HaMMR Digest

Stay current with economic and mortgage market trends.

June 1, 2026

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Keep Calm and Carry On

- **Key Takeaway:** A heavy data week confirms the economy remains resilient to the energy price shock led by surging investment, largely in the goods sector.
- **Macro Implications:** Unclear if cyclical tailwinds will fade the longer prices get absorbed or pick up steam should the Mideast conflict resolve swiftly.
- **Housing Implications:** Marginal pullback in mortgage rates barely moves the needle on affordability, the key constraint limiting a firming in sales.

Macro: Powering Through

- April Core PCE inflation on cooler side as softer services offset strong goods prices.
- Industrial activity remains robust with survey metrics pointing to ongoing growth.
- Energy exports remain strong, bringing domestic inventories to seasonal lows.

Rates: Let's Make a Deal!

- 10y UST yields followed oil prices lower, falling ~7bps on the week to 4.43%.
- Yield curve bull steepened as market-based inflation expectations recede.
- Markets pricing a '26 rate hike as a toss-up, down from a near certainty a week ago.

Housing Market: Limited Upside amid Higher-for-Longer Rates

- Mortgage rates back near mid-6% range, driven primarily by rate expectations.
- Spring selling season flipped from hope of a boom to a bust for third straight year.
- Minimal forced selling is limiting price reductions that would offset higher rates.

Personal Spending: Resiliency in the Face of (More) Shocks

- Q2 real spending tracking solid growth despite more cautious consumers.
- Real disposable income growth negative for three consecutive months.
- Savings rate fell to 2.6%, only lower during the pandemic and pre-GFC.

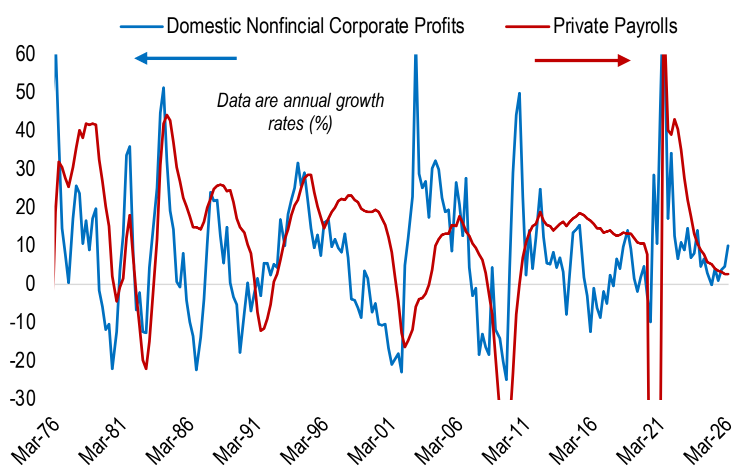
New Home Sales: Wake Me When It's Over

- Total sales are down -23% annualized in the three months to April.
- Ready-to-occupy units are selling, but at a slower pace from one year ago.
- Months' supply of completed homes at upper end of 2017–2019 range.

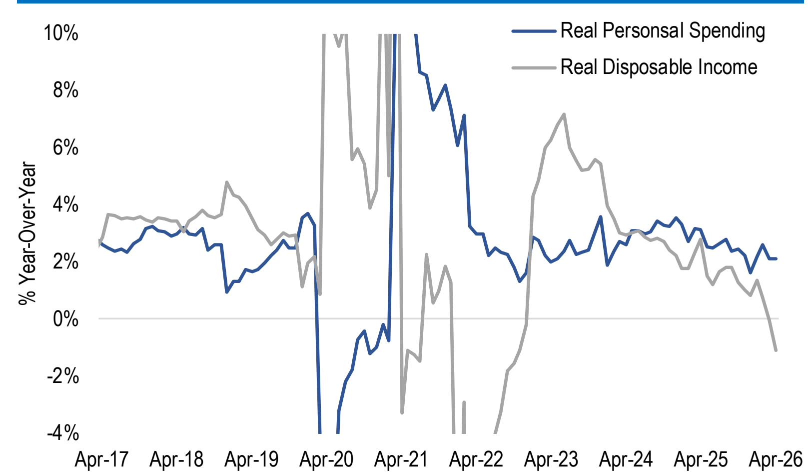
Consumer Confidence: Near-Term Worried, Medium-Term Hopeful

- Consumer confidence remained at depressed levels in May.
- Net job expectations rose to strongest level since August 2025.
- Spending intentions hint at trading down, buying less and delaying purchases.

Recovery in Domestic Nonfinancial Profits Provides a Positive Backdrop for the Labor Market



Real Disposable Income Growth Declined Sharply, but Real Consumption Growth Has Remained Solid

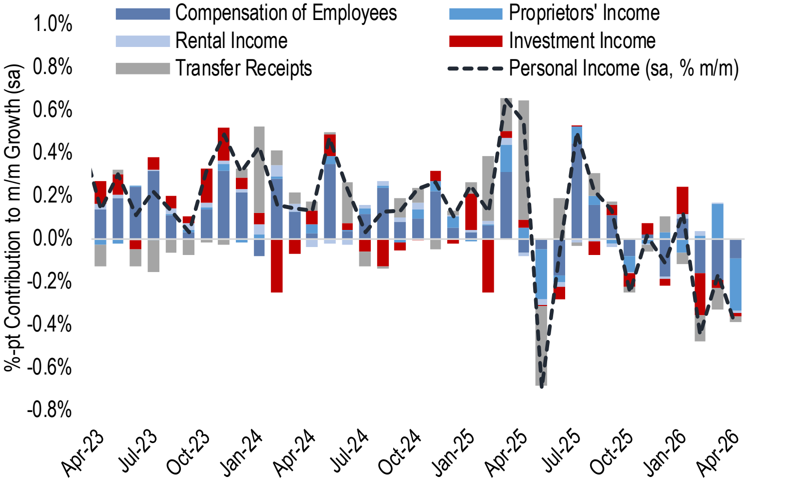


Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, Arch Global Economics

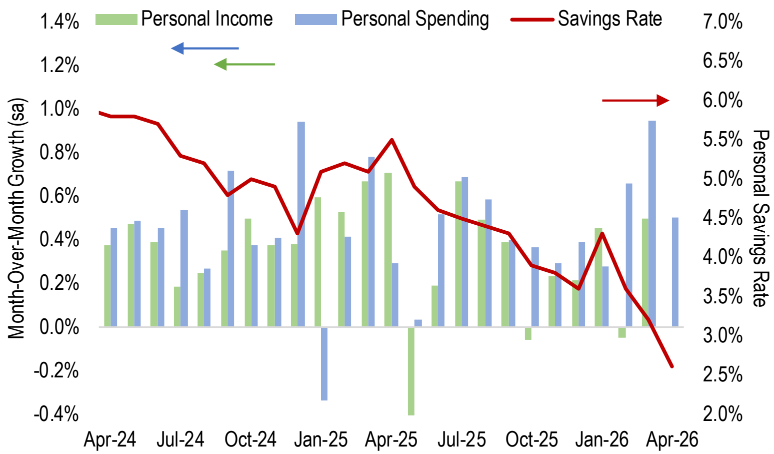
Last Week's Data in Charts

Personal Income and Spending

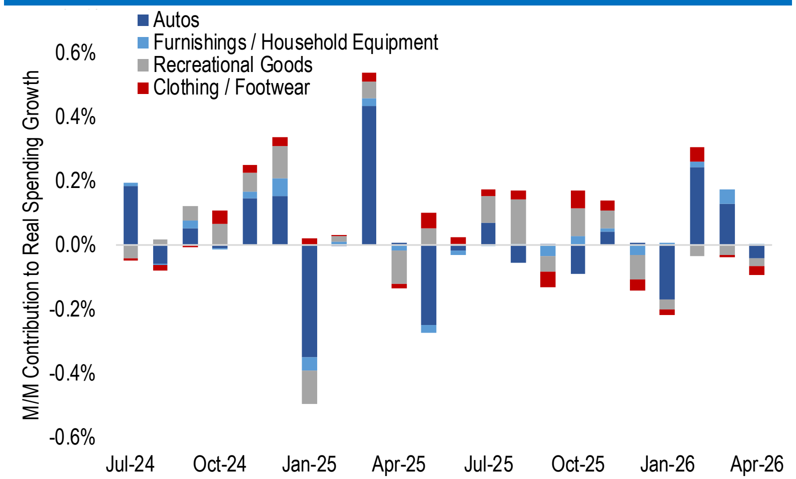
Real Labor Income Growth Down Again in April but Less So Compared to March



