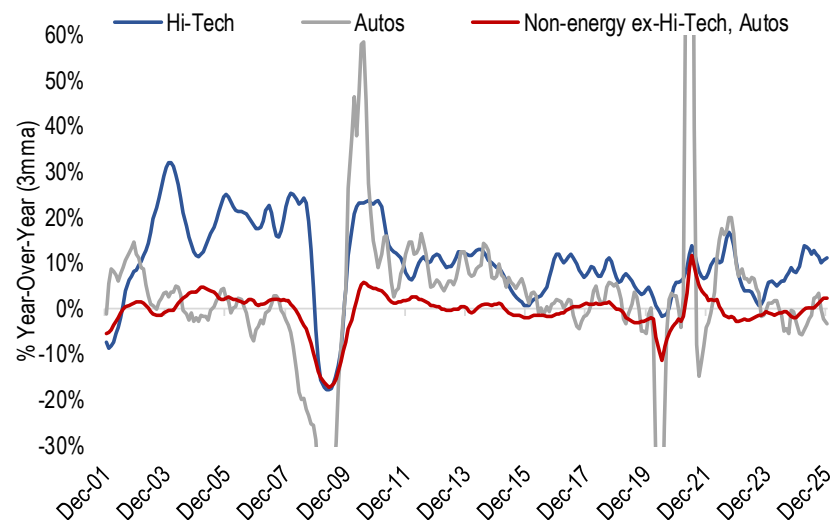


"Control Group" = Retail sales excludes autos, gas, building materials and restaurants.

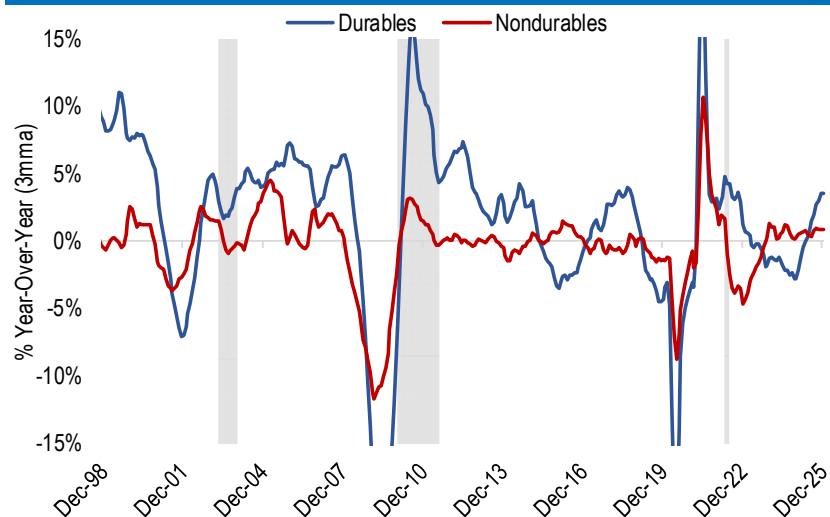
### Industrial Production Has Strengthened Further despite Four Consecutive Declines in Autos Output



