

A photograph of a row of colorful townhouses in shades of red, blue, and white, with green shutters and a well-manicured lawn in the foreground.

# HaMMR Digest

Stay current with economic and mortgage market trends.

May 18, 2026

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## The Price Is Not Right

- **Key Takeaway:** Inflation dominated the week of data with pipeline pressures along intermediate stages of inputs to production continuing to build.
- **Macro Implications:** Feed through to consumer prices remains contained while resilient activity data further pushes Fed easing into the future.
- **Housing Implications:** Rising rate volatility, surging Treasury yields and hawkish Fed repricing will keep mortgage rates at strained levels for housing activity.

### Macro: Paying the Piper

- Producer costs firmed again in April with unclear implications for consumer prices.
- Industrial production strengthened in April, supported by inventory restocking.
- Retail sales upside surprise not sustainable given real income squeeze.

### Rates: Markets Put Rate Cuts in Rear-View Mirror

- 10y UST yields surged ~25bps w/w to 4.60%; up ~70bps since Iran conflict began.
- Yield curve bear steepens amid stronger-than-expected inflation and activity data.
- Markets swing to pricing in risk of multiple 25bps Fed rate hikes by 2027.

### Housing Market: Not Again

- Mortgage rates jumped back into the high-6% range alongside surging UST yields.
- Annual growth in pending sales flattered by large drop last year post-Liberation Day.
- With new listings growth slowing, days on market key impulse supporting inventory.

### Consumer Inflation: Energy Still Percolating

- April CPI inflation rose 0.64% m/m and up 7% SAAR in prior three months.
- Fading tariff effects overtaken by energy, food and a shelter price reset.
- Signs of energy pass through to core evident mostly in airfares for now.

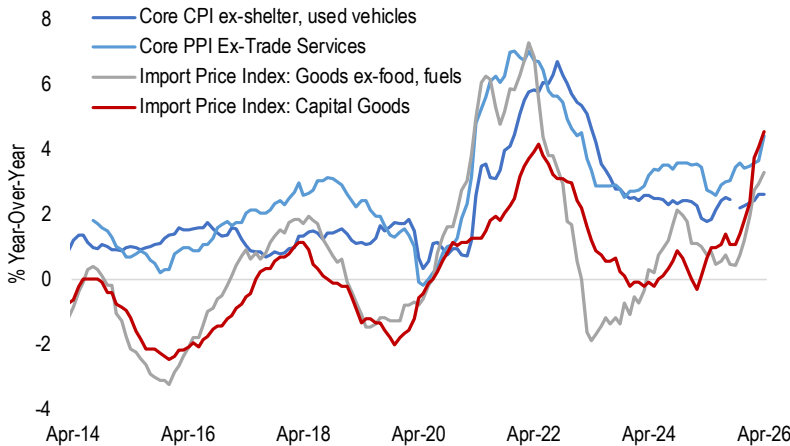
### Retail Sales: Not as Ugly as Feared

- Real retail sales down -0.1% m/m in April likely cushioned by tax refunds.
- Core sales better than expected inclusive of upward revisions to priors.
- Hobbies, online and restaurant categories were key drivers on the month.

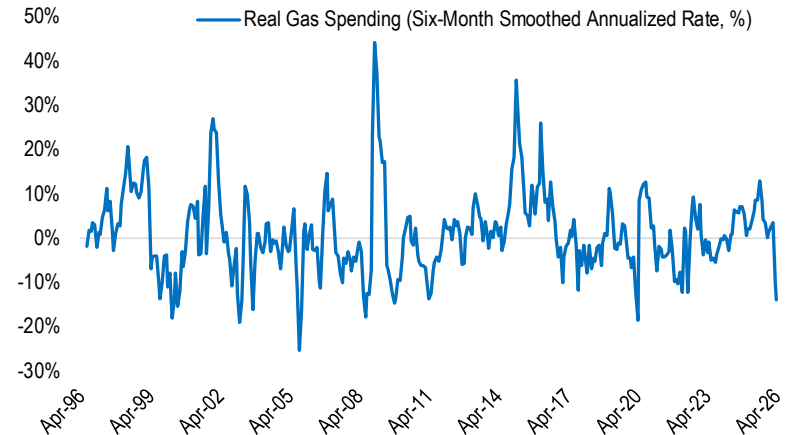
### Existing Home Sales: Flat as a Pancake

- Existing home sales rose 0.2% in April and remain just above two-year low.
- Inventory pulled back on the month but the uptrend since 2023 still intact.
- Single-family months' supply eased to 4.46, still near a multi-year high.

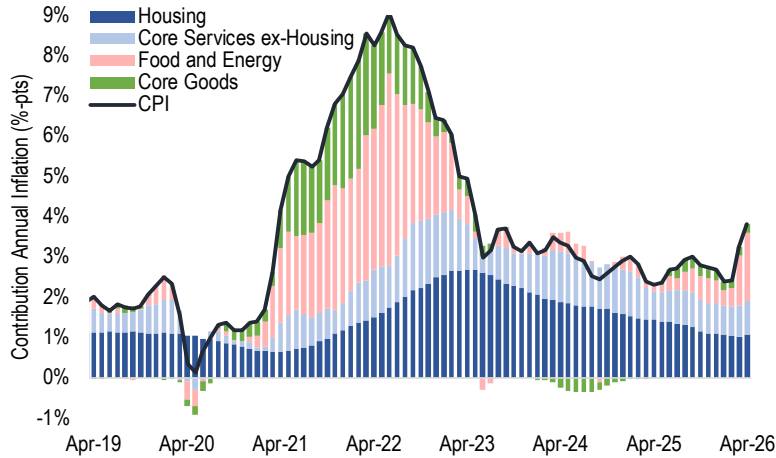
## Consumer Inflation Remains Uncomfortably High and Upstream Prices Suggest Further Upward Pressure