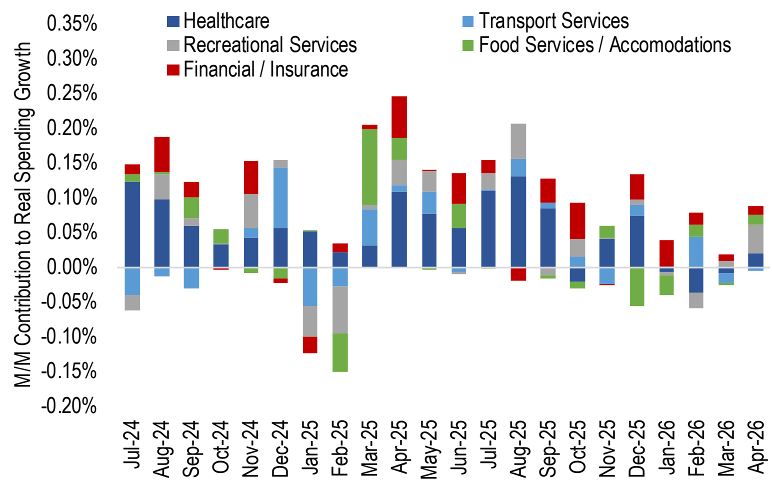
Savings Rate Slid Further to a Historical Low as Households Content, for Now, to Smooth Spending



Real Goods Spending Growth Slowing Down Largely Due to Big-Ticket Items Such as Autos and Rec Goods

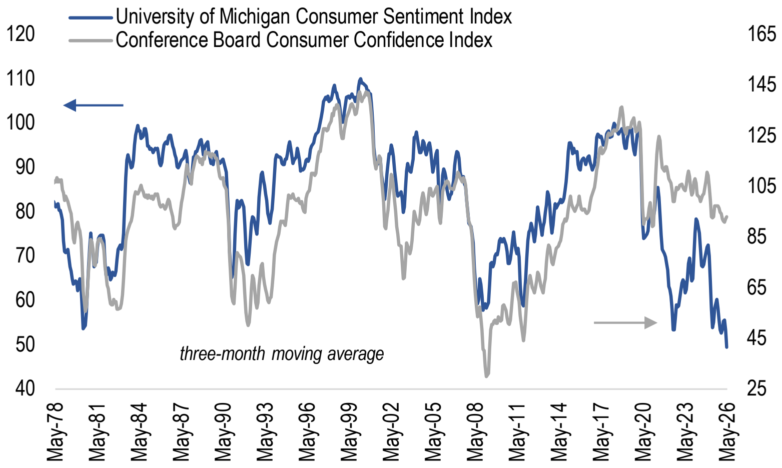


Services Spending Tapered by Reduction in Healthcare Outlays Offset by a Bump in Recreational Services

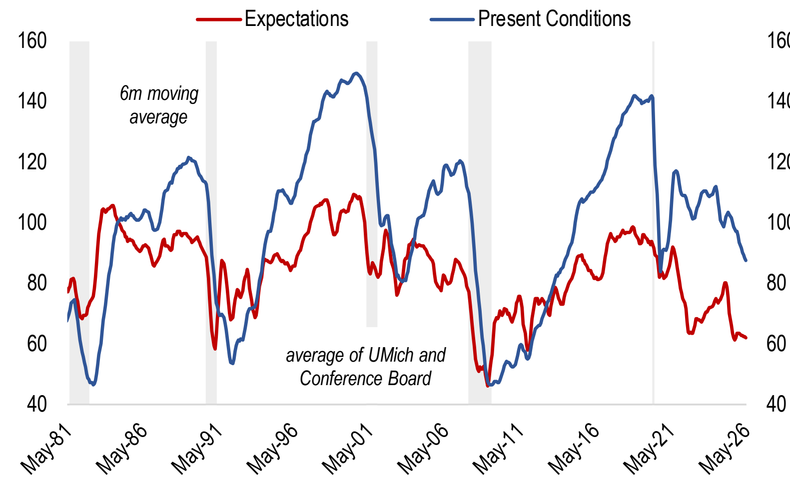


Sources: Bureau of Economic Analysis, Arch Global Economics

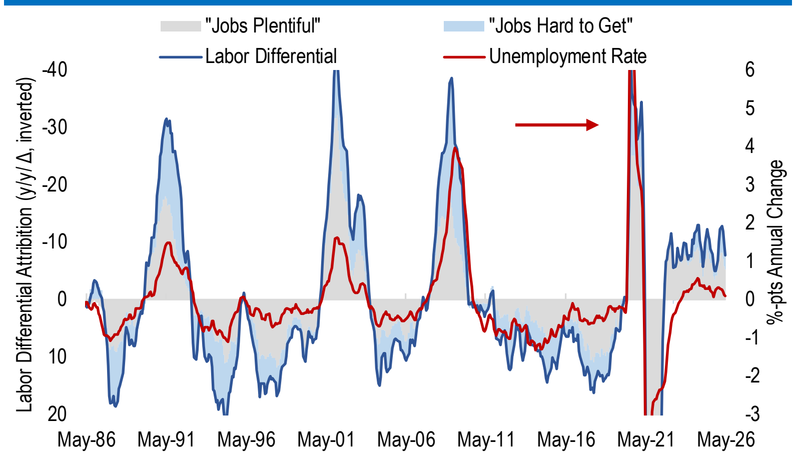
Consumer Sentiment Measures Continue to Bounce along Historically Low Readings …



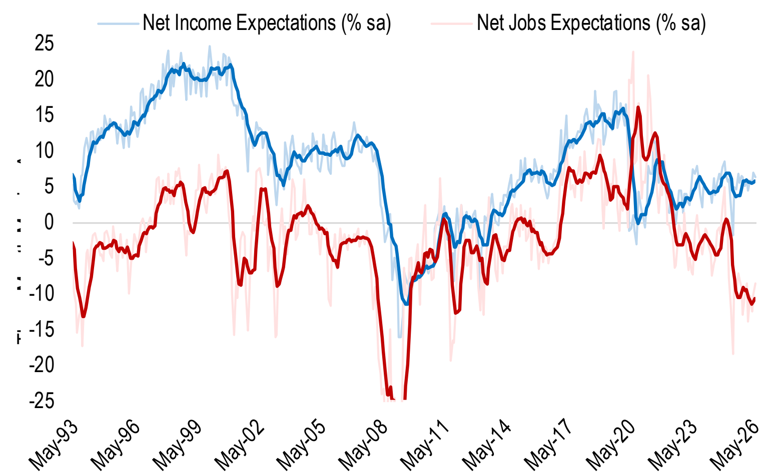
… Driven Primarily by Pessimism over Near-Term Expectations on Labor Market and Inflation