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

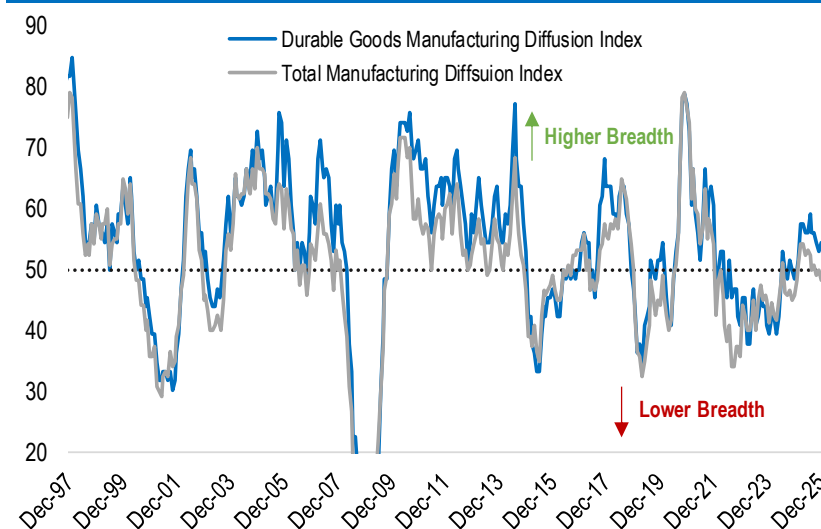


### Durable Goods Production Still Strong, Carried by Robust Business Equipment Output



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

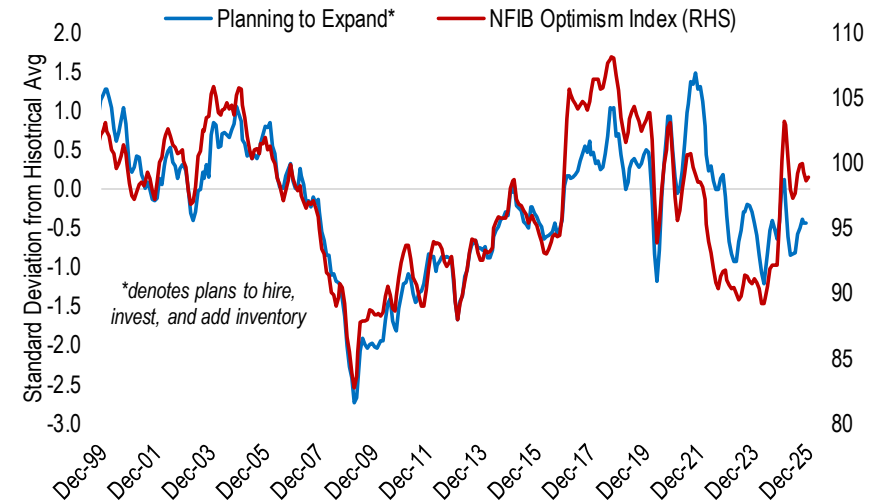
### Durable Goods Breadth Held Firm with Notable Strength in Tech, Metals and Electrical Components



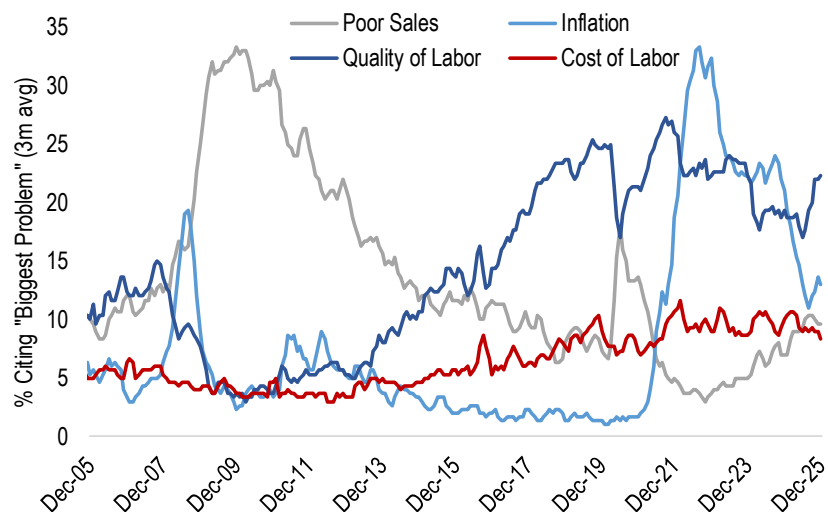
### Small Businesses Have Turned More Sanguine about Future Revenue ...



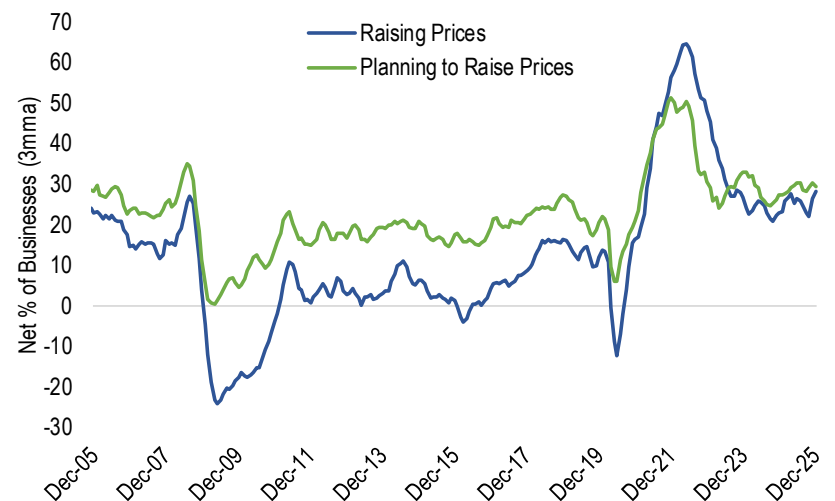
### ... But Plans to Expand Have Been Tame, Suggesting Sentiment Improvement Has Yet to Alter Behavior



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

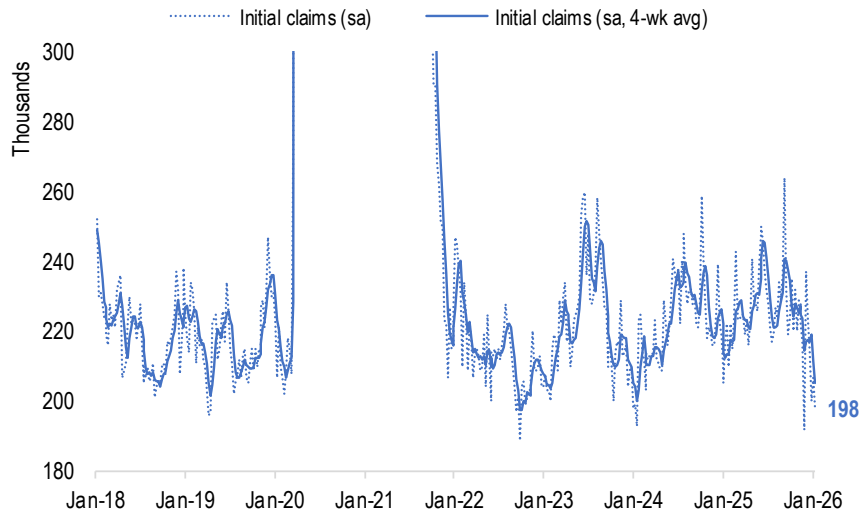


### Firms Seem Less Hesitant to Raise Prices, Signaling Margin Compression Limits or Improving Demand

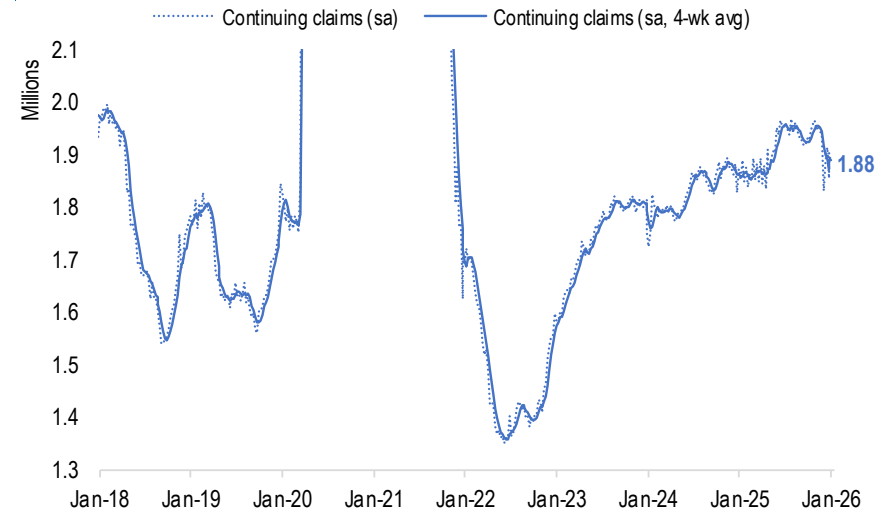




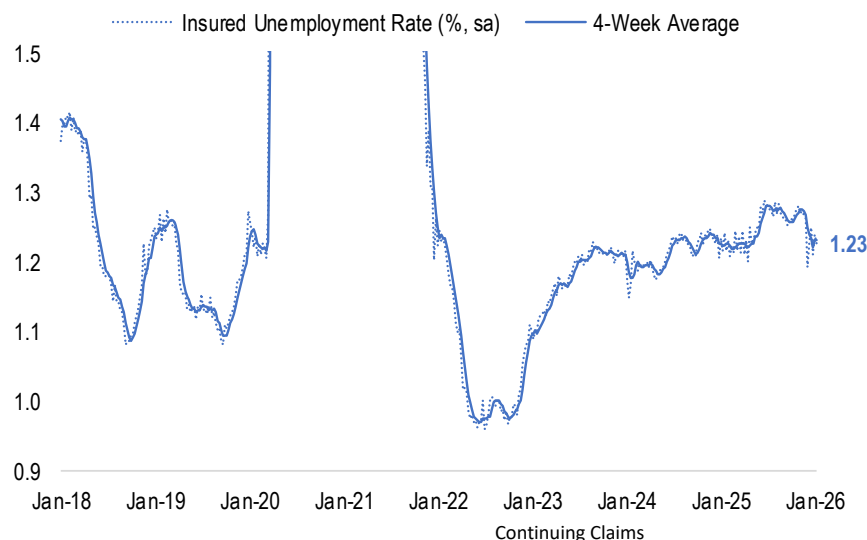
### Initial Claims Dropped below 200k (sa) in Week Ending Jan. 10, Just Above Multi-Year Low



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

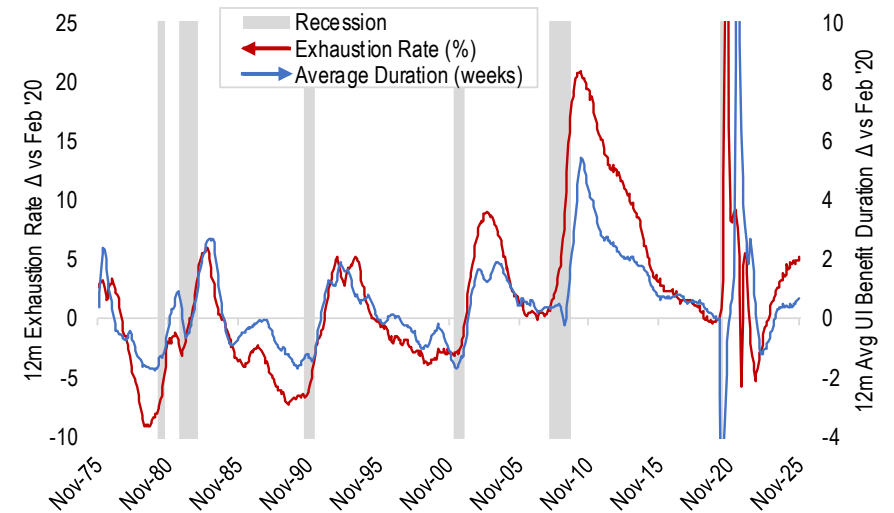


### Insured Unemployment Rate Also Inched Lower to 1.23%, Similarly Near Last Year's Lows

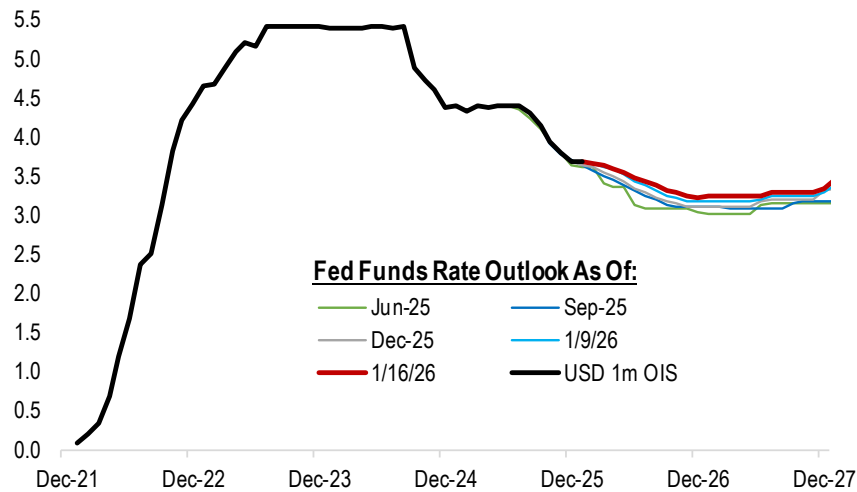


Insured Unemployment =  $\frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$

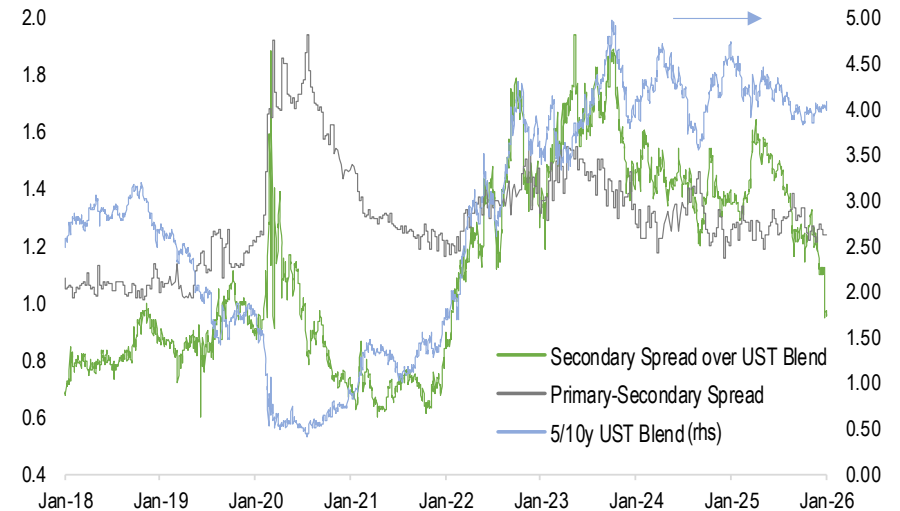
### Claims Data Would Look Worse, if Not for Multi-Year High Exhaustion Rate and Duration of Unemployment



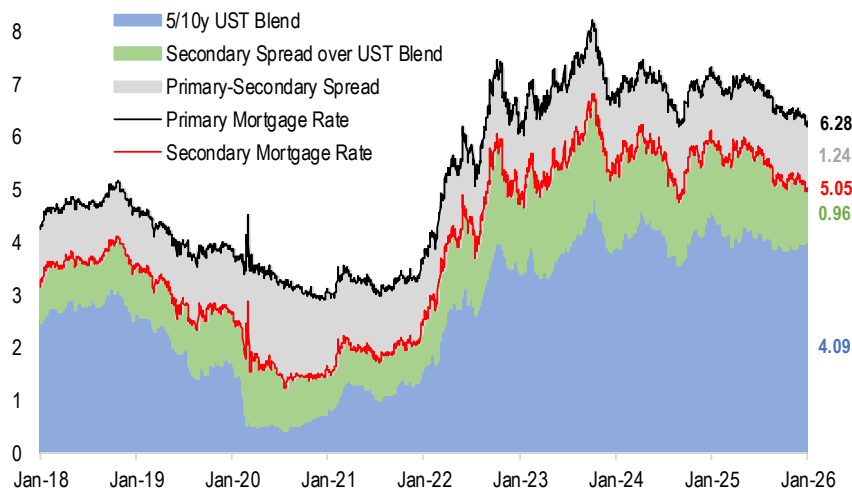
### Market Odds Pricing in Two 25bps Rate Cuts in '26, with Hikes Being Considered in '27



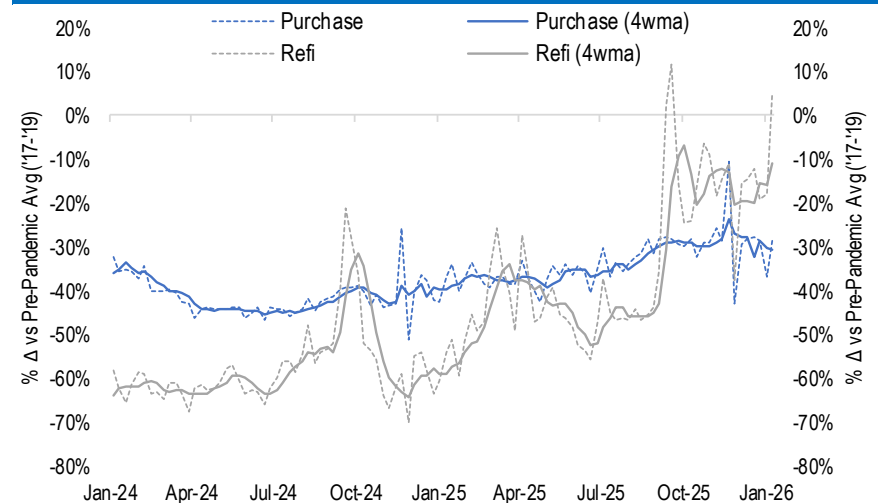
### Mortgage Spreads Roughly Unchanged Week after Trump Proposed "Representatives" Buy \$200B MBS ...



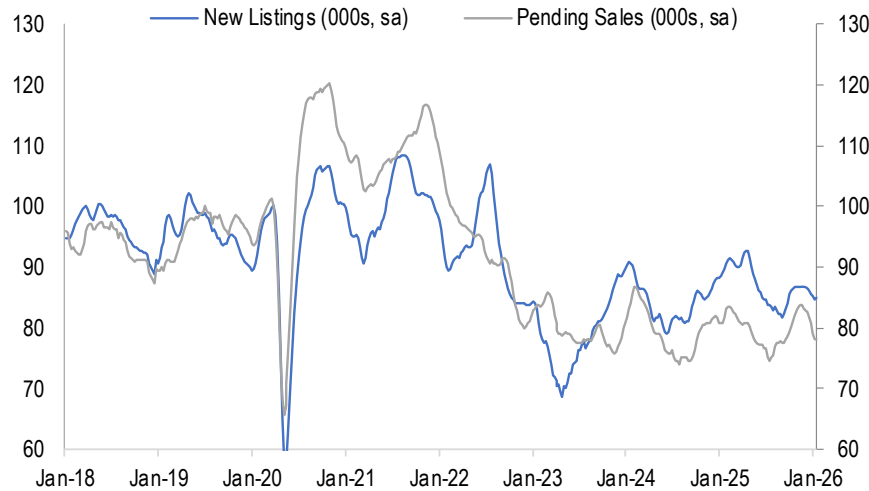
### ... But Higher Treasury Yields Pushed Up Mortgage Rates 8 bps on the Week



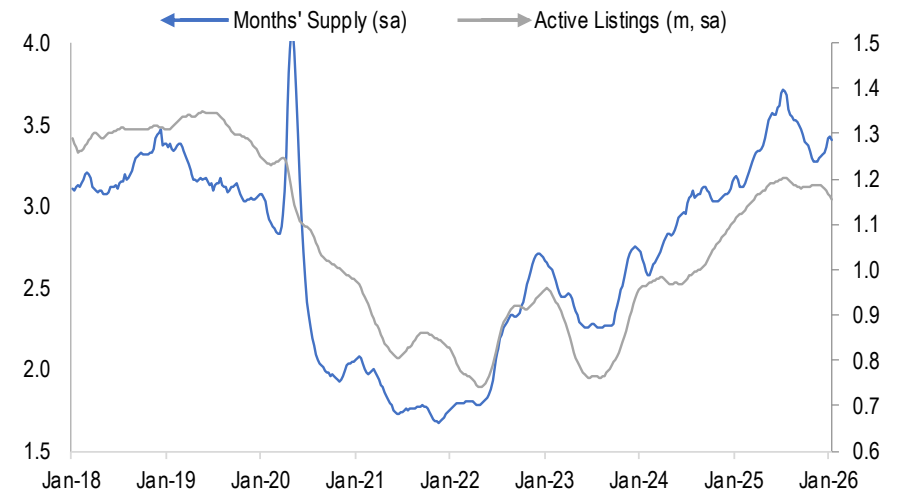
### Clear Initial Signs of a Reaction in Mortgage Applications to Rates Dipping (Briefly) below 6%



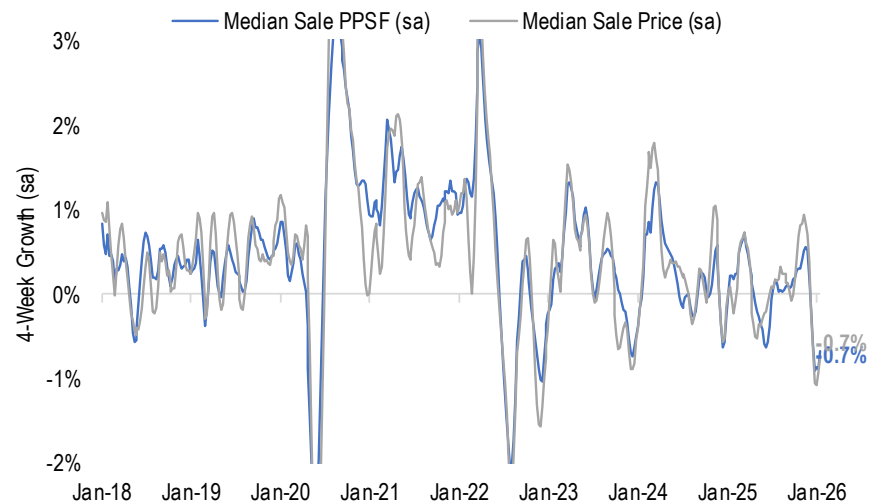
## Pending Sales Have Continued to Pull Back through Mid-January ...



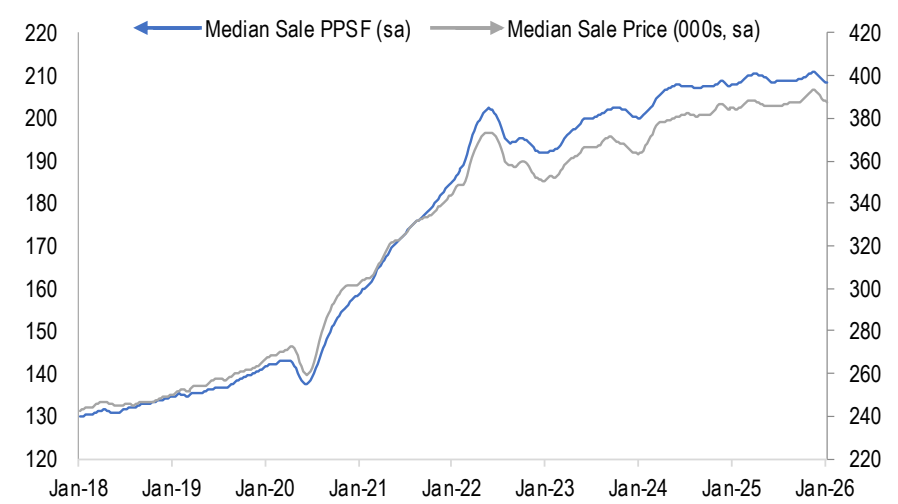
## ... Faster Than New Listings Have Cooled, Turning Months' Supply Notably Higher



## 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)