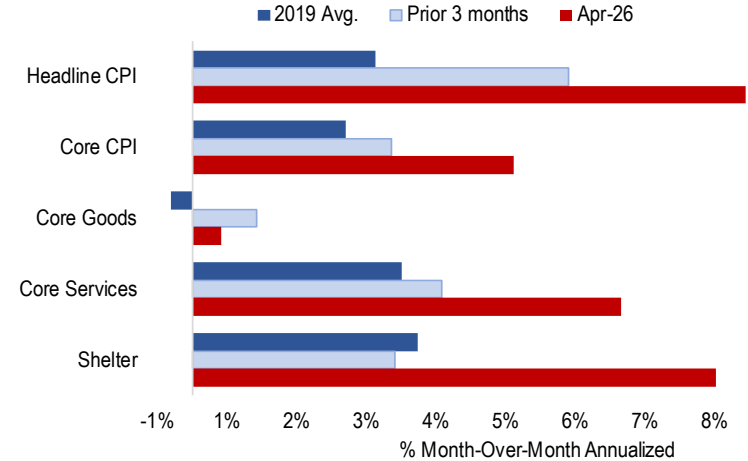
## Six-Month Decline in Household Gas Purchase Volumes Matched Only by Pandemic and GFC Troughs



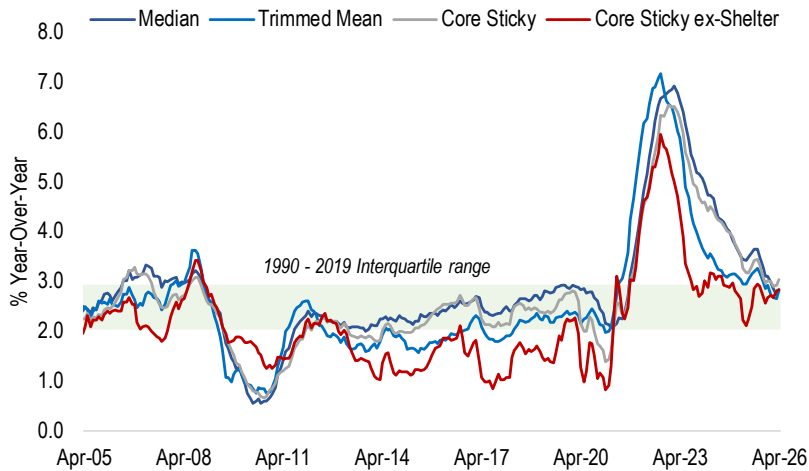
**Annual Consumer Inflation Rose to 3.81% in April with Energy, Food, Airfares and Shelter Key Drivers**



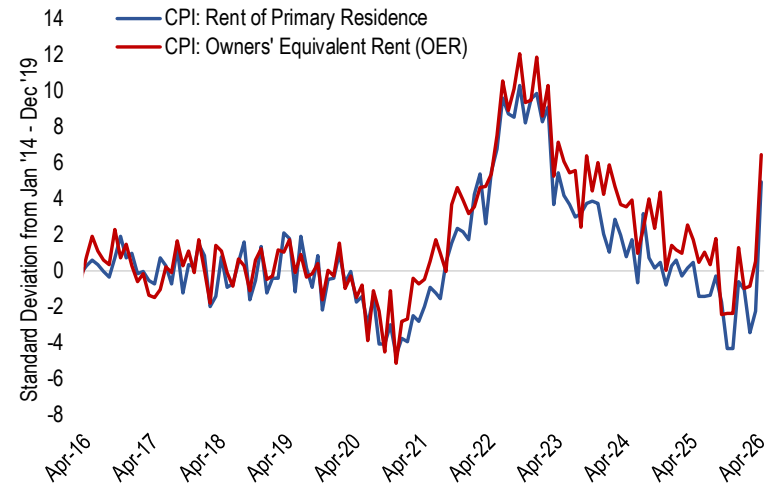
**Tariff Price Pressures Are Fading with Largest Impulse Still in Tech Related Items**



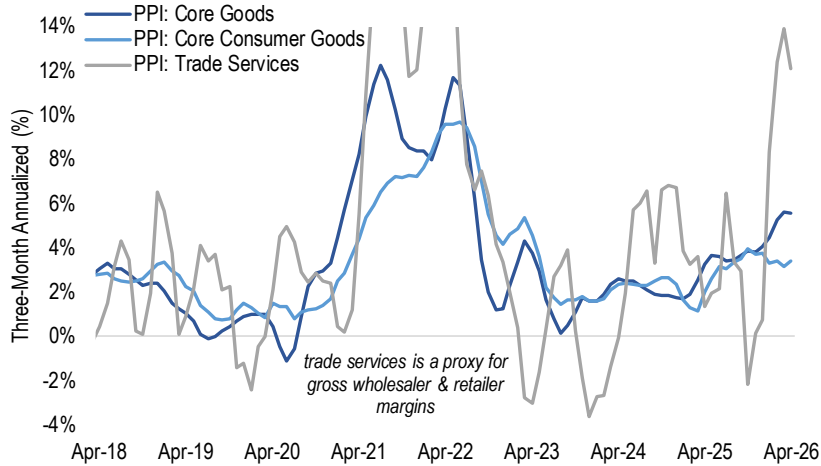
**Underlying Inflation Measures Look to Be Pivoting Higher Once Again**



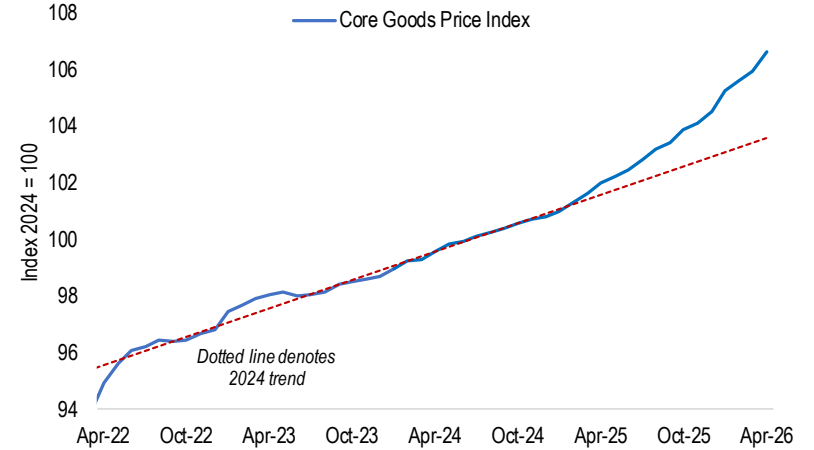
**Shelter Inflation (~40% of CPI) Surged This Month Due to New Survey Panel That Was Missed during Shutdown**



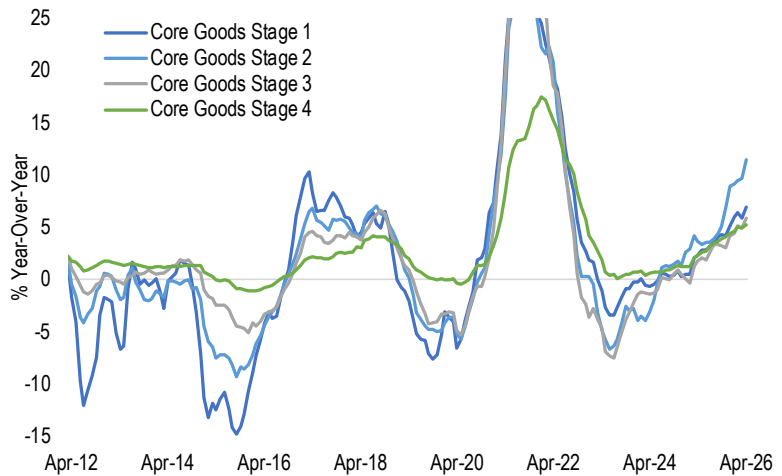
**Producer Price Inflation Continued to Come In on the Hotter Side, Led by Core Goods and Trade Services**



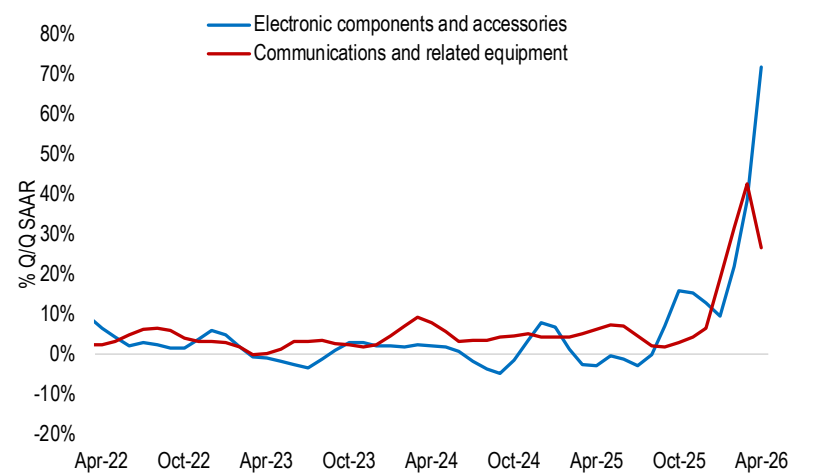
**Goods Prices Unlikely to Ease Near Term as Firms Face Higher Energy Costs and Tighter Supply Chains**



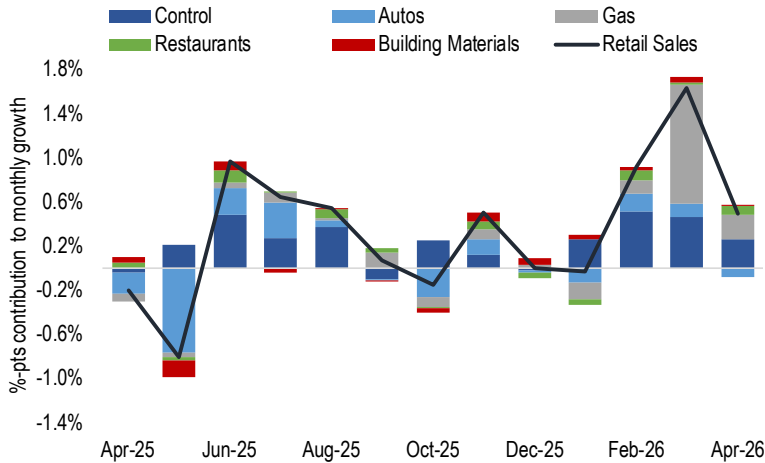
**Intermediate Demand Cost Pressures on Core Items by Stage of Production Still Showing Ongoing Strength**



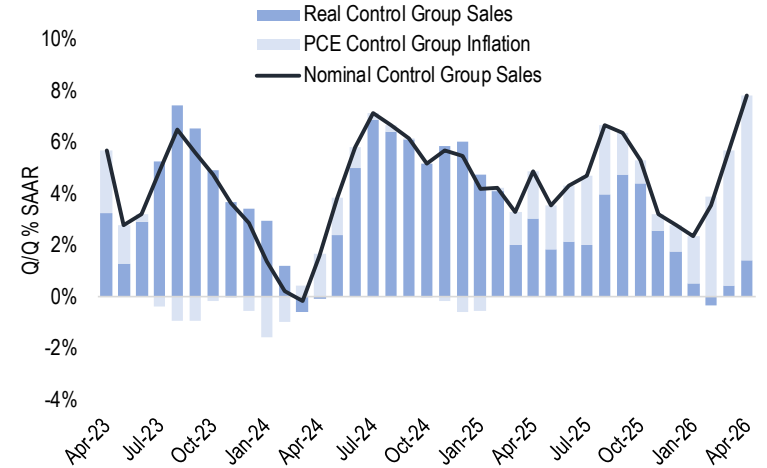
**The Surge in AI Capex Has Led to a Tightening of the Supply Chain and Rampant Increase in Prices**



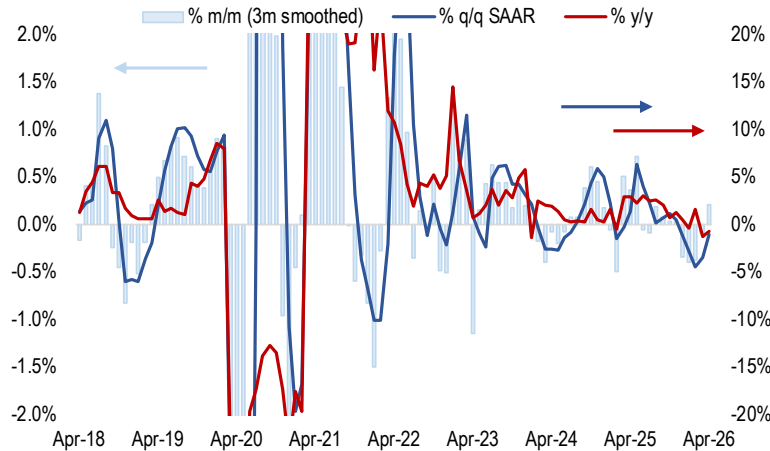
April Retail Sales Were Not as Bad as Feared But Clear Sign of Consumer Rationing on Goods Outlays



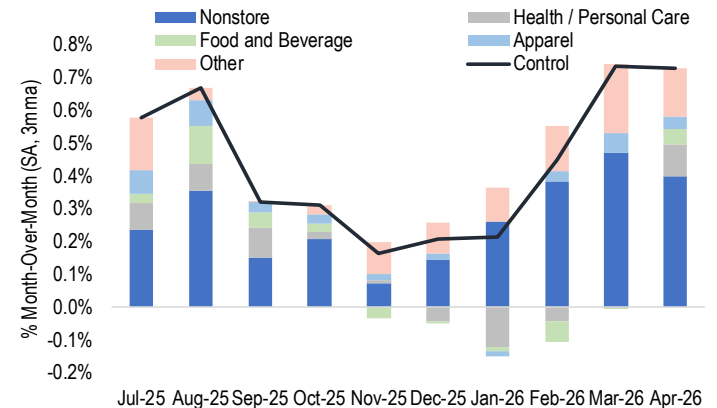
Real (Inflation-Adjusted) Control Group Sales Stalled in Recent Months



Real Restaurant Spending Shows Signs of Turning the Corner after a Soft Start to 2026



Nominal Sales Breadth Improved in April, but Online (Nonstore) Still Carrying the Load



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

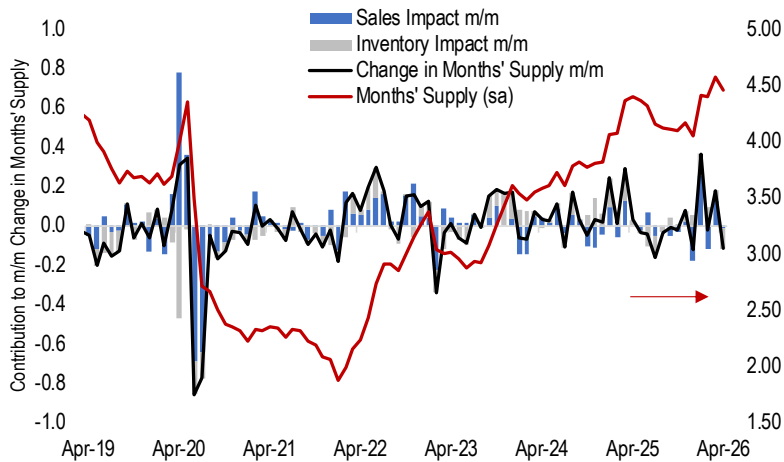
**April Existing Home Sales Inched Up but Remain Just Above Two-Year Low**



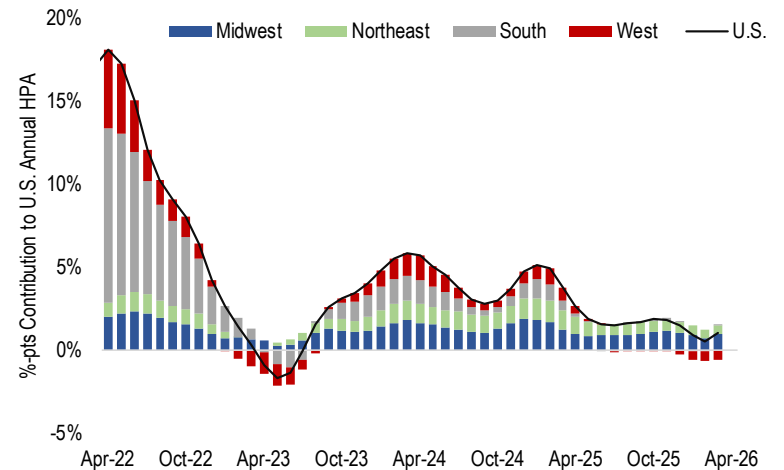
**The Annual Pace of Inventory Growth Has Slowed, but Total Listings Incrementally Rising Since 2023**



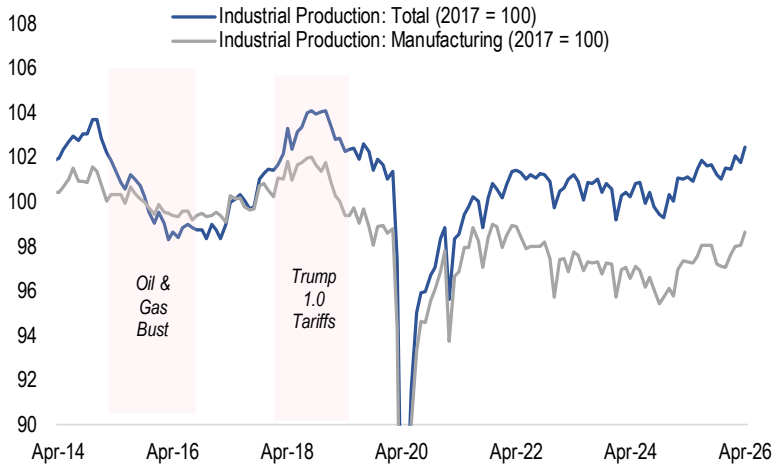
**Months' Supply Inched Modestly Lower in April, Aided by a Pullback in Inventory**



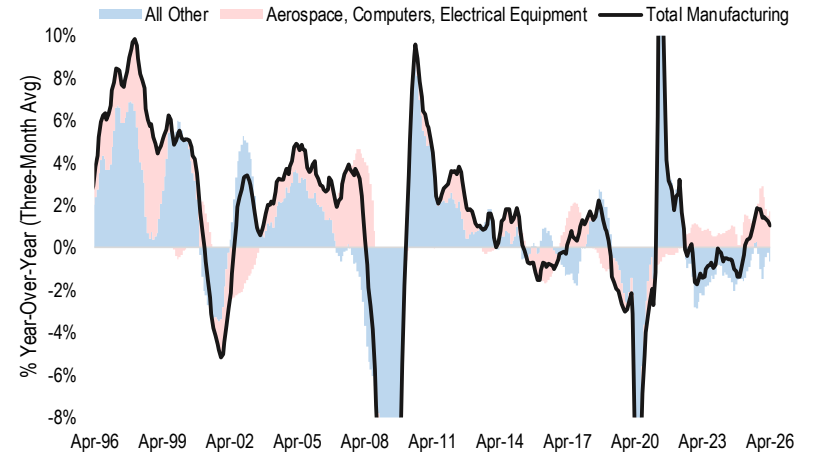
**Weakness in Activity Has Kept a Lid on Home Price Growth, Which Is Unlikely to Change Near Term**



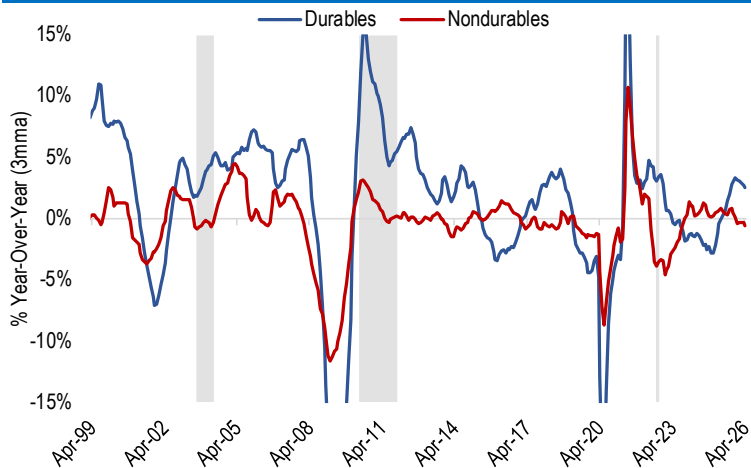
**Industrial Production Surprised to the Upside in April with Broad-Based Gains across Sectors**



**Drivers of Manufacturing Growth Will Turn More Balanced if Recent Momentum Persists**

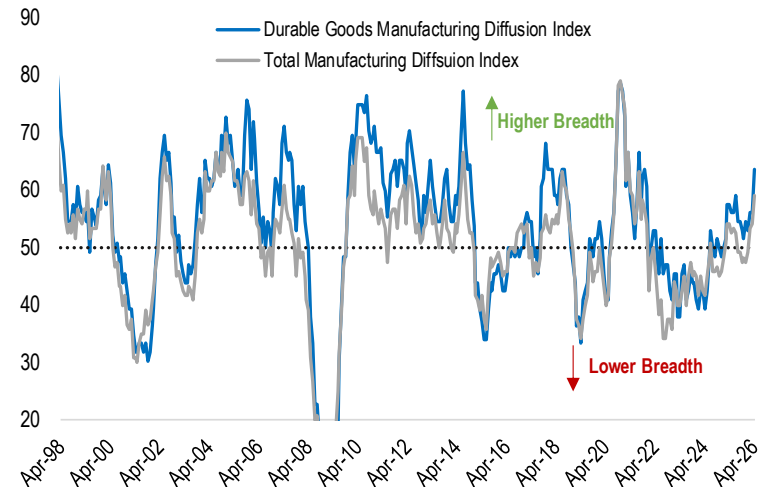


**Durable Goods Production Still Strong, Carried by Robust Business Equipment Output**

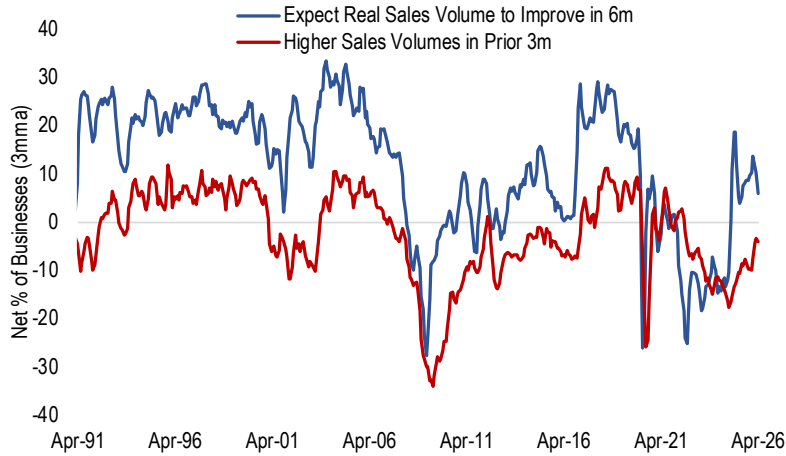


Durable goods are products that can be inventoried and have an average life of at least 3 years

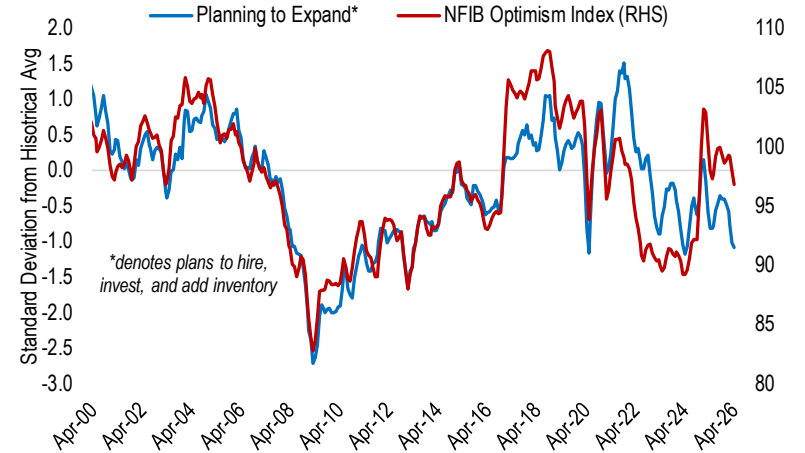
**Durable Goods Breadth Rose to a Multi-Year High with Strong Gains in Mineral Production and Autos**



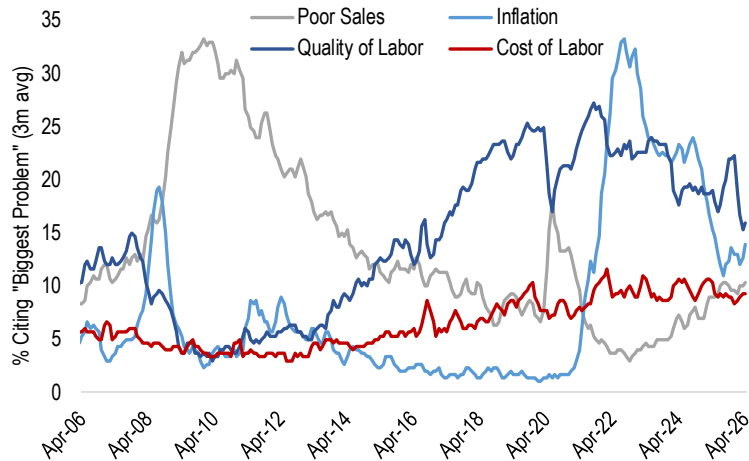
**Small Businesses Have Turned More Cautious on Future Revenue Growth**



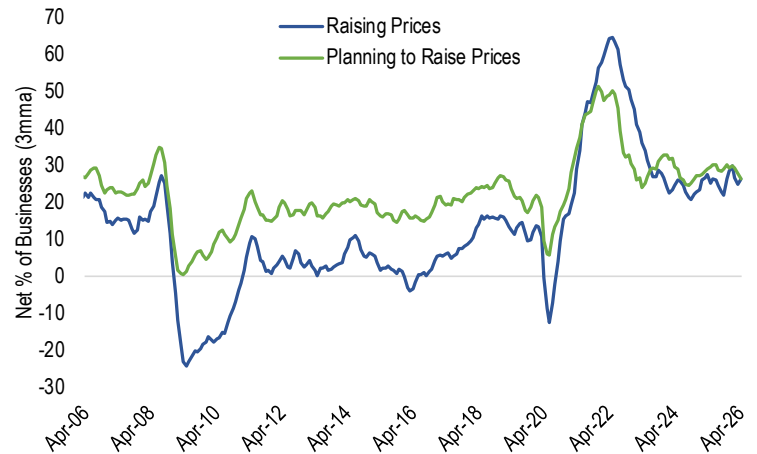
**Plans to Expand Slide as Uncertainty Weighs on Overall Sentiment**



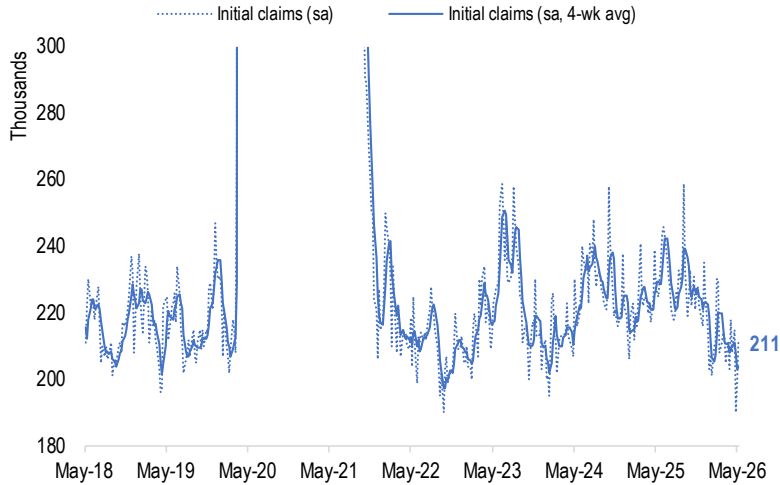
**Uptick in Firms Citing "Poor Sales" and "Inflation" as Top Problem as Concerns about "Labor Quality" Eased**



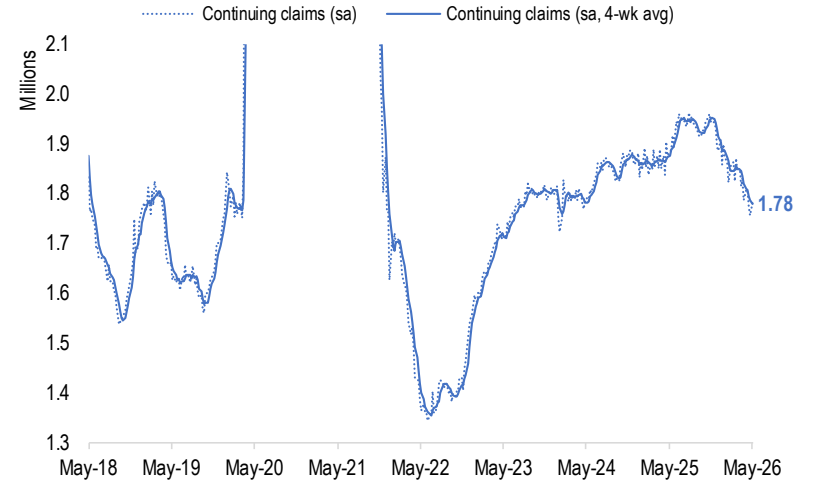
**Despite Clear Pricing Pressure, Firms Have Yet to Signal Widespread Plans to Raise Prices**



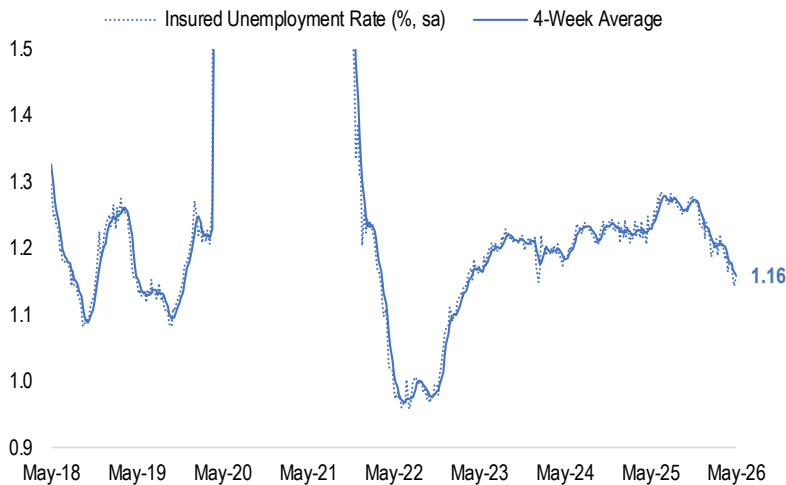
**Initial Claims Up to 211k (SA) in Week Ending May 9, Off Recent 57-Year Low**



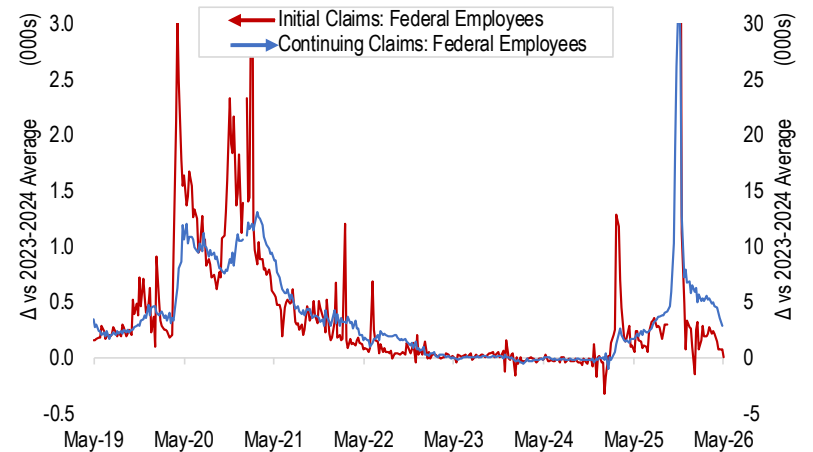
**Continuing Claims Climbed to 1,782k (SA) in Week Ending May 2, Just Above Lowest in over Two Years**



**Insured Unemployment Rate Ticked Up to 1.16% in Week Ending May 2**

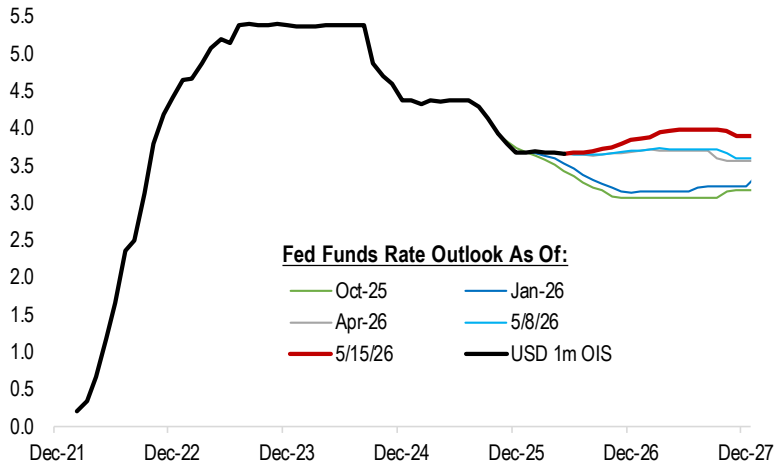


**Prior Surge in Initial Jobless Claims by Federal Employees Mostly Resolved by First Week of May**

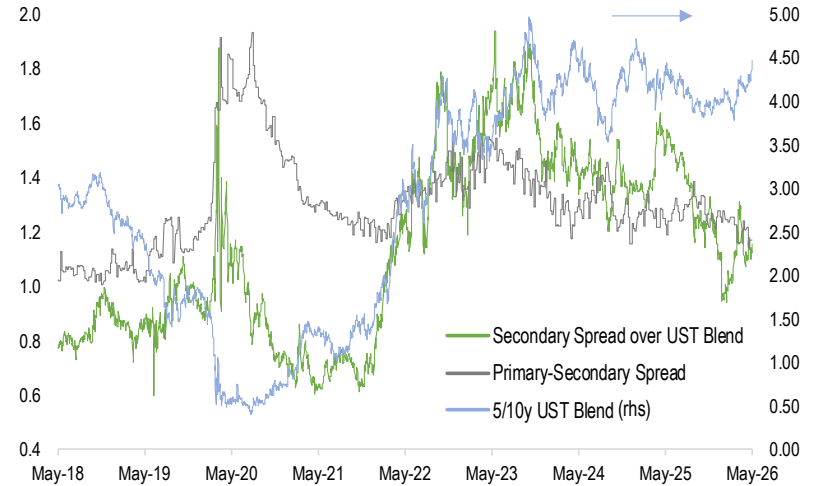


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

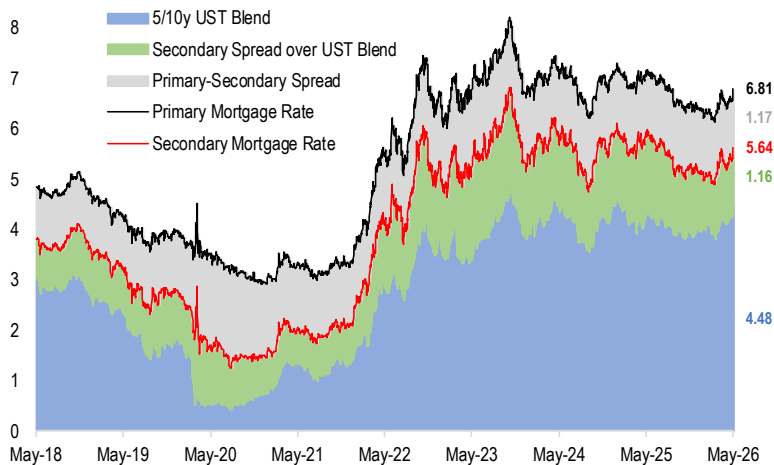
**Inflation Concerns Push Markets to Price in Risk of Multiple 25bps Rate Hikes by 2027**



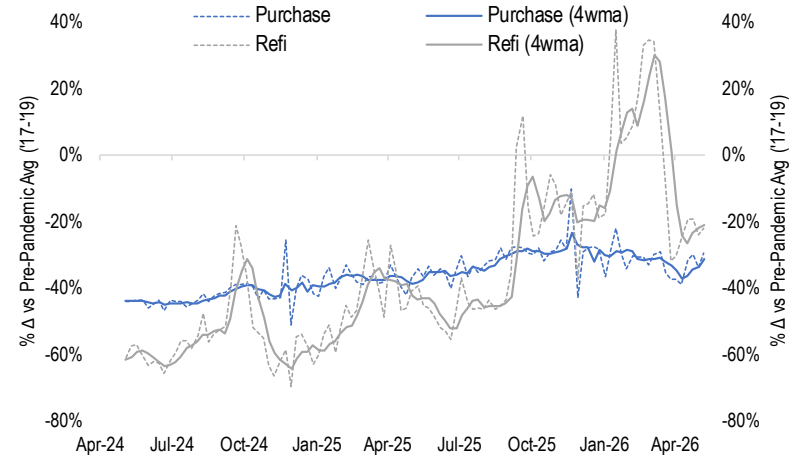
**Mortgage Spreads Widened 3bps on the Week alongside a Spike in Treasury Yields (+25bps) ...**



**... Pushing Mortgage Rates Back Up into the High-6% Range**



**Mortgage Purchase and Refi Applications Both Rebounded during Week Ending May 8**



### Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
5/18/26	10:00 AM	NAHB Housing Market Index	May	37	34	--	34	index, sa
5/19/26	10:00 AM	Pending Home Sales m/m	Apr	--	1.0	--	1.5	%, sa
5/19/26	10:00 AM	Pending Home Sales y/y	Apr	--	2.1	--	1.8	%, nsa
5/20/26	7:00 AM	MBA Mortgage Applications w/w	May 15	--	--	--	1.7	%, sa
5/20/26	2:00 PM	FOMC Meeting Minutes	Apr 29	--	--	--	--	
5/21/26	8:30 AM	Initial Jobless Claims	May 16	--	210	--	211	k, sa
5/21/26	8:30 AM	Continuing Claims	May 9	--	1,787	--	1,782	k, sa
5/21/26	8:30 AM	Philadelphia Fed Business Outlook	May	--	18.0	--	26.7	index, sa
5/21/26	8:30 AM	Housing Starts	Apr	--	1,419	--	1,502	k, saar
5/21/26	8:30 AM	Housing Starts m/m	Apr	--	-5.1	--	10.8	%, sa
5/21/26	8:30 AM	Building Permits	Apr P	--	1,384	--	1,363	k, saar
5/21/26	8:30 AM	Building Permits m/m	Apr P	--	2.3	--	-11.4	%, sa
5/21/26	9:45 AM	S&P Global US Manufacturing PMI	May P	--	53.8	--	54.5	index, sa
5/21/26	9:45 AM	S&P Global US Services PMI	May P	--	51.2	--	51.0	index, sa
5/21/26	9:45 AM	S&P Global US Composite PMI	May P	--	51.6	--	51.7	index, sa
5/21/26	11:00 AM	Kansas City Fed Manf. Activity	May	--	8.0	--	10.0	sa, index
5/22/26	10:00 AM	U. of Mich. Sentiment	May F	--	48.2	--	48.2	index, nsa
5/22/26	10:00 AM	U. of Mich. 1 Yr Inflation	May F	--	--	--	4.5	nsa
5/22/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	May F	--	3.4	--	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
5/11/26	10:00 AM	Existing Home Sales	Apr	<b>4.0</b>	4.1	4.0	4.0	m, saar
5/11/26	10:00 AM	Existing Home Sales m/m	Apr	<b>0.2</b>	2.0	-2.9	-3.6	%, sa
5/12/26	6:00 AM	NFIB Small Business Optimism	Apr	<b>95.9</b>	96.1	--	95.8	index, sa
5/12/26	8:30 AM	CPI m/m	Apr	<b>0.6</b>	0.6	--	0.9	%, sa
5/12/26	8:30 AM	CPI Core (ex Food and Energy) m/m	Apr	<b>0.4</b>	0.3	--	0.2	%, sa
5/12/26	8:30 AM	CPI y/y	Apr	<b>3.8</b>	3.7	--	3.3	%, nsa
5/12/26	8:30 AM	CPI Core (ex Food and Energy) y/y	Apr	<b>2.8</b>	2.7	--	2.6	%, nsa
5/13/26	7:00 AM	MBA Mortgage Applications w/w	May 8	<b>1.7</b>	--	--	-4.4	%, sa
5/13/26	8:30 AM	PPI Final Demand m/m	Apr	<b>1.4</b>	0.5	0.7	0.5	%, sa
5/13/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Apr	<b>1.0</b>	0.3	0.2	0.1	%, sa
5/13/26	8:30 AM	PPI Final Demand y/y	Apr	<b>6.0</b>	4.8	4.3	4.0	%, nsa
5/13/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Apr	<b>5.2</b>	4.3	4.0	3.8	%, nsa
5/14/26	8:30 AM	Import Price Index m/m	Apr	<b>1.9</b>	1.0	0.9	0.8	%, nsa
5/14/26	8:30 AM	Import Price Index y/y	Apr	<b>4.2</b>	3.1	2.3	2.1	%, nsa
5/14/26	8:30 AM	Initial Jobless Claims	May 9	<b>211</b>	205	199	200	k, sa
5/14/26	8:30 AM	Continuing Claims	May 2	<b>1,782</b>	1,780	1,758	1,766	k, sa
5/14/26	8:30 AM	Advance Retail Sales m/m	Apr	<b>0.5</b>	0.5	1.6	1.7	%, sa
5/14/26	8:30 AM	Retail Sales Control Group m/m	Apr	<b>0.5</b>	0.4	0.8	0.7	%, sa
5/14/26	10:00 AM	Business Inventories m/m	Mar	<b>0.9</b>	0.9	--	0.4	%, sa
5/15/26	8:30 AM	Empire Manufacturing	May	<b>19.6</b>	7.2	--	11.0	index, sa
5/15/26	9:15 AM	Industrial Production m/m	Apr	<b>0.7</b>	0.3	-0.3	-0.5	%, sa
5/15/26	9:15 AM	Capacity Utilization	Apr	<b>76.1</b>	75.8	--	75.7	sa

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