Recovery in Labor Market Keeping Consumer Perceptions of "Jobs Hard to Get" Contained



Full Consumer Capitulation Occurs When Income Expectations Collapse

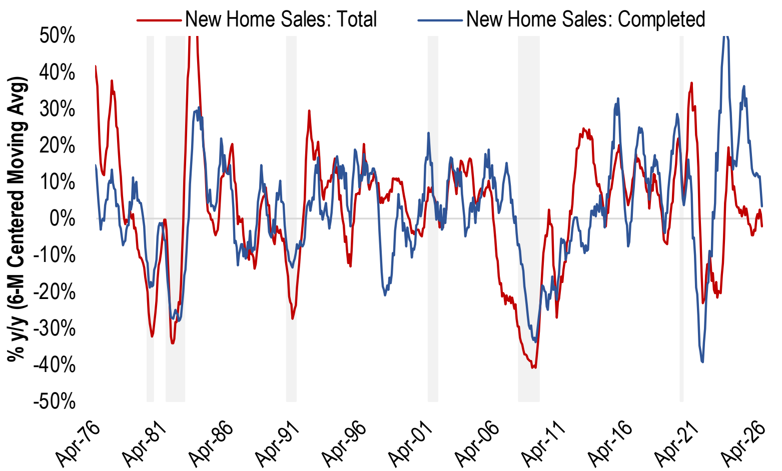


Sources: University of Michigan (UMICH), Conference Board, Federal Reserve Bank of New York (FRBNY), Arch Global Economics

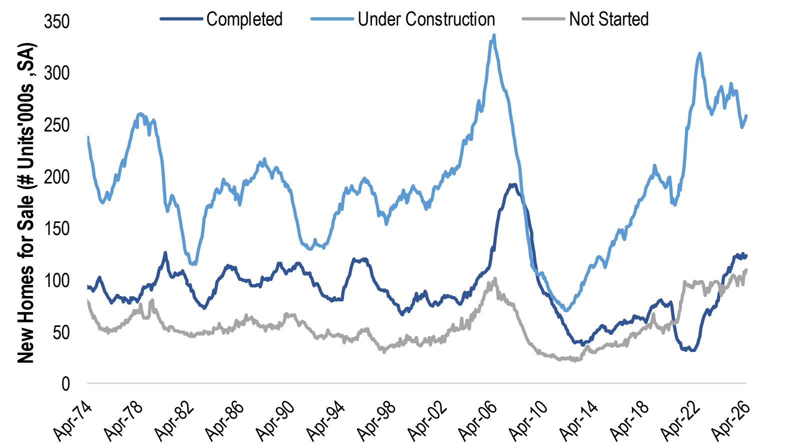
Last Week's Data in Charts

New Home Sales

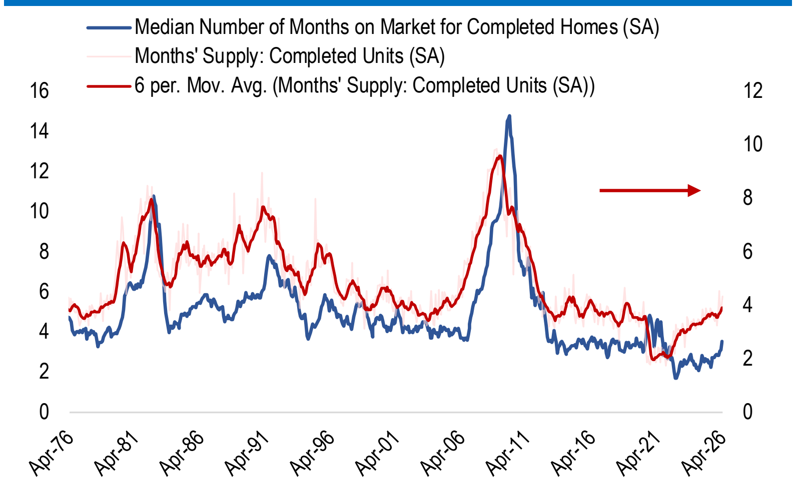
April New Home Sales Showed an Ongoing Slide in Momentum with All Segments Declining



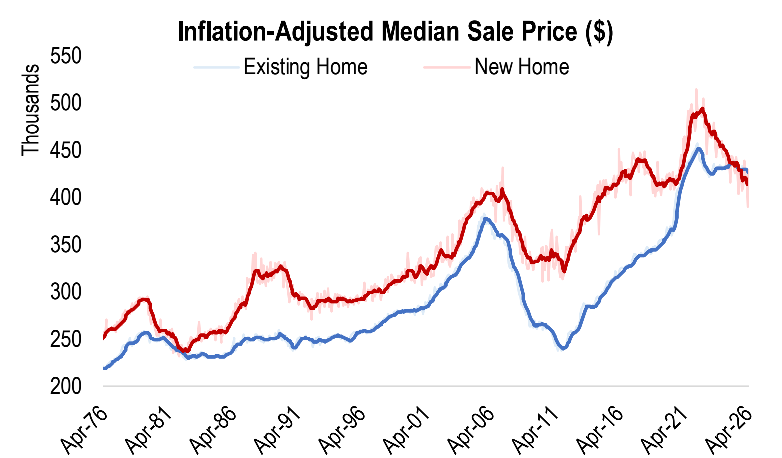
Despite the Weak Sales Momentum, Units for Sale Have Largely Been Trending Sideways



Even with Incentives, Sales Pace Isn't Keeping Up with Inventory, Leading to Rising Months' Supply

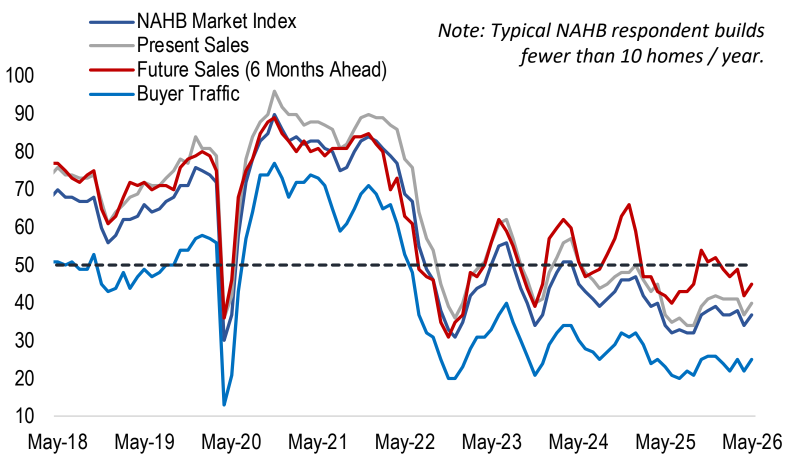


On Inflation-Adjusted Basis, New Home Prices Are the Cheapest Relative to Existing Homes on Record

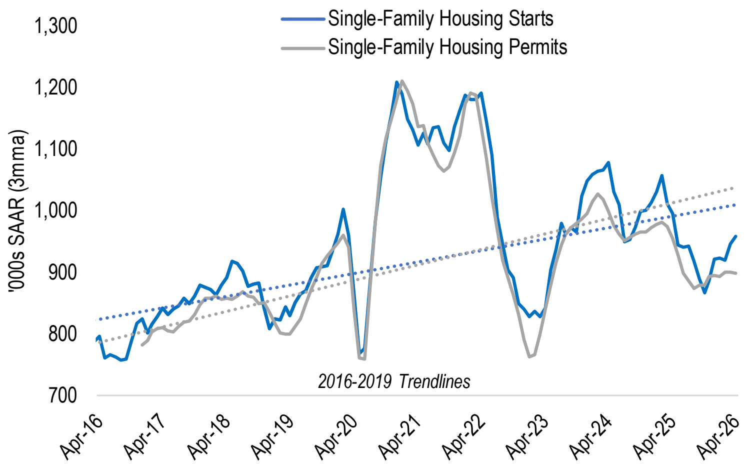


Sources: Census Bureau, National Association of REALTORS®, Arch Global Economics

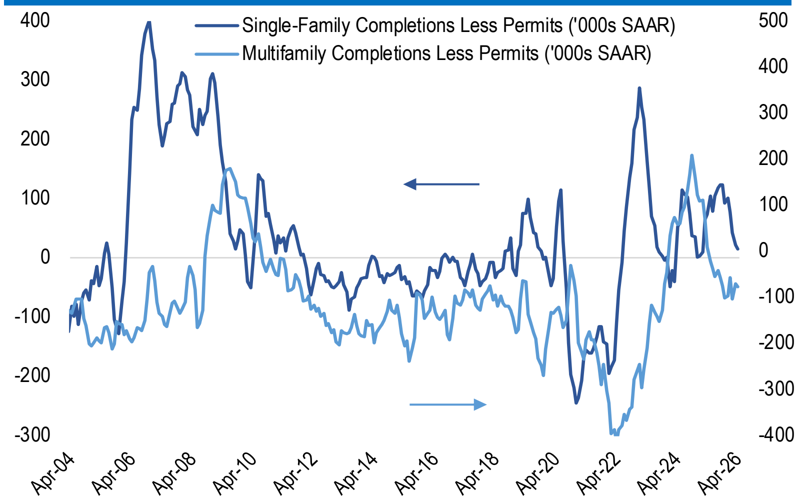
Builder Optimism Improved Modestly in May but Still Remained Historically Low



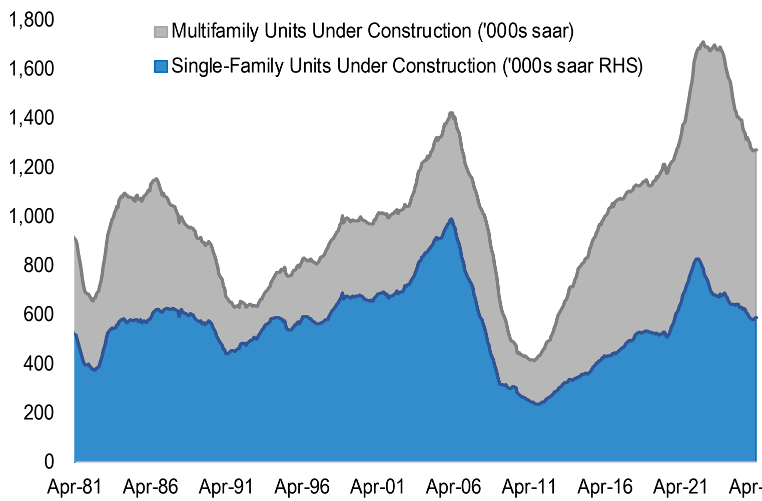
Single-Family Starts Trended Higher, but More Indicative Permits Remained Subdued



Single-Family Construction Focused on Completions; Building Pivots toward Multifamily Development



Under Construction Units Have Retrenched Significantly with Early Signs of Stabilizing

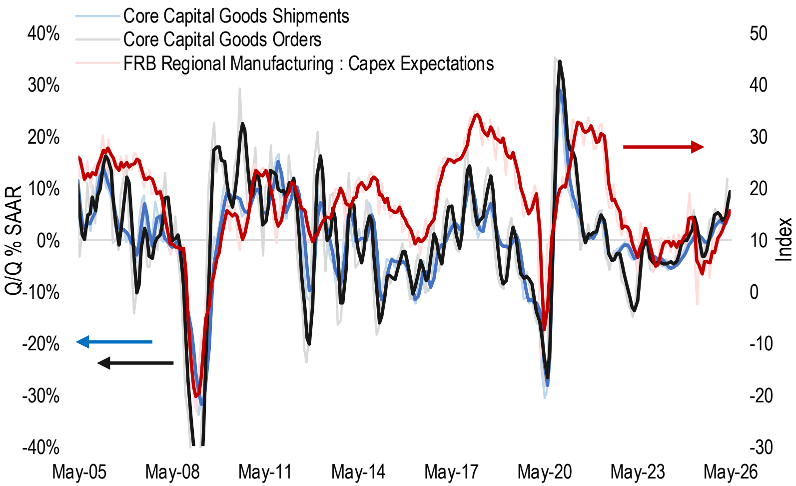


Sources: U.S. Census Bureau, National Association of Home Builders (NAHB), Arch Global Economics

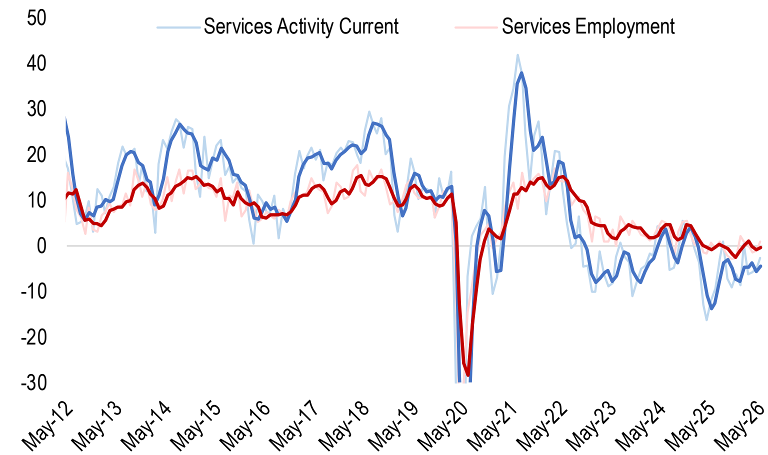
Last Week's Data in Charts

Regional Fed Business Surveys

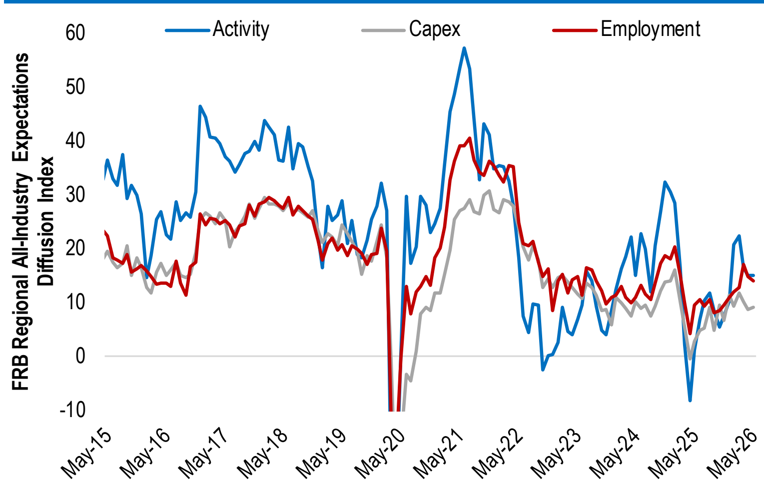
Goods Production Remains Firm, Driven by Tech, Electrical Components, Defense and Aerospace



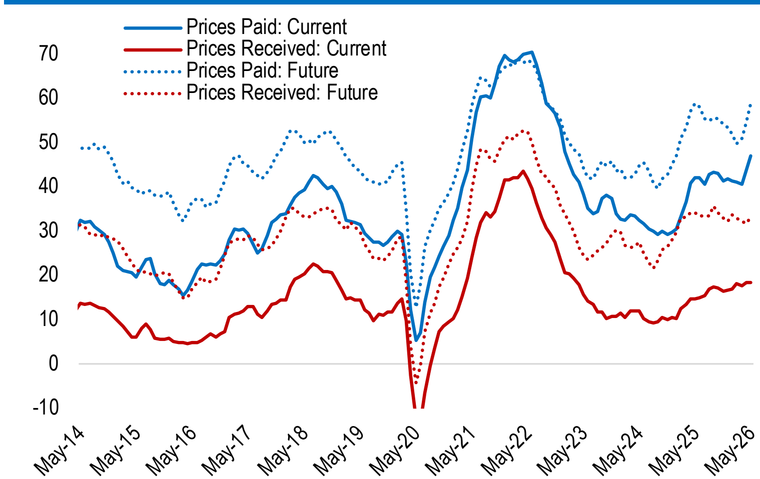
Services Industry Weakness Lingering as Businesses Express Caution on Near-Term Customer Spending



Business Expectations Have Receded Slightly, Largely Driven by the Services Sector



All-Industry Pricing Shows Impulse Has Firmed, Energy Driving Goods Side and Healthcare, Utilities for Services

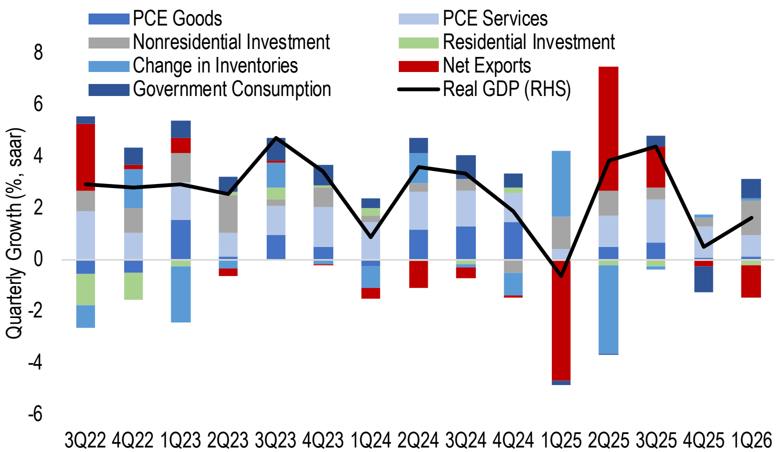


Sources: Federal Reserve Board, Arch Global Economics

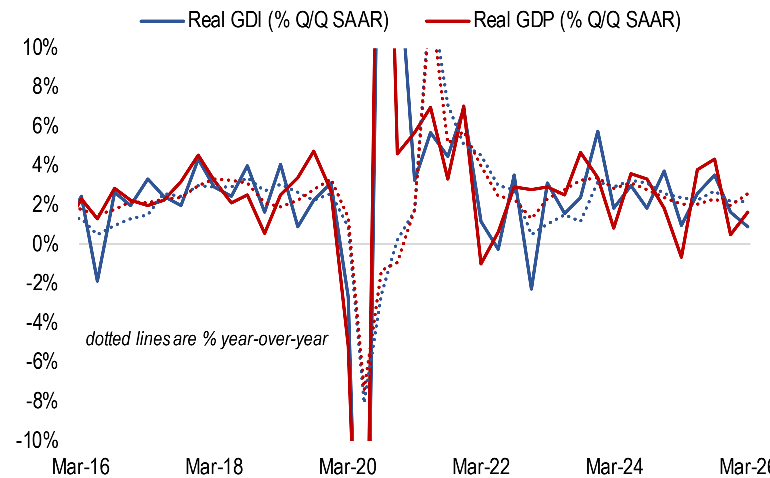
Last Week's Data in Charts

Real GDP — Second Estimate (GDI and Profits)

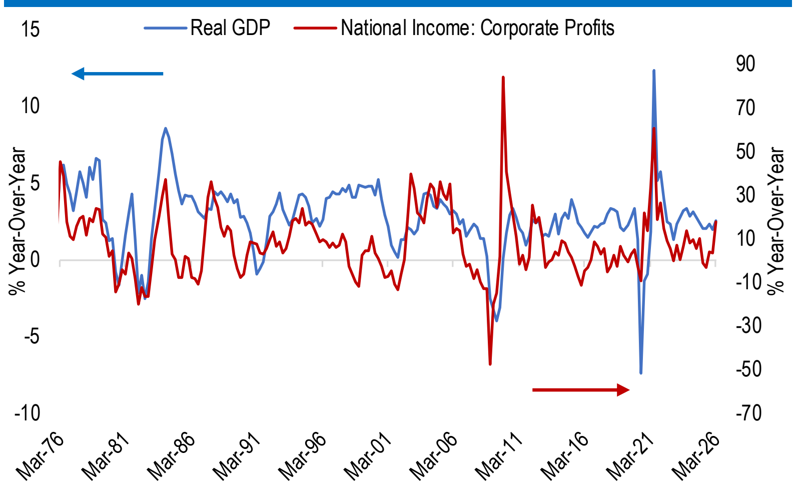
Second Estimate of 1Q26 Real GDP Saw a Downgrade to Inventory and Personal Services Spending Growth



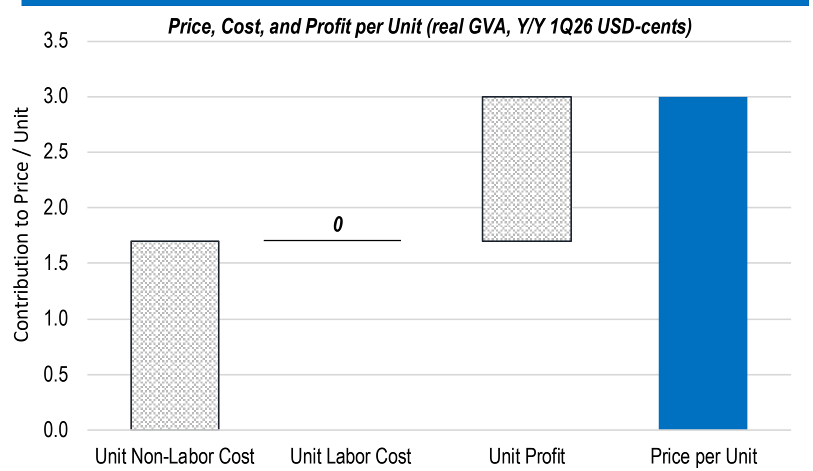
Quarterly Gross Domestic Income (GDI) and GDP Growth Soft Recently, but Annual Growth Remains Solid



Slowdown in Income Driven Mostly by Household Side as Corporate Profits Have Rebounded



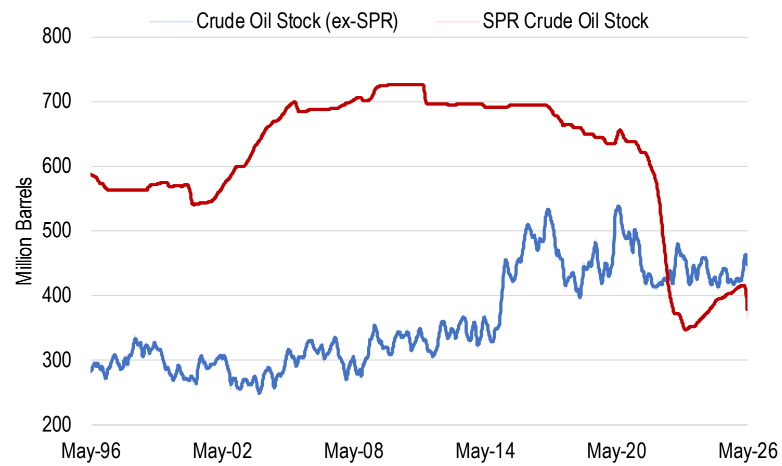
Nonfinancial Firms Have Controlled Labor Costs over the Prior Four Quarters, Recouping Tariff Costs



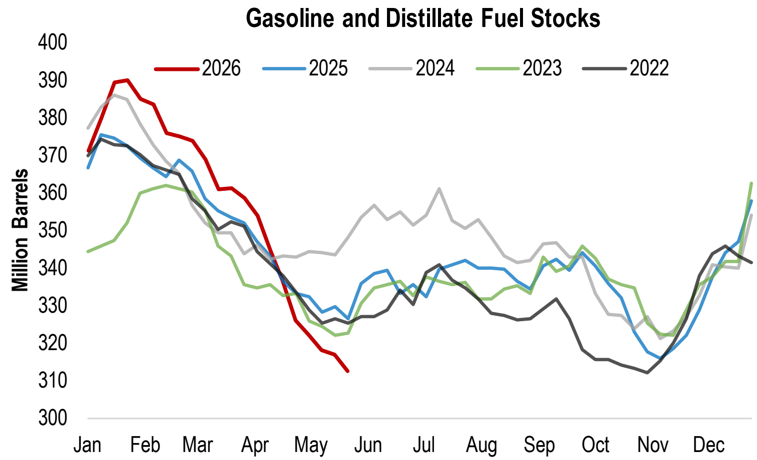
Sources: BEA, Arch Global Economics

GDI = Gross Domestic Income
SAAR = Seasonally Adjusted Annual Rate

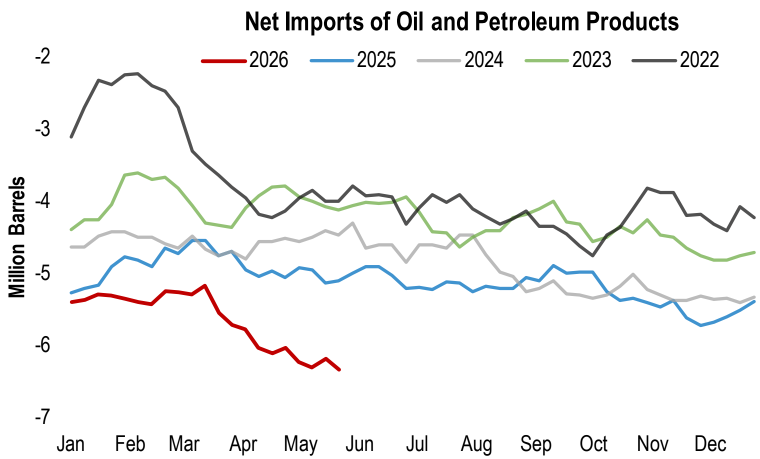
Energy Stocks Continue to Move Lower by ~2 Million Barrels per Day, Driven by SPR Drawdowns



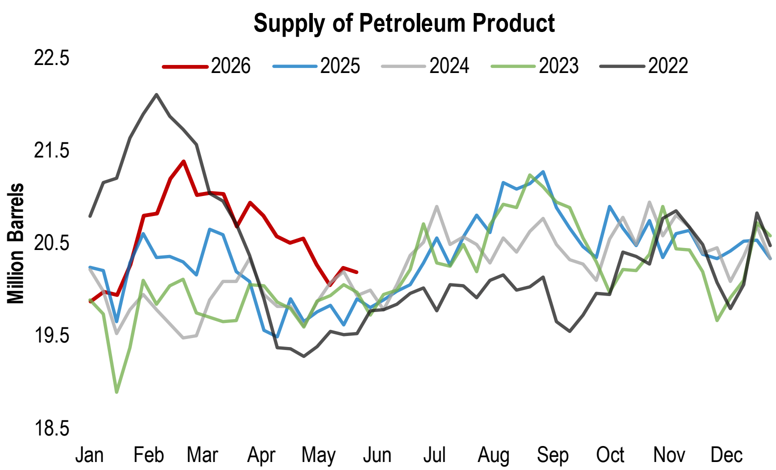
Gasoline and Distillate Stocks Are Lower Than Typical Seasonal Normal Levels …



… Due to Strong Exports as Well as Reductions in Fuel Imports from Europe to the East Coast



Supply of Petroleum Product, Proxy for End Demand, Has Been Stronger Than Usual, Especially for Jet Fuel



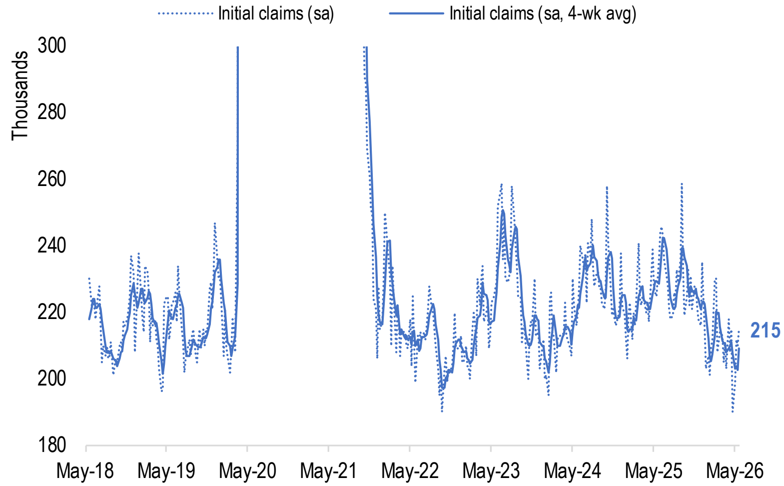
Sources: Energy Information Administration, Arch Global Economics

SPR = Strategic Petroleum Reserve

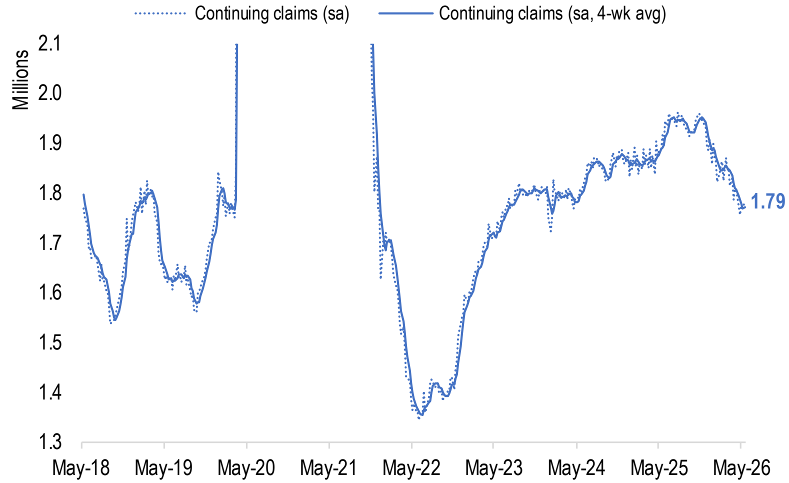
Last Week's Data in Charts

Jobless Claims

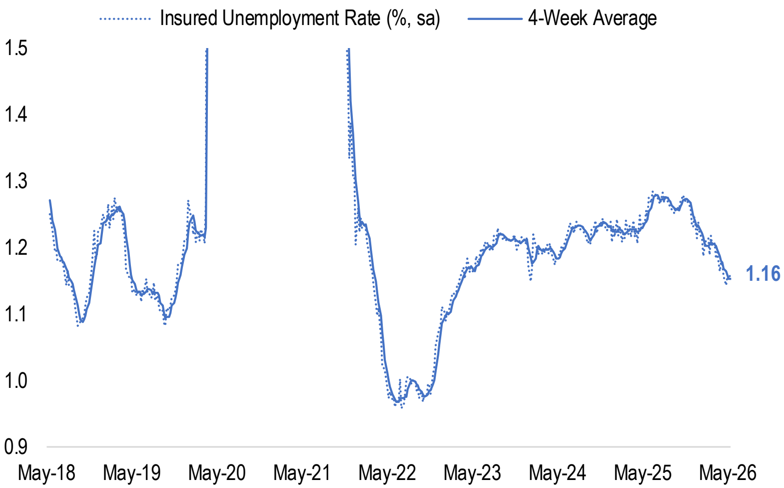
Initial Claims up to 215k (SA) in Week Ending May 23, up from Recent 57-Year Low



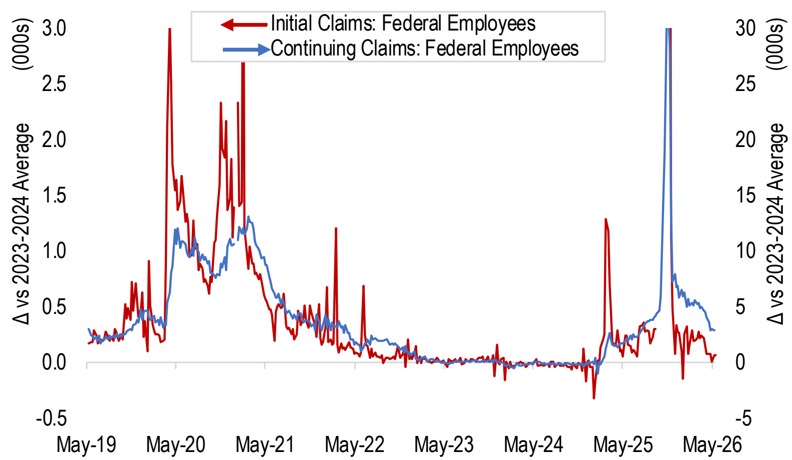
Continuing Claims Inched Up to 1,786k (SA) in Week Ending May 16, Just Above Lowest in over Two Years



Insured Unemployment Rate Ticked Up to 1.16% in Week Ending May 16



Prior Surge in Initial Jobless Claims by Federal Employees Mostly Resolved by Mid-May

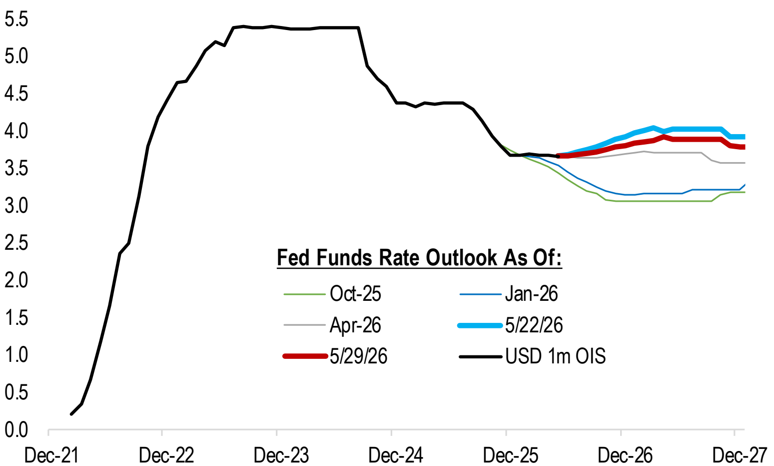


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

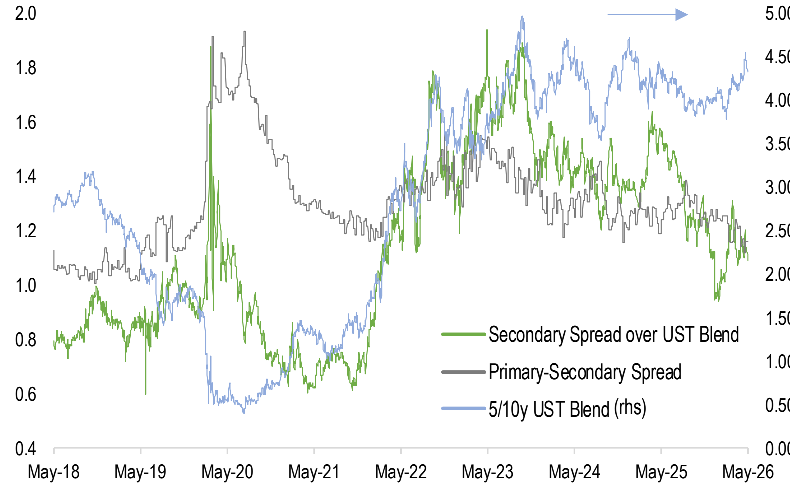
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

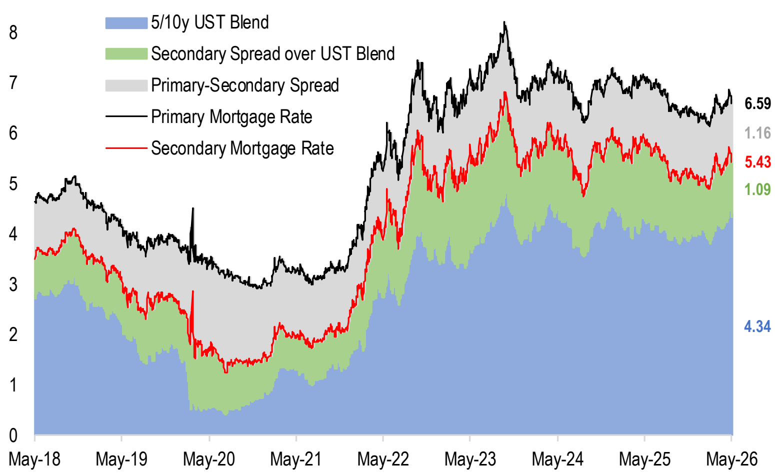
Market Pricing Back to Roughly 50/50 Odds of a Hike in 2026, down from a Near Certainty a Week Ago



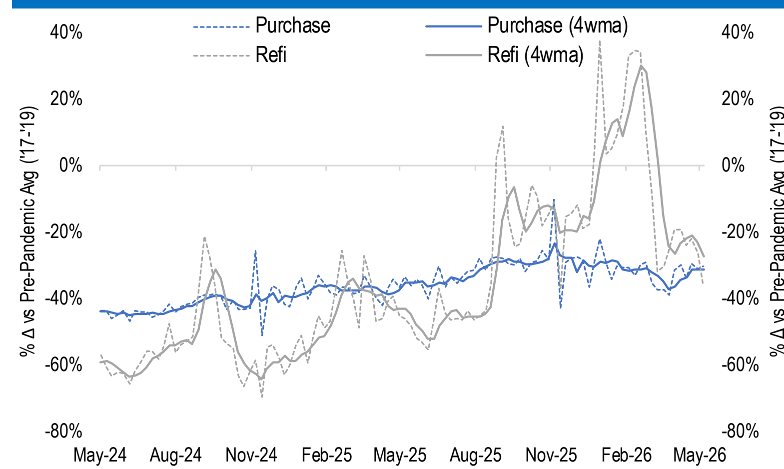
Mortgage Spreads Tightened 5bps on the Week alongside Lower 5/10y UST Treasury Yields (-12bps) …



… Pulling Mortgage Rates Back Down into the Mid-6% Range



Mortgage Refi Applications Dropping Fast during Week Ending May 22, Even as Purchase Applications Steadied



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

Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
6/1/26	9:45 AM	S&P Global US Manufacturing PMI	May F	**55.1**	55.3	--	55.3	index, sa
6/1/26	10:00 AM	ISM Manufacturing	May	**54.0**	53.0	--	52.7	index, sa
6/1/26	10:00 AM	ISM Prices Paid	May	**82.1**	85.0	--	84.6	index, nsa
6/2/26	-	Wards Total Vehicle Sales	May	--	16.0	--	15.9	m, saar
6/2/26	10:00 AM	JOLTS Job Openings	Apr	--	6,866	--	6,866	k, sa
6/2/26	10:00 AM	JOLTS Quits	Apr	--	3,138	--	3,171	%, sa
6/2/26	10:00 AM	JOLTS Quits Rate	Apr	--	2.0	--	2.0	%, sa
6/2/26	10:00 AM	JOLTS Layoffs Rate	Apr	--	1.2	--	1.2	%, sa
6/3/26	7:00 AM	MBA Mortgage Applications w/w	May 29	--	--	--	-8.5	%, sa
6/3/26	8:15 AM	ADP Employment m/m	May	--	120	--	109	k, sa
6/3/26	9:45 AM	S&P Global US Services PMI	May F	--	51.0	--	50.9	index, sa
6/3/26	9:45 AM	S&P Global US Composite PMI	May F	--	51.7	--	51.7	index, sa
6/3/26	10:00 AM	ISM Services Index	May	--	53.8	--	53.6	index, nsa
6/3/26	10:00 AM	Durable Goods Orders m/m	Apr F	--	7.9	--	7.9	%, sa
6/3/26	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Apr F	--	--	--	-1.1	%, sa
6/3/26	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Apr F	--	--	--	0.4	%, sa
6/4/26	8:30 AM	Nonfarm Productivity q/q	1Q F	--	0.4	--	0.8	%, saar
6/4/26	8:30 AM	Unit Labor Costs q/q	1Q F	--	2.4	--	2.3	%, saar
6/4/26	8:30 AM	Initial Jobless Claims	May 30	--	214	--	215	k, sa
6/4/26	8:30 AM	Continuing Claims	May 23	--	1,780	--	1,786	k, sa
6/5/26	8:30 AM	Nonfarm Payrolls m/m	May	--	85	--	115	k, sa
6/5/26	8:30 AM	Private Payrolls m/m	May	--	88	--	123	k, sa
6/5/26	8:30 AM	Average Hourly Earnings m/m	May	--	0.3	--	0.2	%, sa
6/5/26	8:30 AM	Average Hourly Earnings y/y	May	--	3.4	--	3.6	%, nsa
6/5/26	8:30 AM	Average Weekly Hours All Employees	May	--	34.3	--	34.3	sa
6/5/26	8:30 AM	Unemployment Rate	May	--	4.3	--	4.3	%, sa
6/5/26	8:30 AM	Labor Force Participation Rate	May	--	61.8	--	61.8	%, sa
6/5/26	3:00 PM	Consumer Credit m/m	Apr	--	18.0	--	24.9	$B, 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
5/26/26	8:30 AM	Chicago Fed Nat Activity Index	Apr	**0.1**	0.0	-0.2	-0.2	index, nsa
5/26/26	9:00 AM	FHFA House Price Index m/m	Mar	**0.1**	0.1	-0.1	0.0	%, sa
5/26/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Mar	**-0.2**	-0.1	--	-0.1	%, sa
5/26/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Mar	**0.8**	0.9	0.9	0.9	%, nsa
5/26/26	10:00 AM	Conf. Board Consumer Confidence	May	**93.1**	92.0	93.8	92.8	index, sa
5/27/26	7:00 AM	MBA Mortgage Applications w/w	May 22	**-8.5**	--	--	-2.3	%, sa
5/27/26	10:00 AM	Richmond Fed Manufact. Index	May	**13.0**	4.0	--	3.0	index, sa
5/28/26	8:29 AM	Building Permits	Apr F	**1,423**	1,442	--	1,442	k, saar
5/28/26	8:29 AM	Building Permits m/m	Apr F	**4.4**	--	--	5.8	%, sa
5/28/26	8:30 AM	Personal Income m/m	Apr	**0.0**	0.4	0.5	0.6	%, sa
5/28/26	8:30 AM	Personal Spending m/m	Apr	**0.5**	0.5	1.0	0.9	%, sa
5/28/26	8:30 AM	Real Personal Spending m/m	Apr	**0.1**	0.1	0.3	0.2	%, sa
5/28/26	8:30 AM	PCE Inflation m/m	Apr	**0.4**	0.5	--	0.7	%, sa
5/28/26	8:30 AM	PCE Inflation y/y	Apr	**3.8**	3.8	--	3.5	%, nsa
5/28/26	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Apr	**0.2**	0.3	--	0.3	%, sa
5/28/26	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Apr	**3.3**	3.3	--	3.2	%, nsa
5/28/26	8:30 AM	Initial Jobless Claims	May 23	**215**	211	210	209	k, sa
5/28/26	8:30 AM	Continuing Claims	May 16	**1,786**	1,784	1,771	1,782	k, sa
5/28/26	8:30 AM	Durable Goods Orders m/m	Apr P	**7.9**	4.0	1.3	0.8	%, sa
5/28/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Apr P	**-1.1**	0.4	3.9	3.4	%, sa
5/28/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Apr P	**0.4**	0.6	1.3	1.2	%, sa
5/28/26	8:30 AM	GDP Annualized q/q	1Q S	**1.6**	2.0	--	2.0	%, saar
5/28/26	8:30 AM	Personal Consumption q/q	1Q S	**1.4**	1.6	--	1.6	%, saar
5/28/26	8:30 AM	Core PCE Deflator q/q	1Q S	**4.4**	4.3	--	4.3	%, saar
5/28/26	10:00 AM	New Home Sales	Apr	**622**	660	663	682	k, saar
5/28/26	10:00 AM	New Home Sales m/m	Apr	**-6.2**	-3.2	3.4	7.4	%, sa
5/29/26	8:30 AM	Retail Inventories m/m	Apr	**0.7**	0.5	--	0.7	%, sa
5/29/26	8:30 AM	Wholesale Inventories m/m	Apr P	**0.5**	0.8	1.5	1.3	%, sa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics