HaMMR Digest

Stay current with economic and mortgage market trends.

January 26, 2026

Parker Ross — Global Chief Economist
pross@archgroup.com | 914 216 7270 | @econ_parker on X and Threads

Leonidas Mourelatos — Assistant Vice President, Global Real Estate Economics
lmourelatos@archgroup.com | 631 521 9048

Smooth Operator

- **Key Takeaway:** Light data week headlined by claims data still near recent lows, while the personal spending report showed a multi-year low in savings rate.
- **Macro Implications:** Signs of improving labor market keep the Fed patient while also supporting our outlook for a recovery in real income growth.
- **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: Tailwinds Brewing, Labor Holding Firm

- OBBB tailwinds are set to come to the forefront in '26 after minimal impact in '25.
- Jobless claims settling near multi-year lows, suggesting layoffs remain limited.
- Real construction spending remains soft aside from private resi renovations.

Rates: Watered Down

- 10y UST yield little change on the week, settling up 2bps to 4.24%.
- Front end yields rose by more, further flattening the curve.
- Improving outlook pushed markets to barely pricing 50bps of Fed cuts this year.

Housing: Good While It Lasted or Just the Beginning?

- After strong move lower to start the year, mortgage rates stabilize in low-6% range.
- Further housing policies are expected to be announced with details key to watch.
- Modest improvement in apps but pending sales still not showing strong rebound.

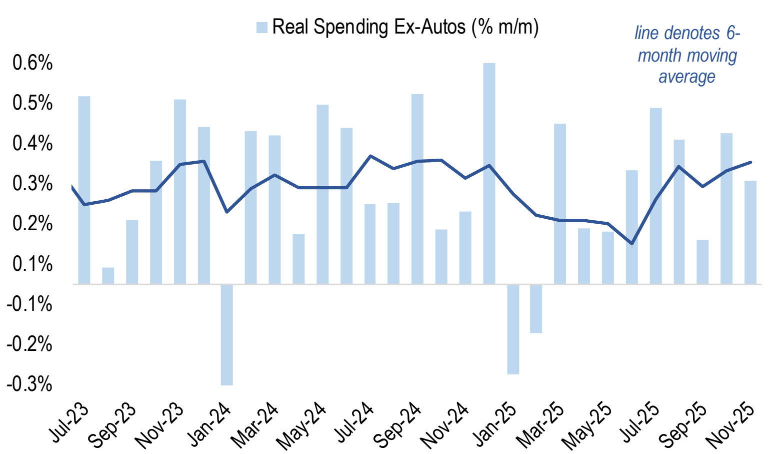
Personal Income: Rough Patch

- Real disposable income growth has been flat in the three months to Nov.
- Labor income has rebounded but growth is modest at 1% y/y in real terms.
- Share of wage income near historic low offset by asset income growth.

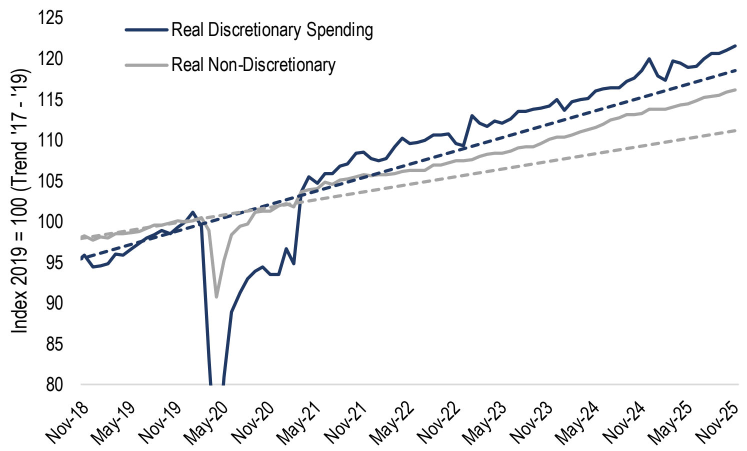
Personal Spending: Who Needs to Save

- Spending is sturdy but unbalanced, aided by a multi-year low savings rate.
- Recreational goods and healthcare have been main drivers of outlays.
- Q4 real spending tracking 2.5% annualized and lower than Q3's 3.5%.

The Lowest Savings Rate Since 2022 in Part Driving Strengthening Real Spending Trend …



… But Raises the Question as to How Sustainable the Spend Trajectory Is Considering Lagging Real Income

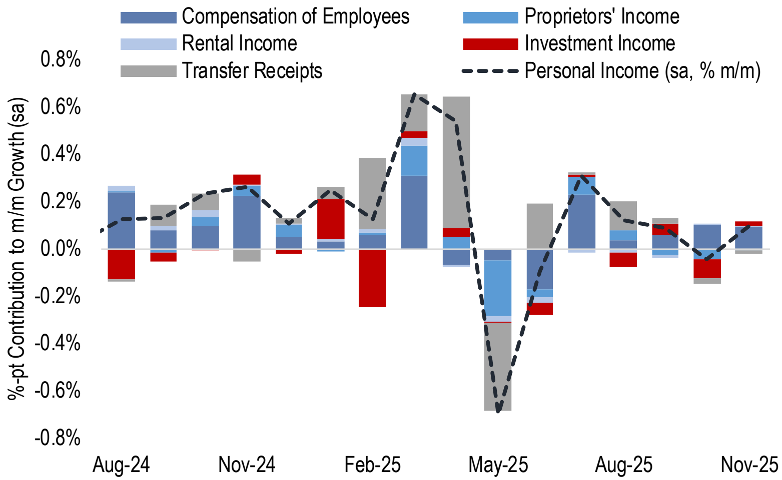


Sources: Bureau of Economic Analysis, Census Bureau, Arch Global Economics

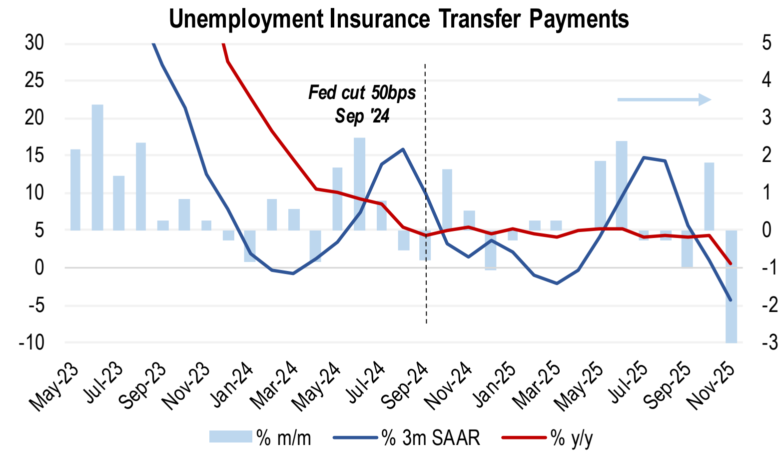
Last Week's Data in Charts

Personal Income

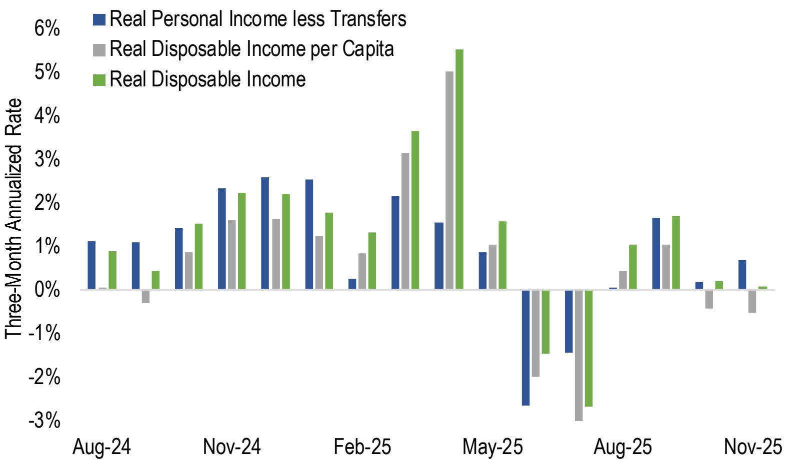
Labor Market Weakness Evident in the Run-Up to Last Summer …



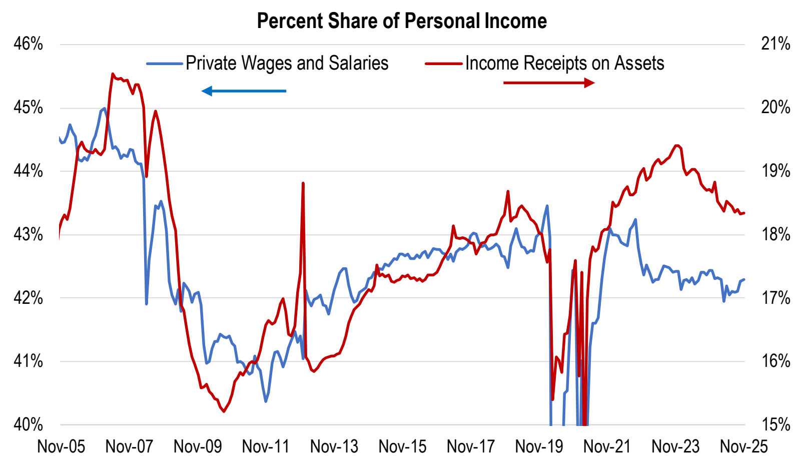
… But Looks to Have Marginally Improved through the Fourth Quarter of 2025



No Matter How You Slice Real Income Growth, Households Have Been Squeezed



Declining Wage Share Has Been Offset by Rising Asset Income

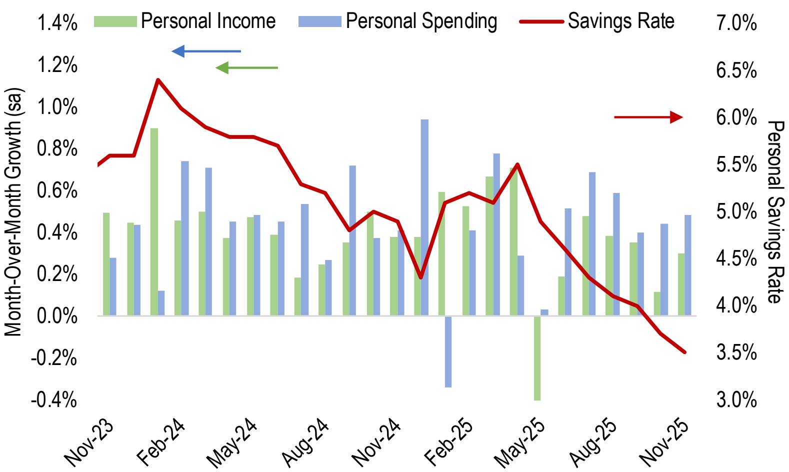


Sources: Bureau of Economic Analysis, Arch Global Economics

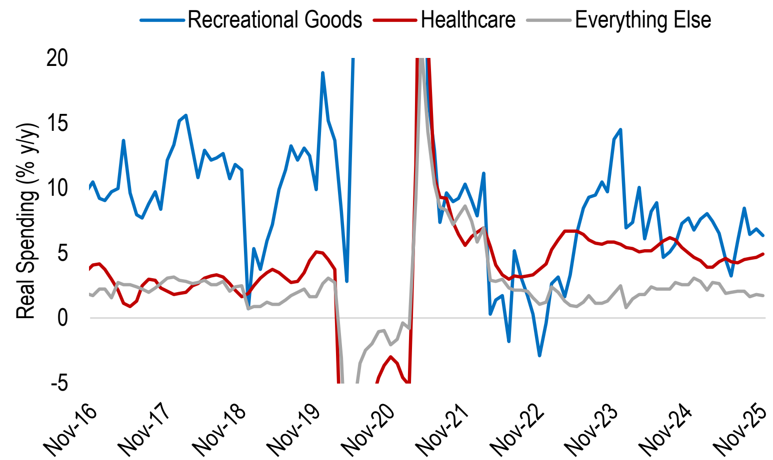
Last Week's Data in Charts

Personal Spending

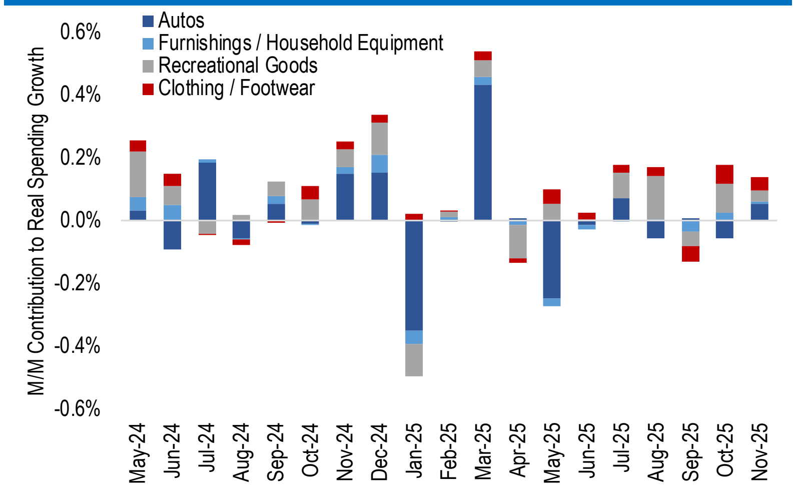
Drawdown in Savings Rate Accelerated into Year-End 2025, Falling 2% pts. over Six Months



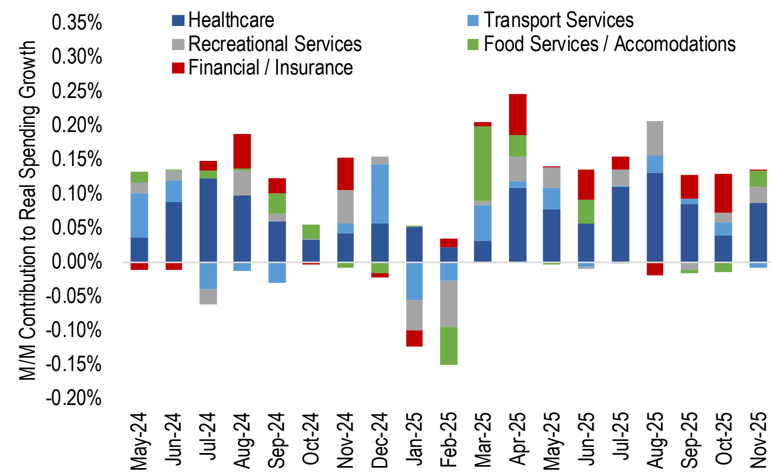
Real Spending on Healthcare Has Consistently Outpaced Pre-Pandemic Growth Rates



Real Autos Spending Has Weakened Substantially Since the Beginning of 2025



Growth in Services Spending Has Been Fairy Broad-Based with Contribution to Total Spending Steady

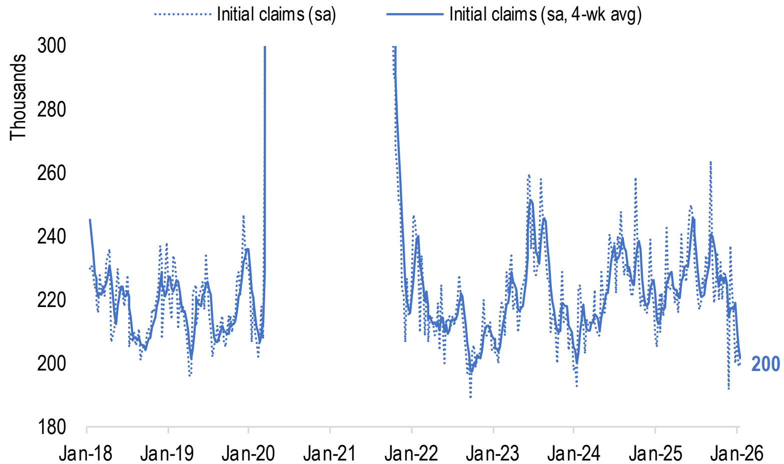


Sources: Bureau of Economic Analysis, Arch Global Economics

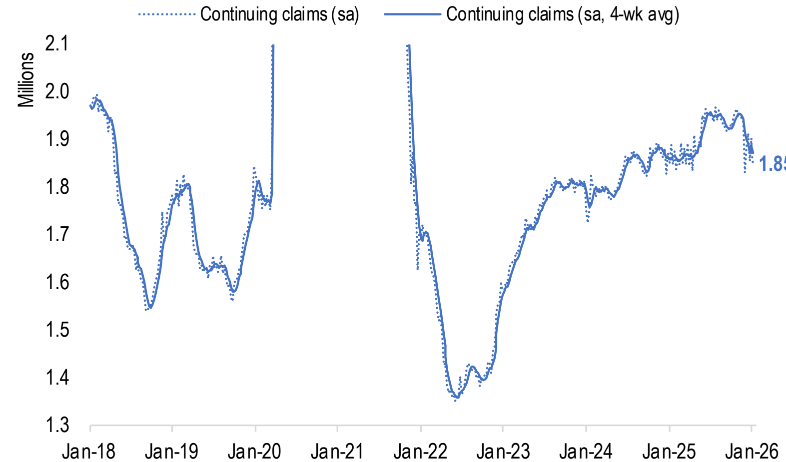
Last Week's Data in Charts

Jobless Claims

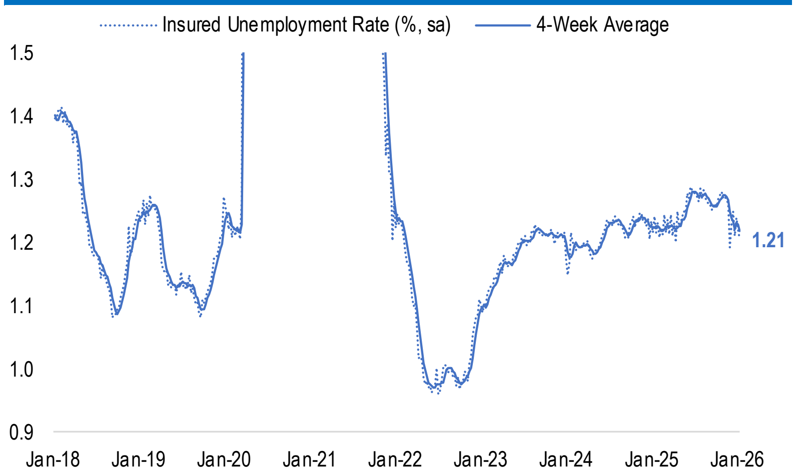
Initial Claims Inched Up to 200k (sa) in Week Ending Jan. 17, Just Above Multi-Year Low



Continuing Claims Declined to 1,849k (sa) during Week Ending Jan. 10, Just Above 2025 Low

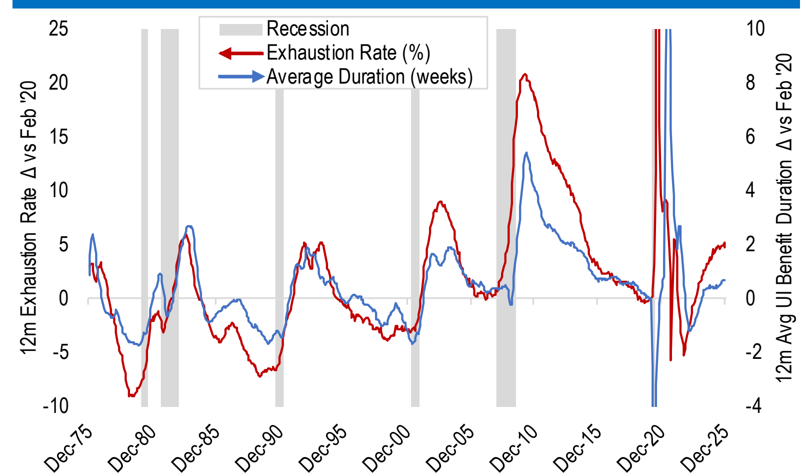


Insured Unemployment Rate Also Inched Lower to 1.21%, Similarly Just Above Last Year's Lows



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

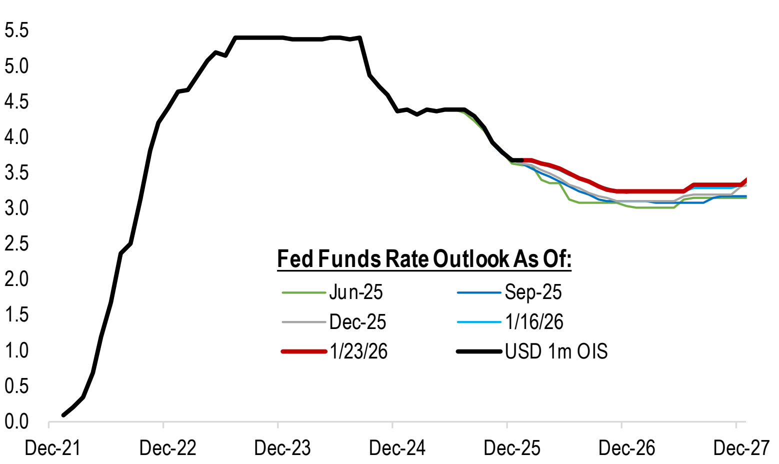
Claims Data Would Look Worse, If Not for Multi-Year High Exhaustion Rate and Duration of Unemployment



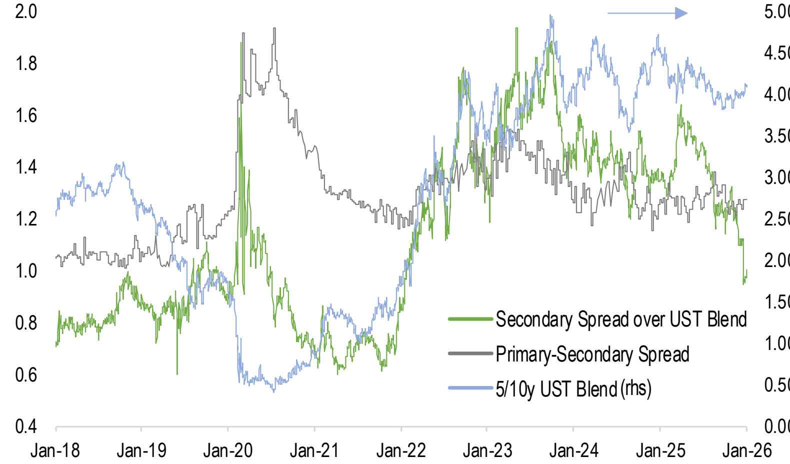
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

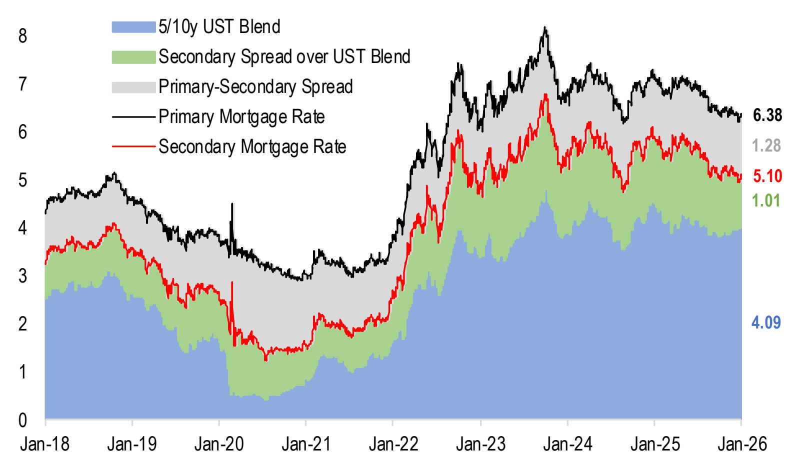
Market Odds Pricing in Two 25bps Rate Cuts in '26, with Small Risk of a Hike Building for '27



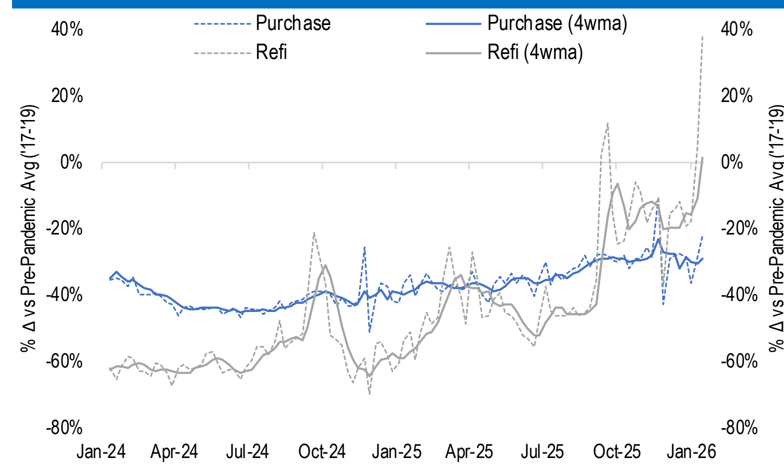
Mortgage Spreads Inched Higher Two Weeks after Trump Proposed "Representatives" Buy $200B MBS …



… Combined with Flat Treasury Yields on the Week, Pushed Mortgage Rates Up 5bps Last Week



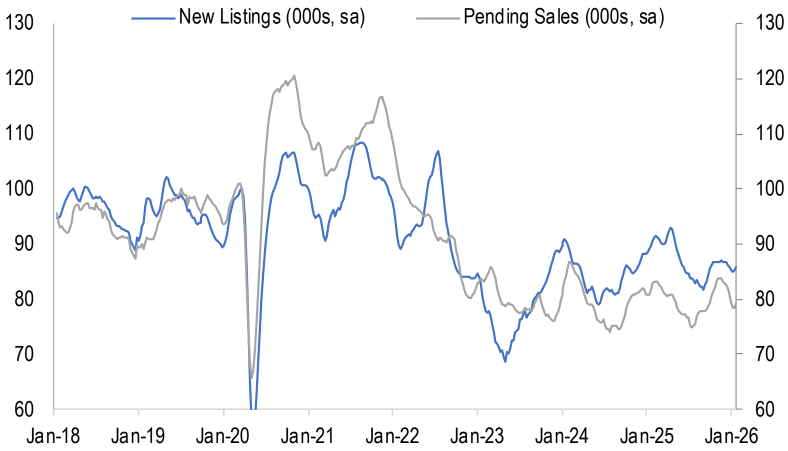
Mortgage Applications Surged (Mostly Refi) in Response to Rates Dipping (Briefly) below 6%



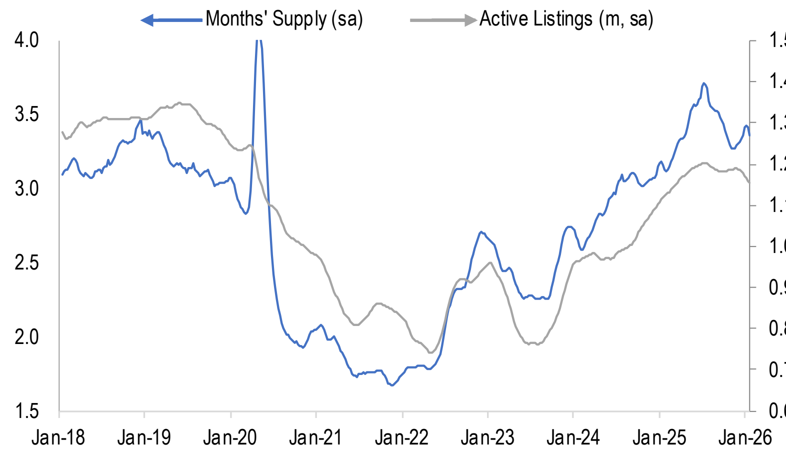
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

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

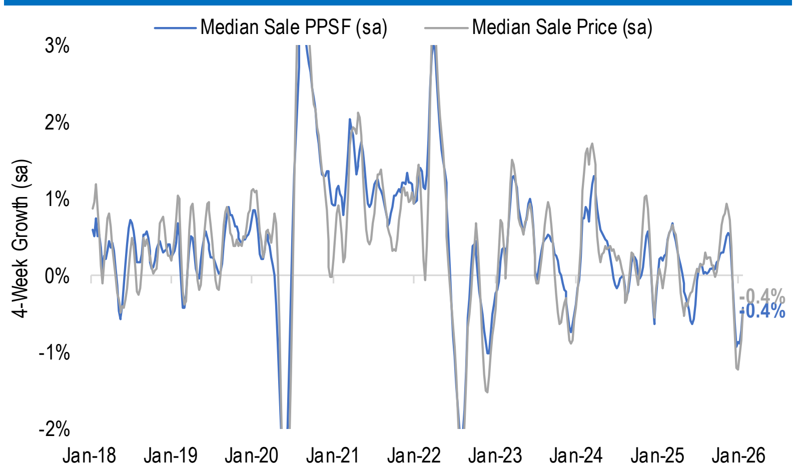
Pending Sales Downturn Appears to Be Bottoming in Late-January …



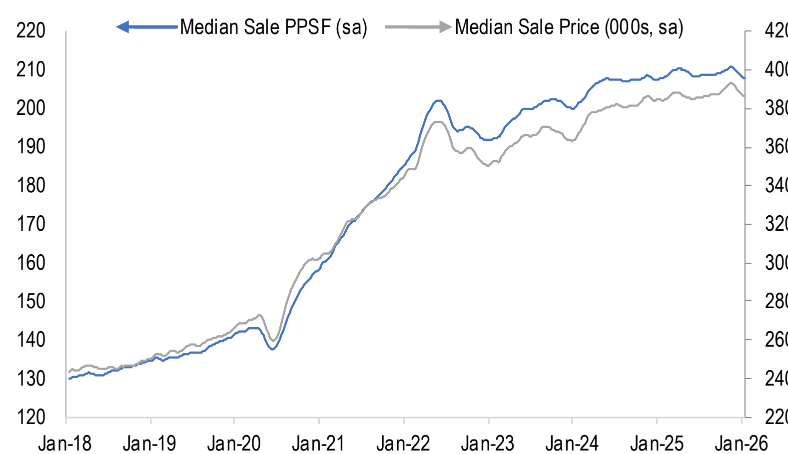
… Which Has Started to Turn Months' Supply Lower after Rising for More Than Two Months



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



Sources: Redfin, Arch Global Economics

SA = Seasonally Adjusted
PPSF = Price Per Square Foot

Data as of Jan. 18, 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	0.4%	-0.6%	0.4%	-1.1%	4.4%	0.7%	97.8%	-0.2%	-4.7	-11.5	1%	-5%	-9%
Atlanta	-1.8%	1.6%	1.6%	0.4%	4.2%	1.0%	97.4%	-0.1%	21.6	14.6	3%	7%	-6%
Austin	-4.0%	0.2%	-1.6%	1.7%	5.6%	1.1%	96.5%	-0.3%	66.3	45.8	5%	77%	52%
Baltimore	-0.1%	-1.6%	5.2%	3.2%	4.6%	1.0%	99.5%	-0.7%	-1.5	-12.5	19%	-23%	-41%
Boston	1.9%	-0.8%	3.0%	0.6%	3.1%	0.2%	99.2%	-0.8%	6.1	1.7	12%	-5%	-18%
Chicago	2.5%	-0.6%	4.1%	-0.5%	2.7%	0.7%	98.6%	0.0%	-1.2	1.5	-9%	-28%	-26%
Dallas	-5.7%	-0.3%	-0.5%	2.2%	5.5%	0.7%	96.6%	-0.7%	39.7	25.8	0%	40%	36%
Denver	-5.4%	-1.7%	-1.6%	-1.2%	5.3%	0.6%	98.1%	-0.4%	36.3	27.1	1%	91%	61%
Houston	-1.7%	0.5%	-0.9%	-0.6%	5.5%	1.2%	96.1%	-0.5%	25.7	5.4	2%	6%	-3%
Los Angeles	-0.8%	-0.3%	-1.1%	-1.7%	2.7%	0.9%	99.0%	-0.6%	10.6	3.5	-2%	18%	30%
Miami	0.9%	2.1%	4.1%	5.1%	3.2%	0.4%	94.8%	-0.4%	25.5	13.5	-2%	12%	13%
Minneapolis	0.1%	-2.3%	2.2%	0.3%	4.3%	1.2%	98.6%	-0.3%	-2.9	-2.7	-3%	11%	-3%
Nashville	1.4%	-1.1%	2.9%	0.4%	3.4%	1.0%	97.5%	-0.2%	27.1	10.8	14%	30%	16%
New York	2.3%	-4.1%	0.2%	-2.1%	2.9%	0.6%	99.4%	-0.1%	-50.1	-58.0	-1%	-32%	-35%
Phoenix	-3.3%	-1.4%	1.0%	2.0%	5.4%	0.5%	97.8%	-0.1%	19.4	12.7	2%	29%	36%
Portland	-0.5%	0.9%	1.4%	0.5%	5.1%	0.5%	98.4%	-0.4%	24.1	16.0	0%	49%	34%
Riverside	-2.9%	-2.8%	-1.7%	-2.6%	3.7%	1.0%	98.5%	-0.1%	4.3	-5.0	-8%	0%	7%
San Diego	-2.4%	-0.2%	0.0%	2.6%	3.9%	1.2%	98.7%	-0.2%	4.0	3.4	-3%	-7%	-8%
Seattle	-1.9%	-4.3%	-1.8%	-2.7%	4.1%	0.3%	98.4%	-0.8%	16.8	2.8	15%	50%	27%
Tampa	1.7%	0.9%	5.8%	-0.5%	6.5%	0.3%	96.5%	0.0%	19.2	11.2	-2%	31%	18%
Washington DC	-1.1%	-0.8%	-0.3%	-0.9%	3.5%	1.1%	99.0%	-0.6%	13.5	0.5	15%	10%	-15%

Data as of Jan. 18, 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
1/27/26	9:00 AM	FHFA House Price Index m/m	Nov	--	0.3	--	0.4	%, sa
1/27/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Nov	--	0.2	--	0.3	%, sa
1/27/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Nov	--	1.2	--	1.3	%, nsa
1/27/26	10:00 AM	Conf. Board Consumer Confidence	Jan	--	90.6	--	89.1	index, sa
1/28/26	7:00 AM	MBA Mortgage Applications w/w	Jan 23	--	--	--	14.1	%, sa
1/28/26	2:00 PM	FOMC Rate Decision (Upper Bound)	Jan 28	--	3.8	--	3.8	%
1/29/26	8:30 AM	Nonfarm Productivity q/q	3Q F	--	4.9	--	4.9	%, saar
1/29/26	8:30 AM	Unit Labor Costs q/q	3Q F	--	-1.9	--	-1.9	%, saar
1/29/26	8:30 AM	Initial Jobless Claims	Jan 24	--	205	--	200	k, sa
1/29/26	8:30 AM	Continuing Claims	Jan 17	--	1,850	--	1,849	k, sa
1/29/26	10:00 AM	Durable Goods Orders m/m	Nov F	--	--	--	5.3	%, sa
1/29/26	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Nov F	--	--	--	0.7	%, sa
1/29/26	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Nov F	--	--	--	0.4	%, sa
1/29/26	10:00 AM	Wholesale Inventories m/m	Nov F	--	0.2	--	0.2	%, sa
1/29/26	10:00 AM	Wholesale Trade Sales m/m	Nov	--	--	--	-0.4	%, sa
1/30/26	8:30 AM	PPI Final Demand m/m	Dec	--	0.2	--	0.2	%, sa
1/30/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Dec	--	0.3	--	0.0	%, sa
1/30/26	8:30 AM	PPI Final Demand y/y	Dec	--	2.8	--	3.0	%, nsa
1/30/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Dec	--	2.9	--	3.0	%, nsa

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
1/21/26	7:00 AM	MBA Mortgage Applications w/w	Jan 16	**14.1**	--	--	28.5	%, sa
1/21/26	10:00 AM	Pending Home Sales m/m	Dec	**-9.3**	-0.3	--	3.3	%, sa
1/21/26	10:00 AM	Pending Home Sales y/y	Dec	**-1.3**	--	--	-0.3	%, nsa
1/22/26	8:30 AM	GDP Annualized q/q	3Q T	**4.4**	4.3	--	4.3	%, saar
1/22/26	8:30 AM	Personal Consumption q/q	3Q T	**3.5**	3.5	--	3.5	%, saar
1/22/26	8:30 AM	Core PCE Deflator q/q	3Q T	**2.9**	2.9	--	2.9	%, saar
1/22/26	8:30 AM	Initial Jobless Claims	Jan 17	**200**	209	199	198	k, sa
1/22/26	8:30 AM	Continuing Claims	Jan 10	**1,849**	1,890	1,875	1,884	k, sa
1/22/26	10:00 AM	Personal Spending m/m	Oct	**0.5**	0.3	0.4	0.3	%, sa
1/22/26	10:00 AM	Real Personal Spending m/m	Oct	**0.3**	0.1	0.1	0.0	%, sa
1/22/26	10:00 AM	Personal Income m/m	Oct	**0.1**	0.4	--	0.4	%, sa
1/22/26	10:00 AM	PCE Inflation m/m	Oct	**0.2**	0.2	--	0.3	%, sa
1/22/26	10:00 AM	PCE Inflation y/y	Oct	**2.7**	2.7	--	2.8	%, nsa
1/22/26	10:00 AM	PCE Core Inflation (ex Food and Energy) m/m	Oct	**0.2**	0.2	--	0.2	%, sa
1/22/26	10:00 AM	PCE Core Inflation (ex Food and Energy) y/y	Oct	**2.7**	2.7	--	2.8	%, nsa
1/22/26	10:00 AM	Personal Income m/m	Nov	**0.3**	0.4	--	0.1	%, sa
1/22/26	10:00 AM	Personal Spending m/m	Nov	**0.5**	0.5	--	0.5	%, sa
1/22/26	10:00 AM	Real Personal Spending m/m	Nov	**0.3**	0.3	--	0.3	%, sa
1/22/26	10:00 AM	PCE Inflation m/m	Nov	**0.2**	0.2	--	0.2	%, sa
1/22/26	10:00 AM	PCE Inflation y/y	Nov	**2.8**	2.8	--	2.7	%, nsa
1/22/26	10:00 AM	PCE Core Inflation (ex Food and Energy) m/m	Nov	**0.2**	0.2	--	0.2	%, sa
1/22/26	10:00 AM	PCE Core Inflation (ex Food and Energy) y/y	Nov	**2.8**	2.8	--	2.7	%, nsa
1/23/26	9:45 AM	S&P Global US Manufacturing PMI	Jan P	**51.9**	52.0	--	51.8	index, sa
1/23/26	9:45 AM	S&P Global US Services PMI	Jan P	**52.5**	52.9	--	52.5	index, sa
1/23/26	9:45 AM	S&P Global US Composite PMI	Jan P	**52.8**	53.0	--	52.7	index, sa
1/23/26	10:00 AM	U. of Mich. Sentiment	Jan F	**56.4**	54.0	--	54.0	index, nsa
1/23/26	10:00 AM	U. of Mich. 1 Yr Inflation	Jan F	**4.0**	4.2	--	4.2	nsa
1/23/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jan F	**3.3**	3.4	--	3.4	nsa
1/23/26	10:53 AM	Conference Board Leading Index m/m	Nov	**-0.3**	-0.2	--	-0.1	%, sa
1/23/26	10:53 AM	Conference Board Leading Index m/m	Oct	**-0.1**	--	-0.2	-0.3	%, sa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics