HaMMR Digest

Stay current with economic and mortgage market trends.

June 15, 2026

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Balancing Act

- **Key Takeaway:** Latest core inflation prints better than feared, but broadening producer cost pressures bear watching closely in the months ahead.
- **Macro Implications:** A resilient labor market and pass-through inflation risks keep the Fed cautious into this week's key meeting.
- **Housing Implications:** A firm labor market sends mixed signals to housing: added income lifts demand, while higher rates blunt it.

Macro: Cautiously Hopeful a Deal Is Nigh

- A U.S.-Iran deal is slated for later this week; we'd temper hopes until the ink dries.
- 1Q26 household credit asset quality steady ahead of energy price shock.
- Prelim June consumer sentiment shows a step back in inflation expectations.

Rates: Oil in Driver's Seat

- 10y UST yields fell to a low of 4.39% before rebounding amid strong PPI inflation.
- US-Iran deal optimism drove rate action; oil prices are down -27% from their peak.
- Markets leaning into a hike by year-end but at lower probability from last week.

Housing Market: Weak Demand, Firmer Prices

- Housing activity would see a bump should Mideast conflict resolution crystallize.
- Pending sales have progressively cooled on a weekly basis through early June.
- Listings following buyer demand lower, tightening the market and supporting prices.

Consumer Inflation: Energy's Last Hurrah or Just Tip of the Spear?

- May CPI inflation rose 0.47% m/m and up 8.2% SAAR in prior three months.
- Impulse from energy will slowly ease while tariff impact looks largely over.
- Producer costs spreading beyond energy, risking CPI inflation pass through.

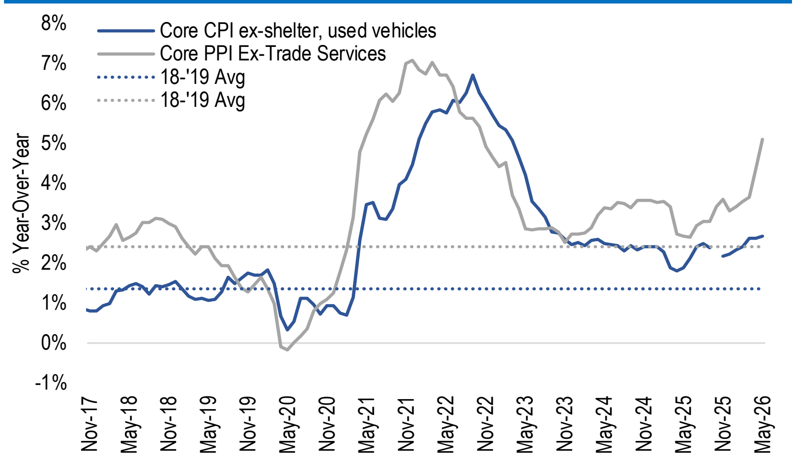
Existing Home Sales: Up, Down and Still the Same

- Existing home sales rose 3.2% in May but still hovering near 2-year lows.
- Inventory pulled back to its lowest level of the year and up just 0.6% y/y.
- Single-family months' supply eased to 4.24, a three-month low.

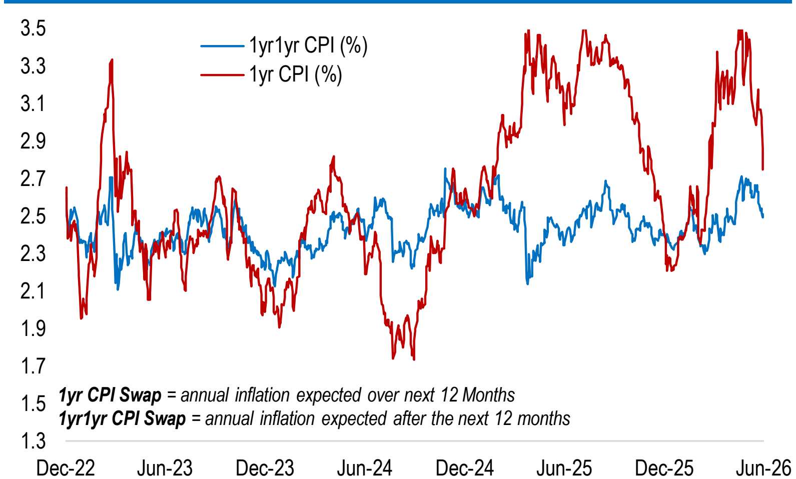
NFIB Small Business Survey: Down, Not Out

- Small business optimism hits lowest since Oct. '24 but predates the deal news.
- Hiring intentions down to the lowest since 2014 excluding the pandemic.
- Firms raising and planning to raise prices reached levels last seen in '22–23.

Optics of Firmer Inflation and Labor Market Set Backdrop for New Fed Chair Warsh in His First Meeting



Plunge in Oil Prices Driving Market Expectations for Future Annual Consumer Inflation to Multi-Month Lows

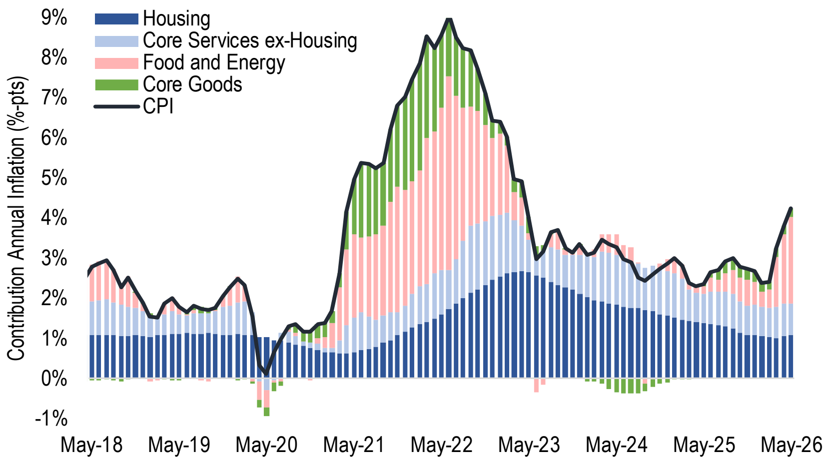


Sources: U.S. Bureau of Labor Statistics, Bloomberg, Arch Global Economics

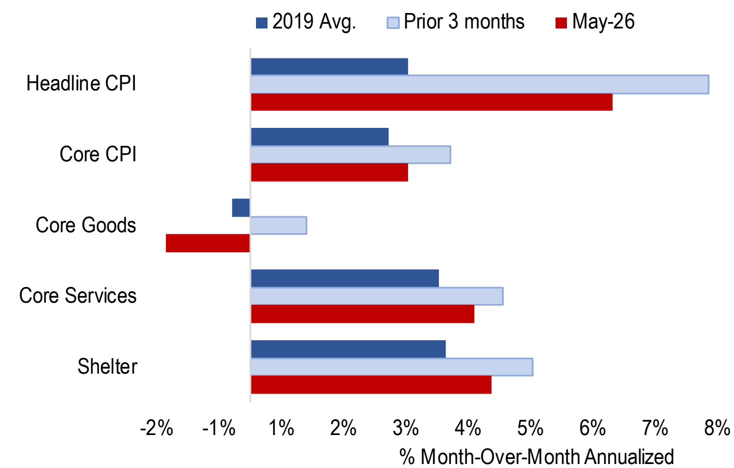
Last Week's Data in Charts

Consumer Price Inflation

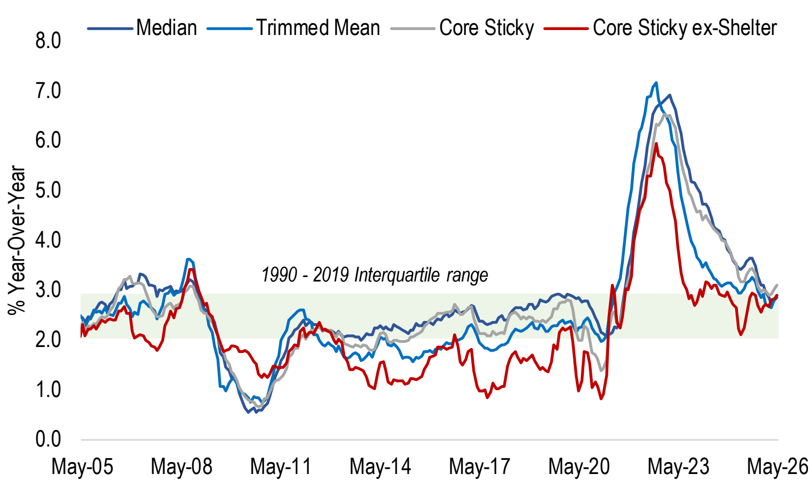
Annual Consumer Inflation Rose to 4.2% in May with Ongoing Strength in Energy and Airfares



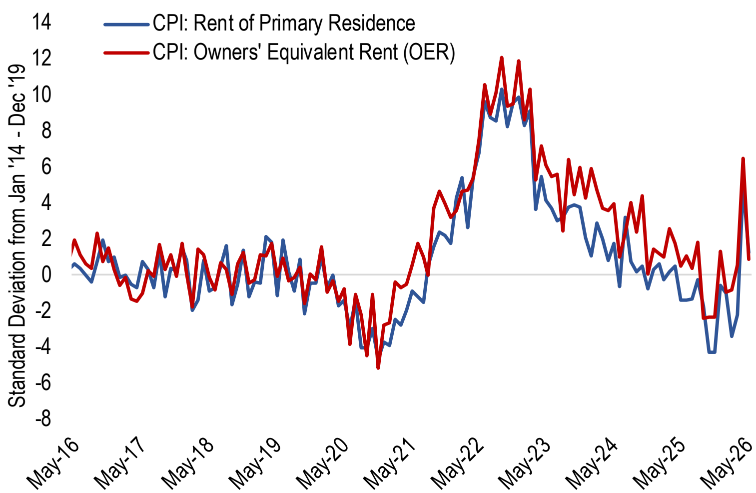
Tariff Price Pressures Have Faded as Core Goods Prices Declined for the First Time in a Year



Underlying Inflation Measures Look to Be Pivoting Higher Once Again

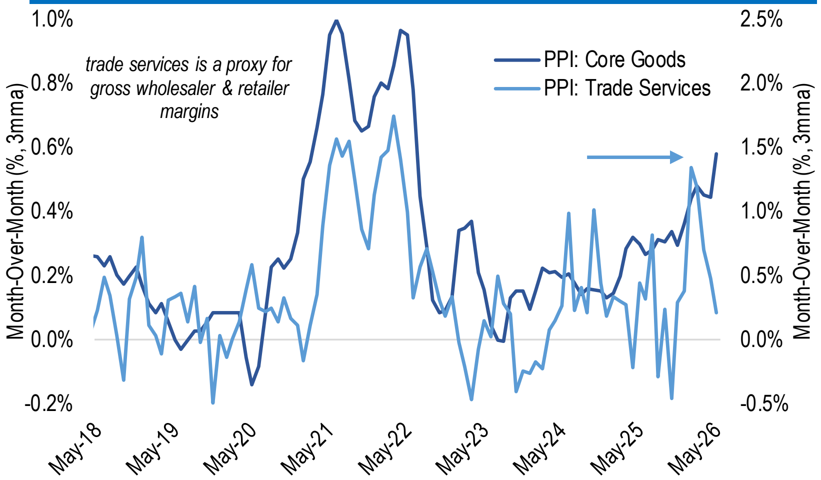


Shelter Inflation (~40% of CPI) Reversed Last Month's Technical Surge and Should Normalize

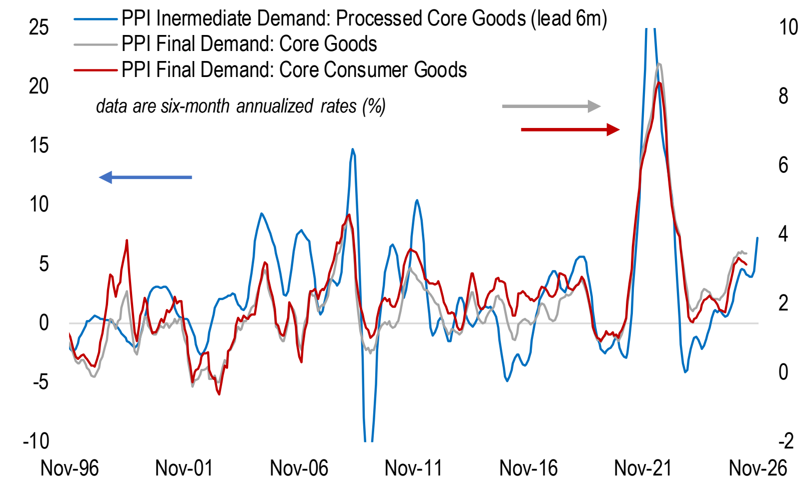


Sources: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, Arch Global Economics

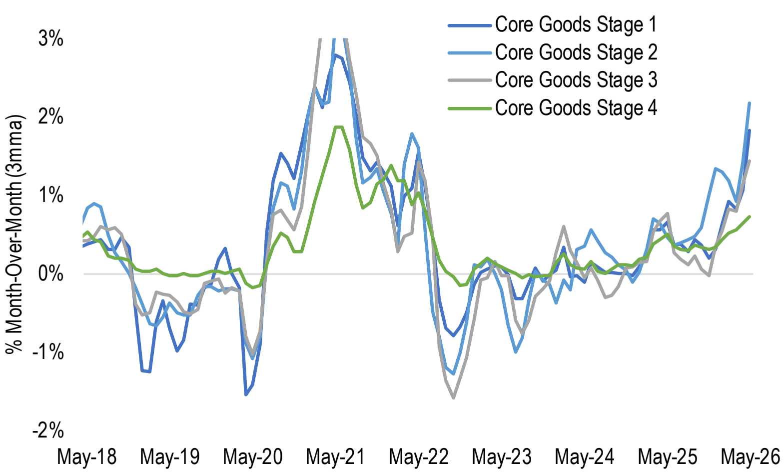
Core Producer Prices Tame amid Soft Trade Services, Which Will Rebound as Firms Recoup Energy Costs



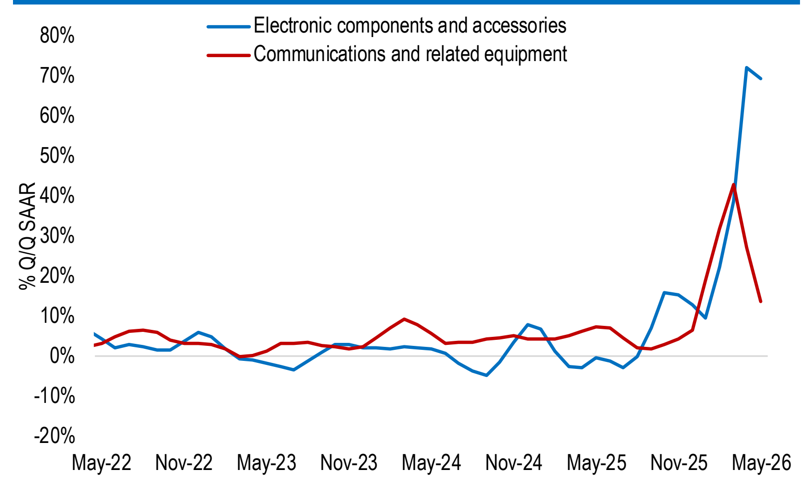
Goods Prices Unlikely to Ease Near Term as Firms Face Higher Energy Costs and Tighter Supply Chains



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



AI Capex Has Led to Rising Upstream Costs That Have Eased Slightly but Remain Elevated

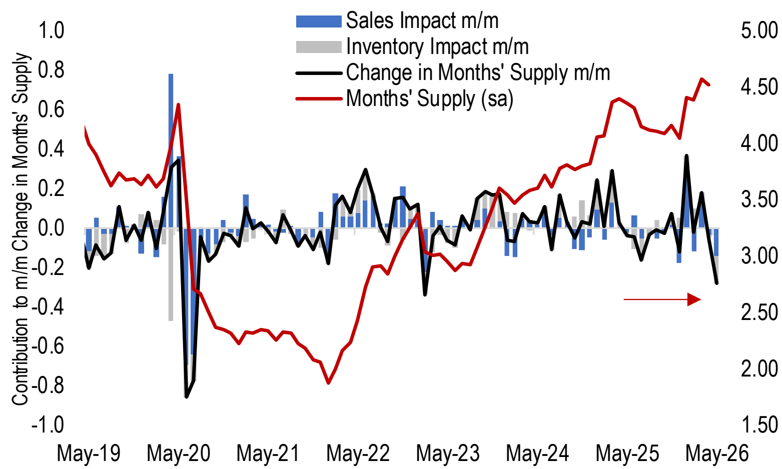


Sources: Bureau of Labor Statistics, Arch Global Economics

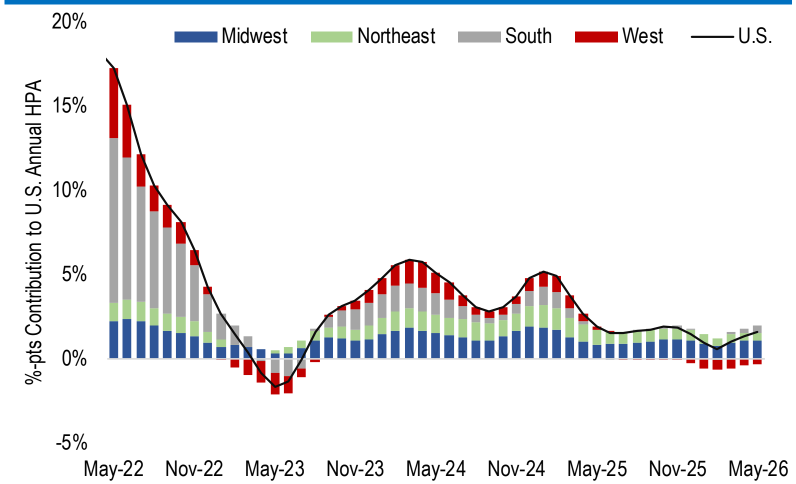
Home Sales Remain Stuck near a Two-Year Low despite Rising in the Month of May

Annual Inventory Growth Has Slowed Significantly, with Absolute Level Trending Roughly Sideways

Months' Supply Took a Big Step Down in May Aided by a Pullback in Inventory and Rise in Sales

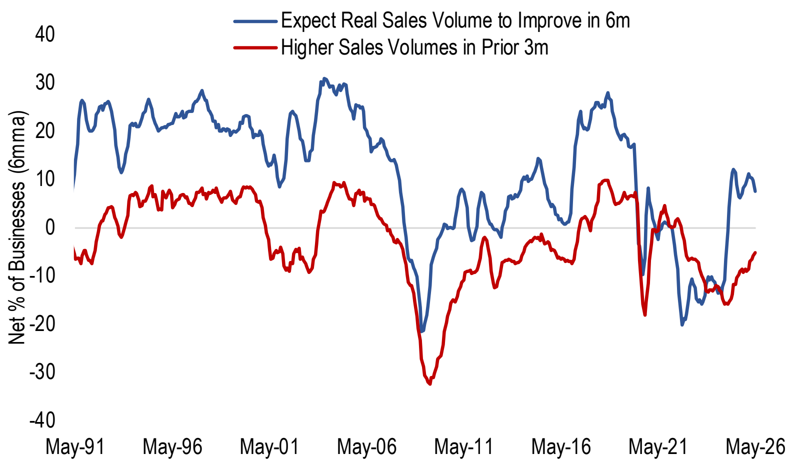


Weak Overall Turnover Is Being Offset by a Relatively Tight Market, Supporting Modest Price Growth

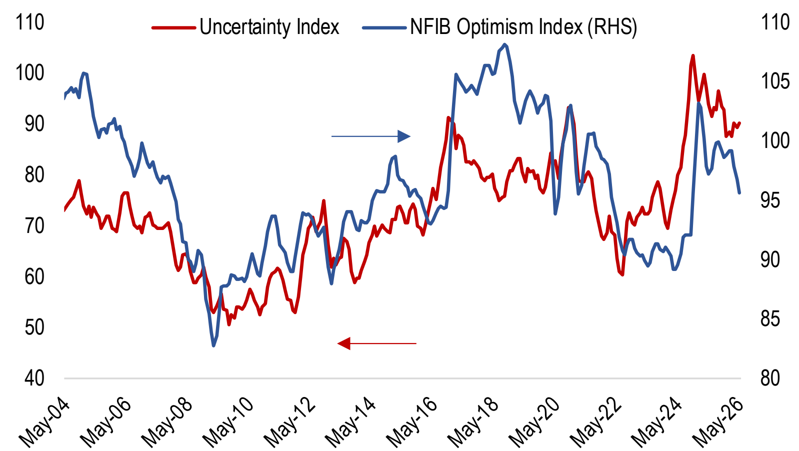


Sources: National Association of REALTORS® (NAR), Arch Global Economics

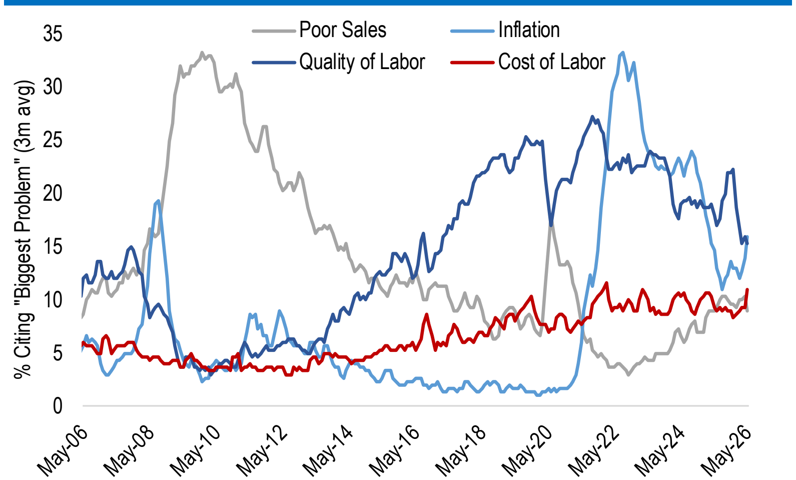
Small Businesses Have Turned More Cautious on Future Revenue Growth



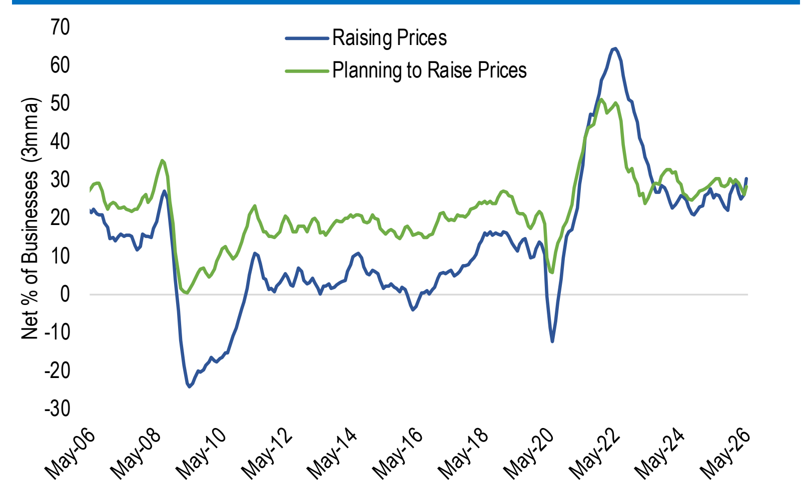
Uncertainty Top of Mind and Rising, Which Is Weighing on the Headline Optimism Index



Inflation Cited as "Biggest Problem," While Poor Sales Was Overtaken by Cost of Labor

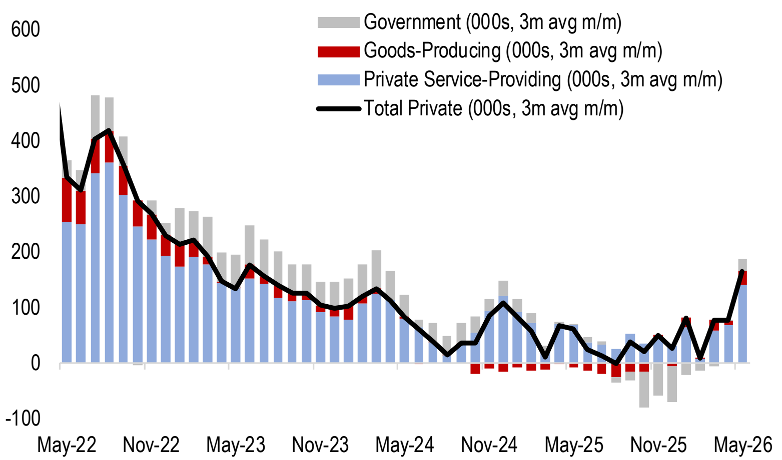


Firms Raising Prices with Intentions to Continue in the Months Ahead

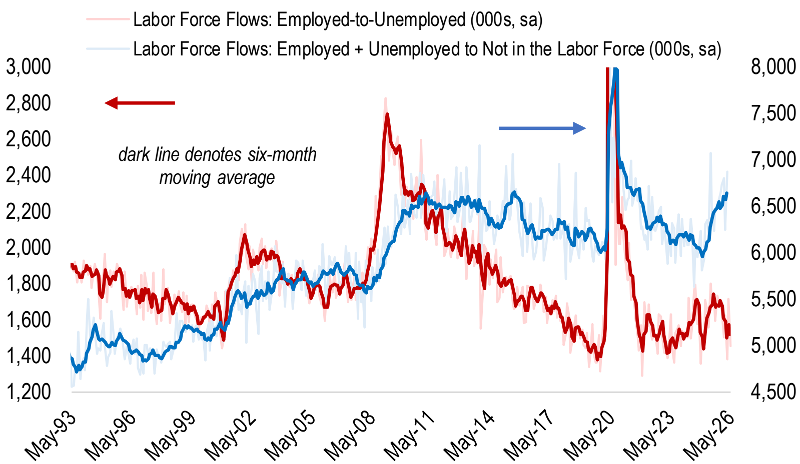


Sources: NFIB, Arch Global Economics

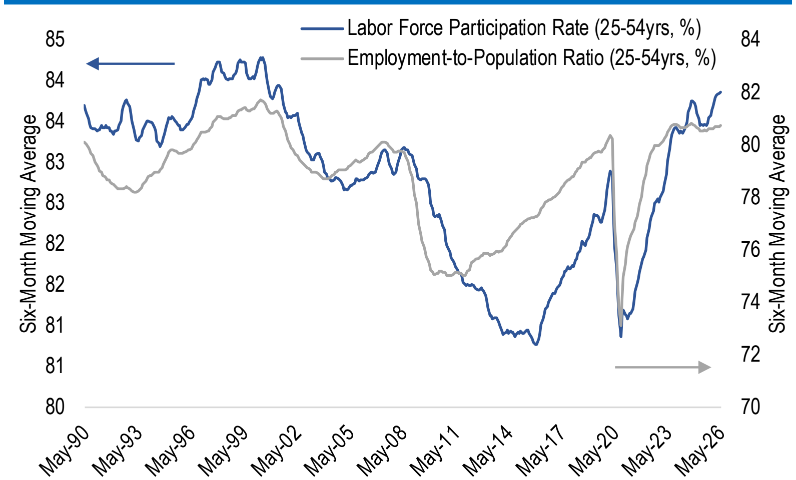
Private Payrolls Surging amid Improving Services Sector Led by Leisure and Hospitality, Logistics and Info



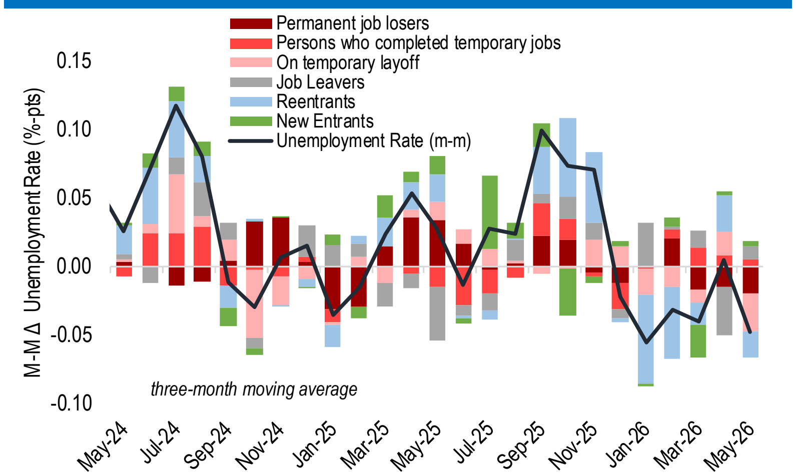
Payrolls' Nascent Recovery Hasn't Stopped Labor Force Exits, Though Layoffs Remain Low



Renewed Uptrend for Prime-Age Employment Rate Confirming Rebound in Labor Demand

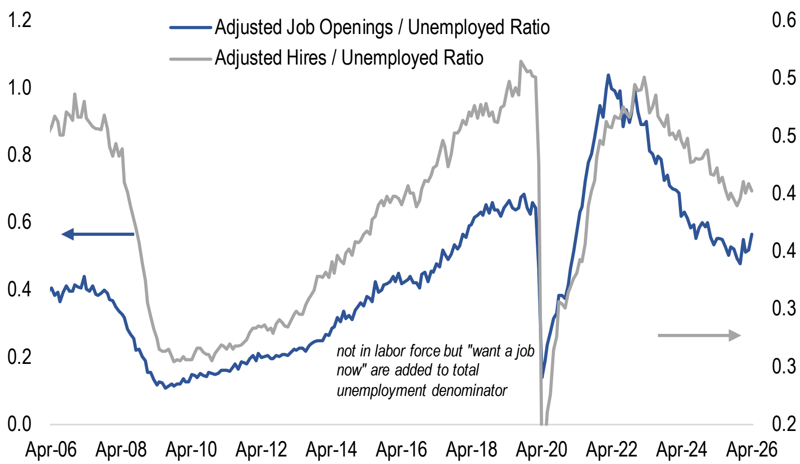


Unemployment Path Encouraging, but Downward Trajectory Has Been Flattered by Reduced Entrants

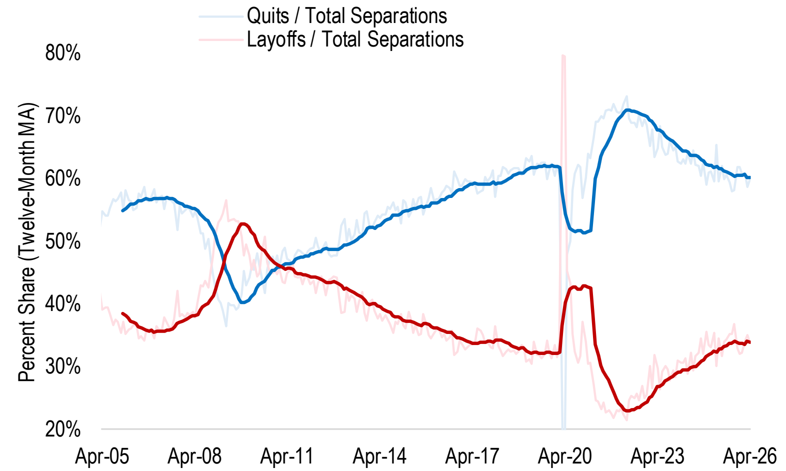


Sources: U.S. Bureau of Labor Statistics, Arch Global Economics

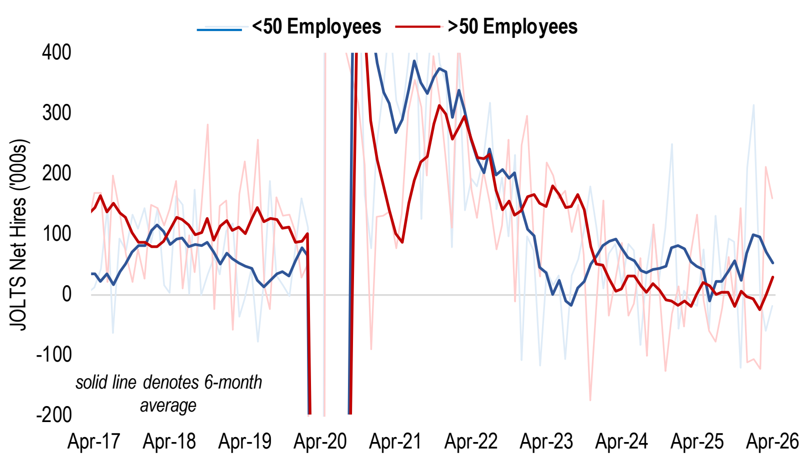
Latest JOLTS Data Showed a Modest Pickup in Openings Driven by Goods and Finance Sectors



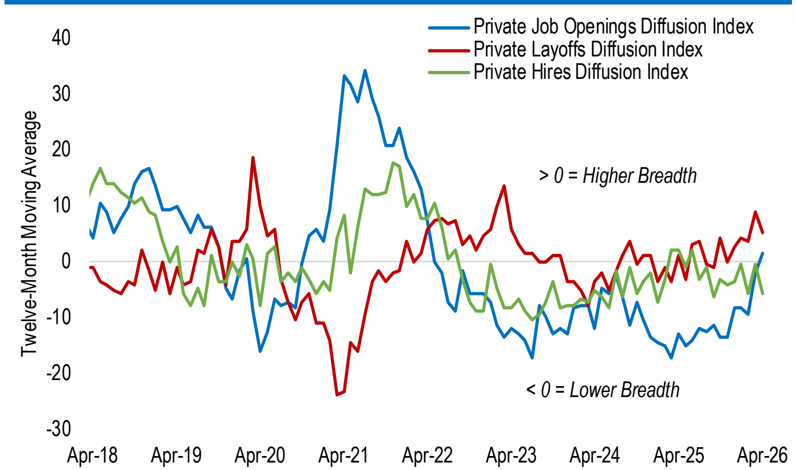
Quits and Layoffs Have Effectively Come to a Standstill



Net Hiring by Larger Firms Has Posted a Modest Rebound as Small Businesses Pull Back

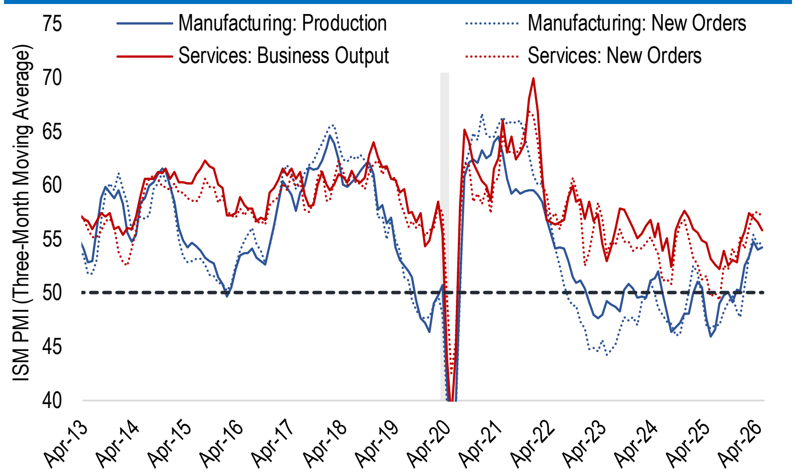


Turnover Breadth Took a Modest Step Back with Professional Business Services Dominating Job Openings

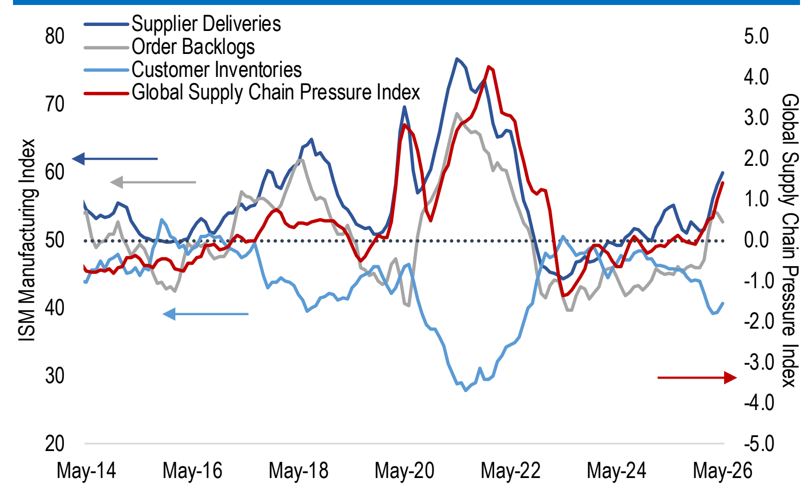


Sources: U.S. Bureau of Labor Statistics, Arch Global Economics

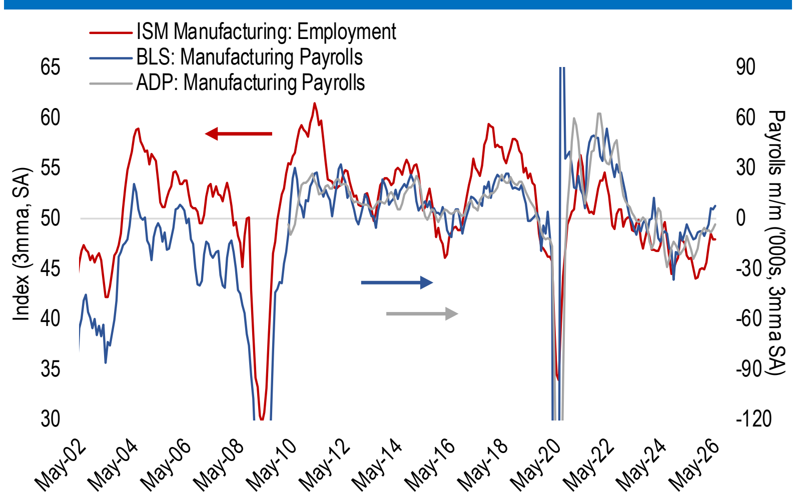
Firm Economy-Wide Activity Partly Due to Businesses Front-Loading Purchases to Save Energy Costs



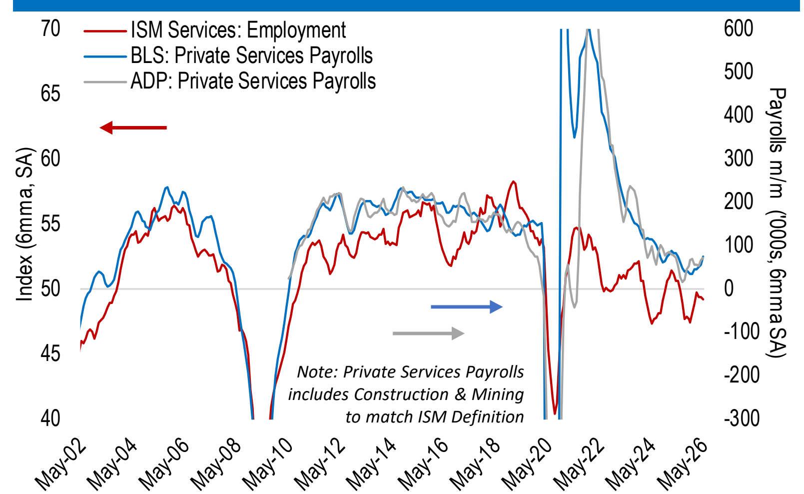
Manufacturing Supply Chains Getting Stretched, Incrementally Adding to Input Price Pressures



Multiple Measures of Manufacturing Employment Trending in Same Positive Direction

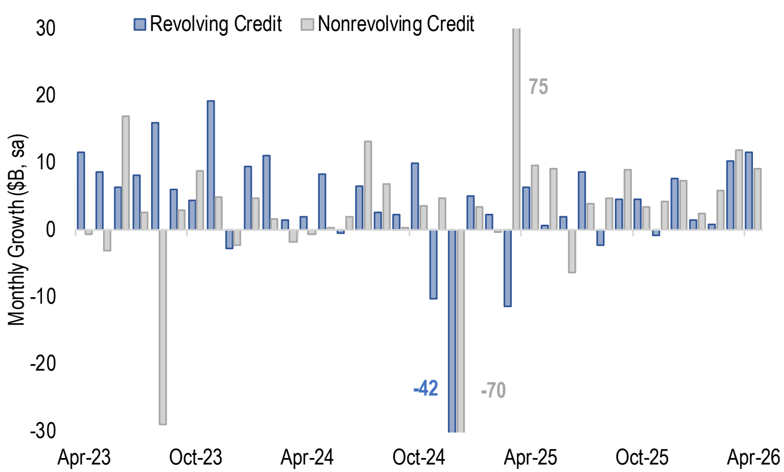


ISM Services Employment Index Weaker Than Payrolls, Likely Reflecting Concern over Demand Sustainability

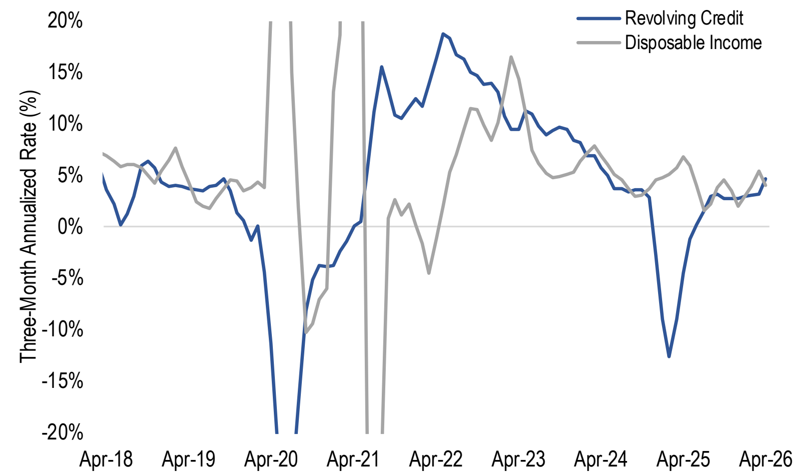


Sources: ISM, FRB, Census Bureau, BLS, Arch Global Economics

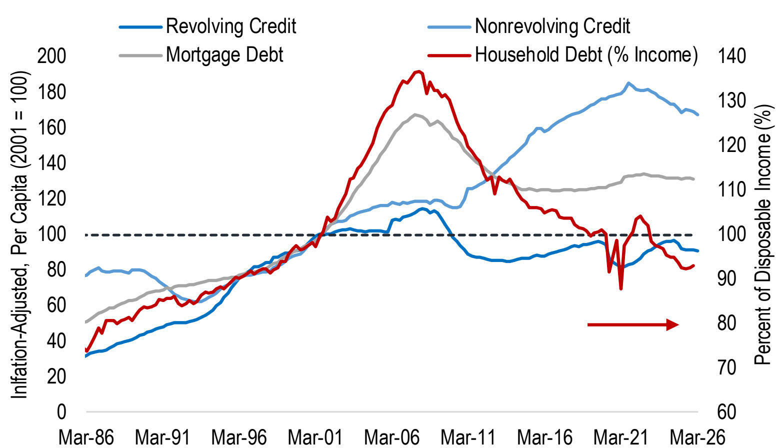
Consumer Credit Growth Has Picked Up Momentum Recently, Accompanying the Slide in the Savings Rate



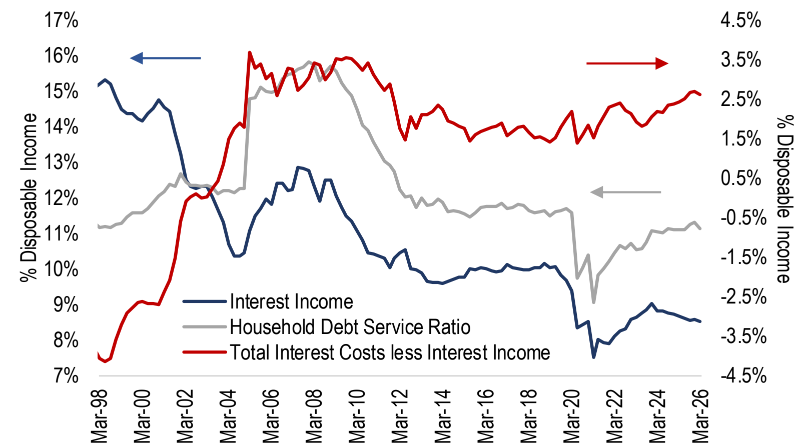
Households Have Leaned on Credit Recently, but Borrowing Remains Modest Relative to Income



Overall, Aggregate Household Credit Profile Remains Very Healthy Historically

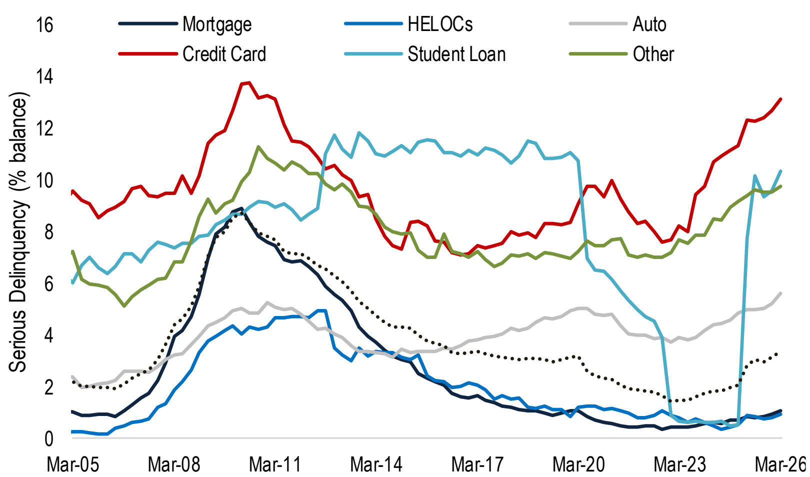


Positive Trend in Household Interest Costs Likely to Turn with Backup in Rates

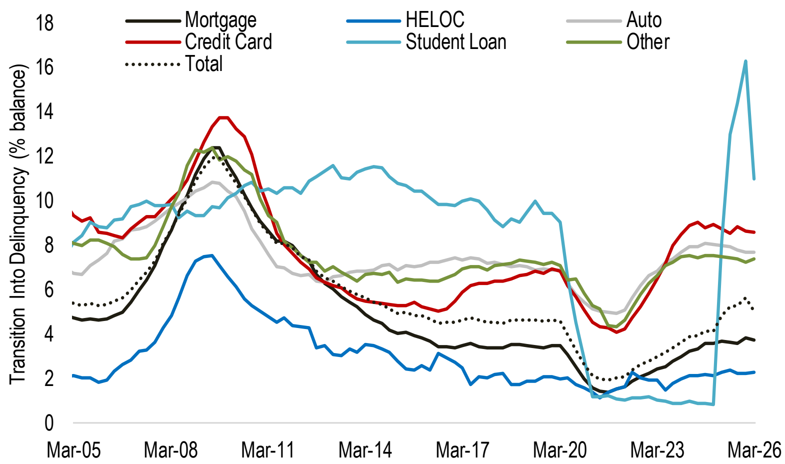


Sources: Federal Reserve Board, BEA, Arch Global Economics

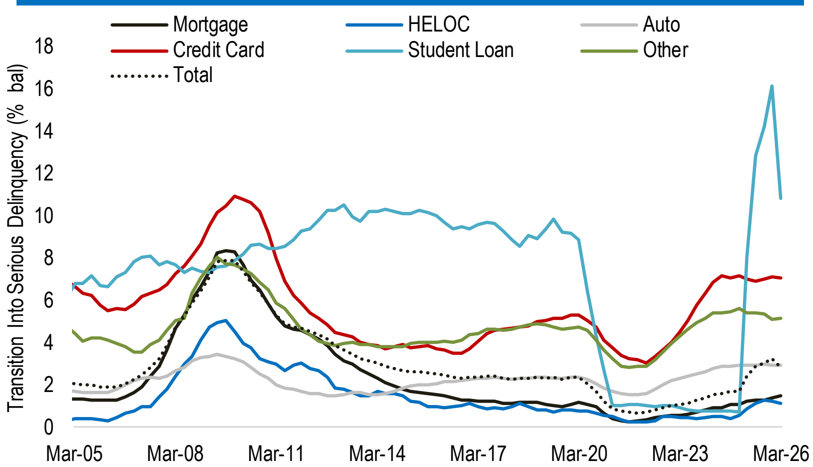
Total Balances in Serious Delinquency (90+ days) Continue to Creep Higher Largely Due to Credit Cards



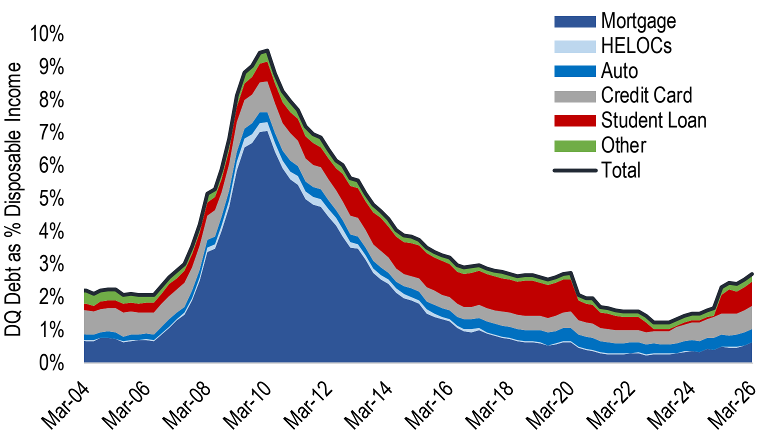
30-Day Delinquency Transition Rate Trends Have Trended Lower across the Board



Student Loans an Outlier for Serious DQ (90+ days) Transition Rates aside from Slow Rise in Mortgages

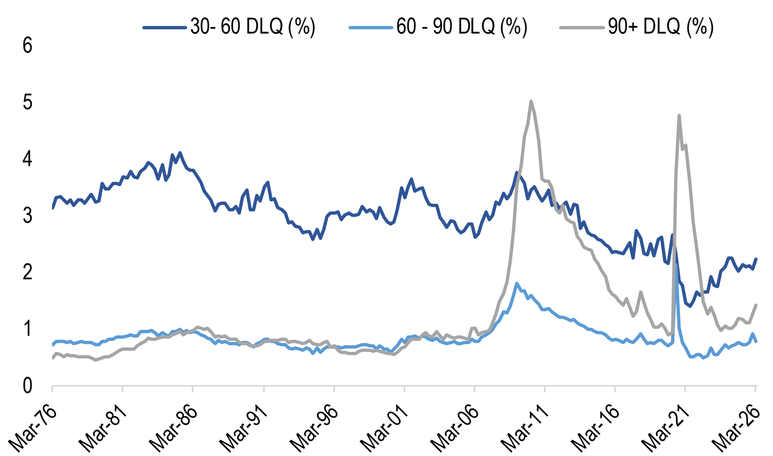


Total Delinquent Consumer and Mortgage Debt Remains Small Share of Income

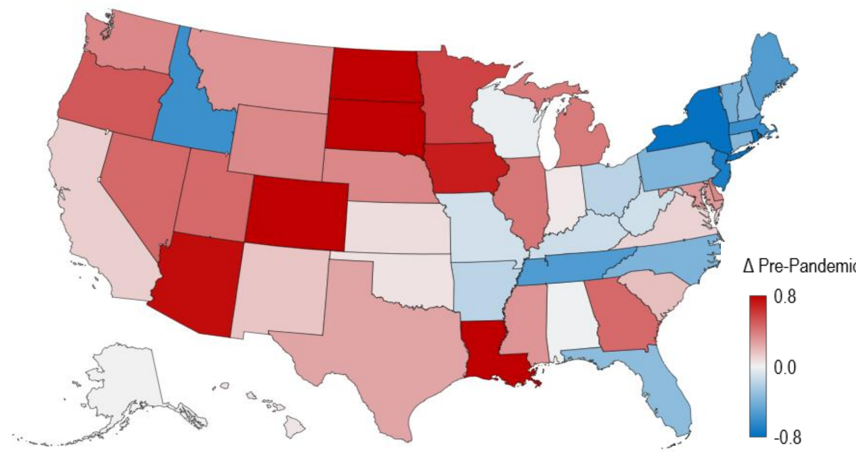


Sources: Federal Reserve Board, BEA, MBA, Arch Global Economics

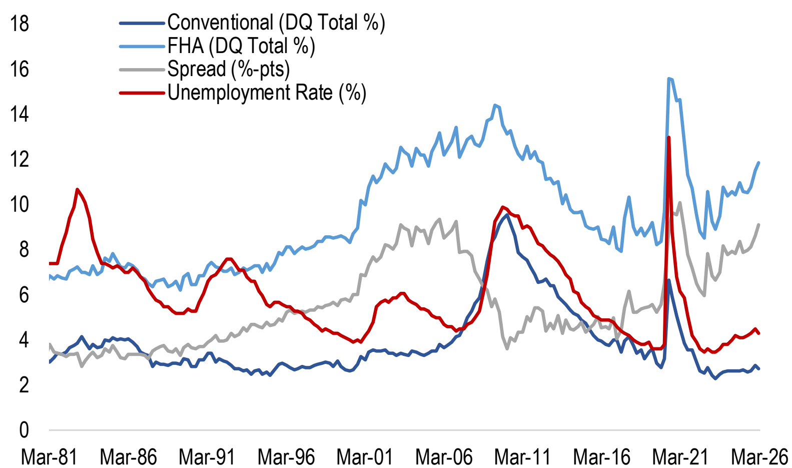
Across Total Mortgage Counts There Has Been an Uptick in Early and Late-Stage Delinquencies



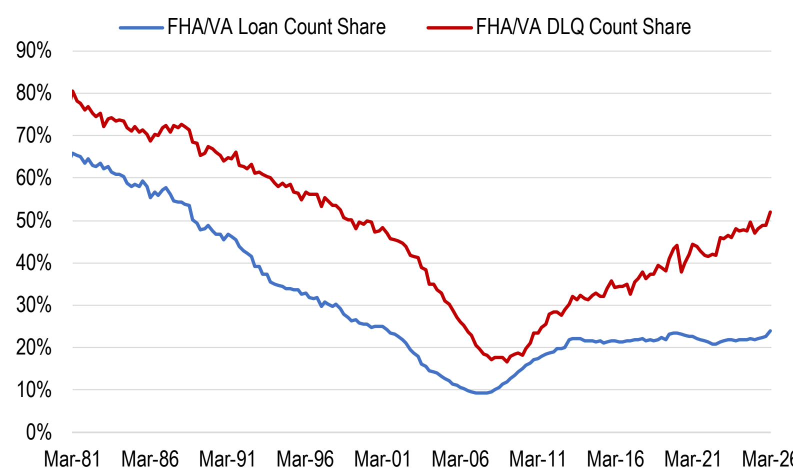
Total Delinquency Rates Relative to 2017–2019 Avg. Up the Most in Parts of the West



Mortgage DQs Concentrated in FHA/VA Loans, Lower Income and Areas with Home Price Declines

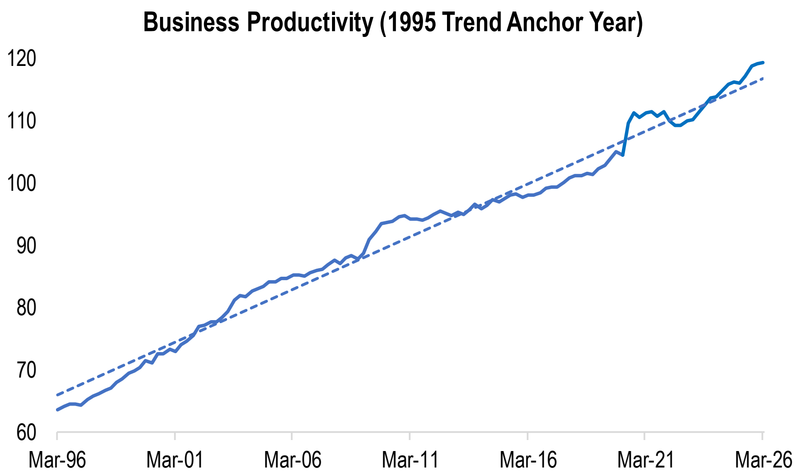


FHA Loan 90-Day Delinquency Rate Are the Highest Since the GFC Excluding the Pandemic

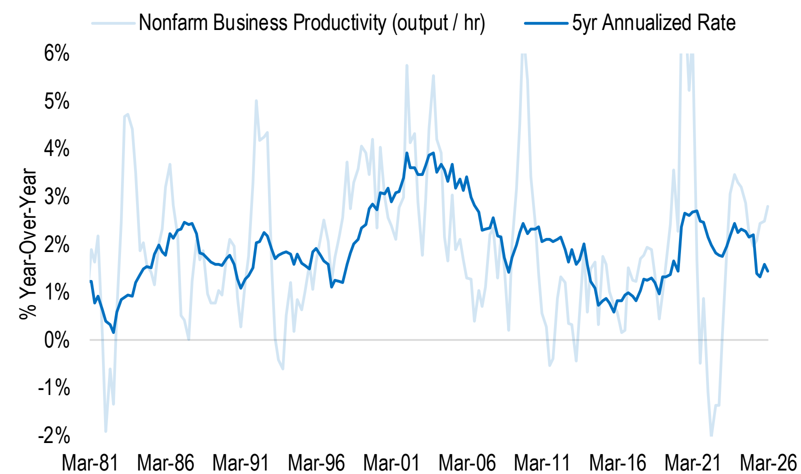


Sources: Federal Reserve Board, BEA, MBA, Arch Global Economics

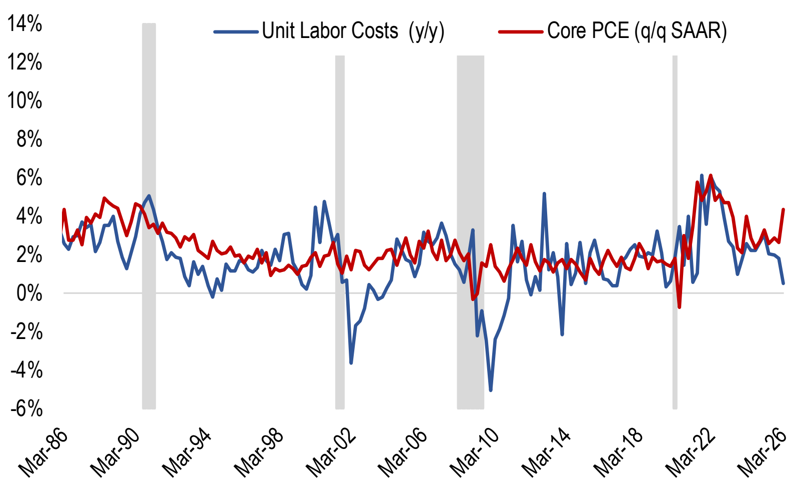
Above-Trend Productivity Driven by Capex-Heavy, Low-Labor Investment



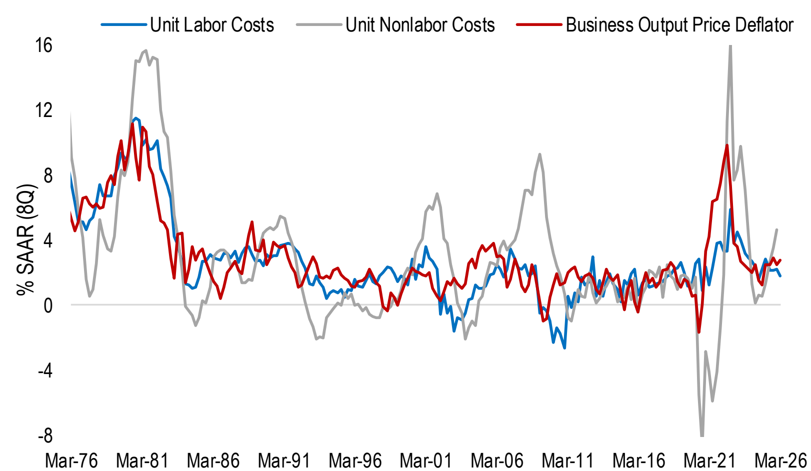
Capex Has Been Geared toward Buildout of AI Data Centers as the Economy Is Still in Early Adoption Phase



Core PCE Inflation Running on Hotter Side despite Labor Cost Growth Cooling

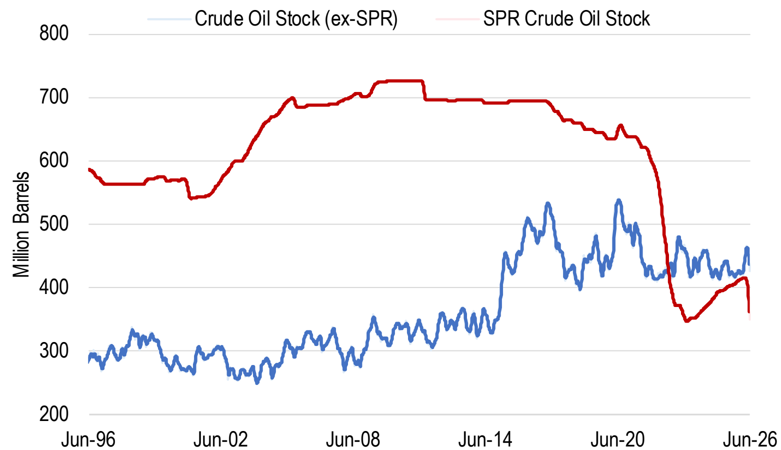


Nonlabor Costs Up Mostly Due to Tariffs with Business Output Price Gains Running above Historical Norm

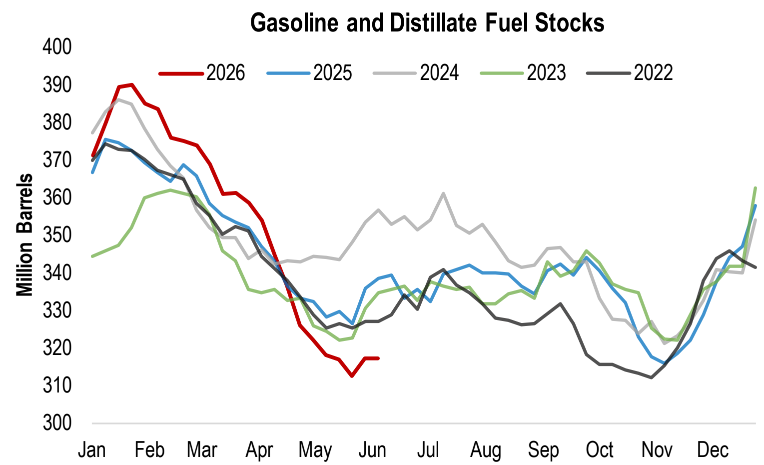


Sources: BLS, Arch Global Economics

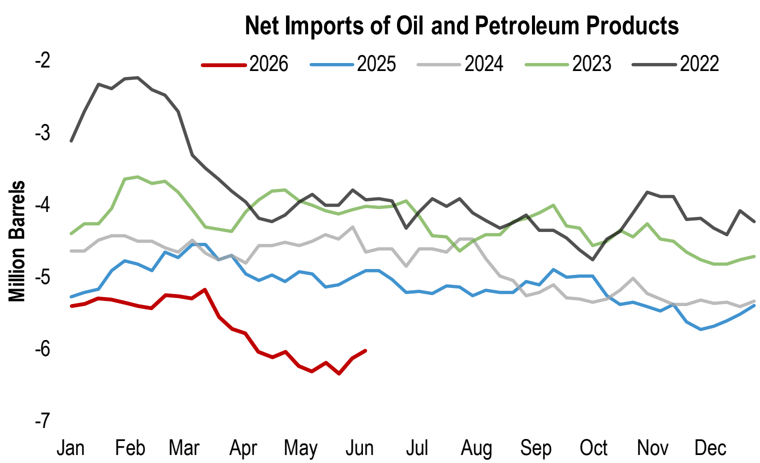
Energy Stocks Continue to Move Lower by ~2 Million with Strategic Reserve -16% from Prior Two-Year Max



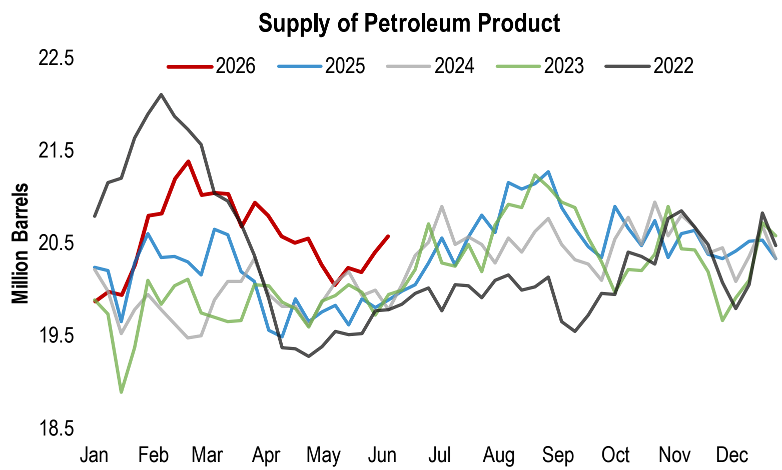
Gasoline and Distillate Stocks Are Lower Than Typical Seasonal Normal Levels …



… 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



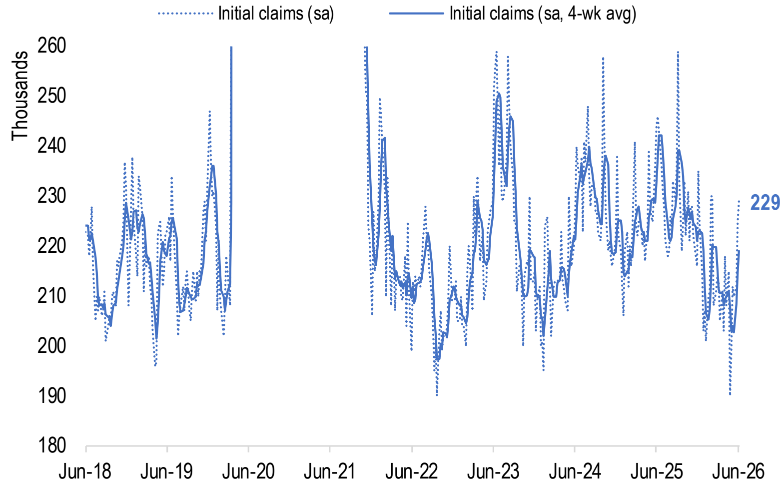
Sources: Energy Information Administration, Arch Global Economics

SPR = Strategic Petroleum Reserve

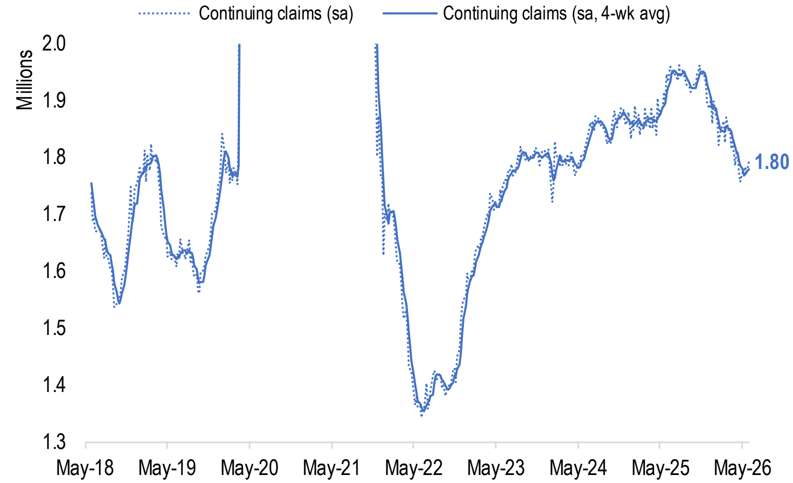
Last Week's Data in Charts

Jobless Claims

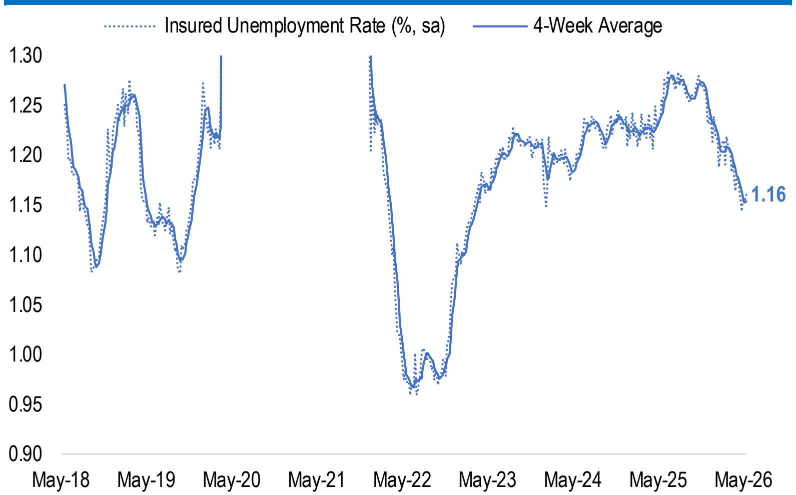
Initial Claims Up to 229k (SA), Highest Since February but Still Low by Historical Standards



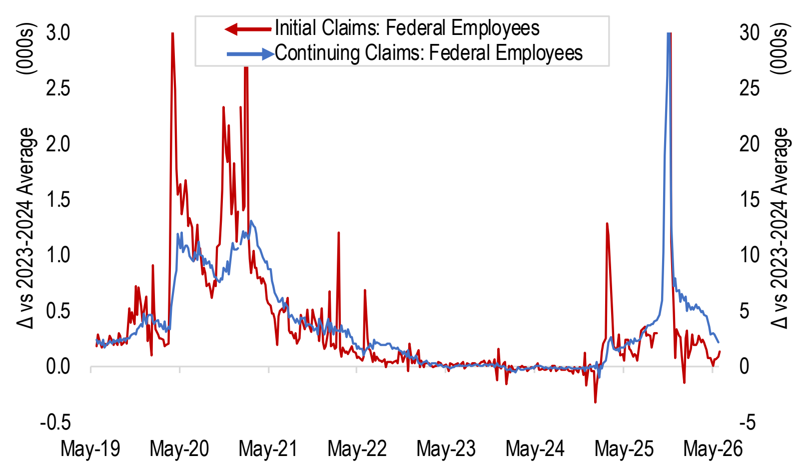
Continuing Claims Up to 1,795k (SA) in Week Ending May 30; 4-Week Average Up a Third Consecutive Week



Insured Unemployment Rate Ticked Up to 1.16% in Week Ending May 30, Still Near Record Lows



Initial Jobless Claims by Federal Employees Rising Again after Normalizing in Early May



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

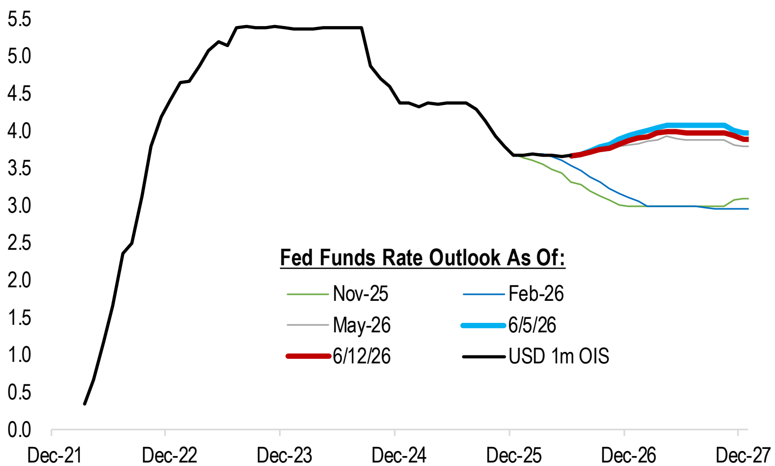
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

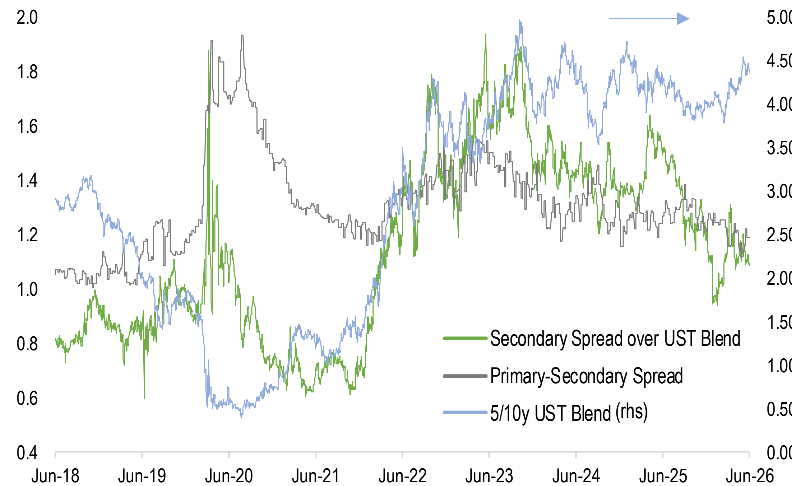
Last Week's Data in Charts

Interest Rates and Mortgage Market

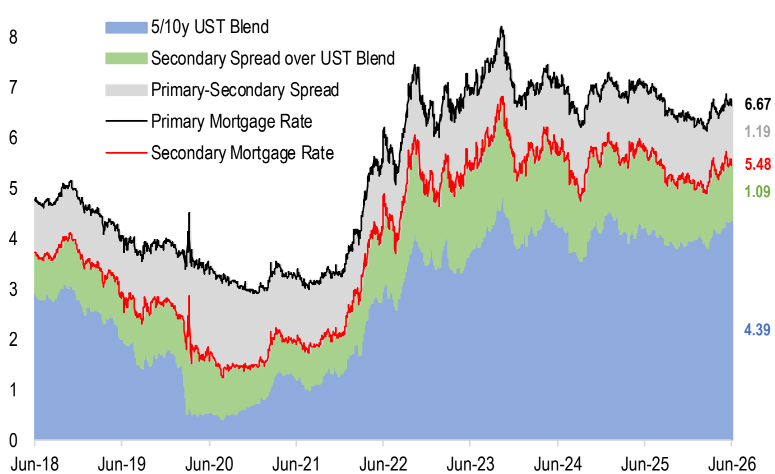
Market Pares Rate Hike Bets, Back Down to Just One 25bps Rate Hike by End of '26



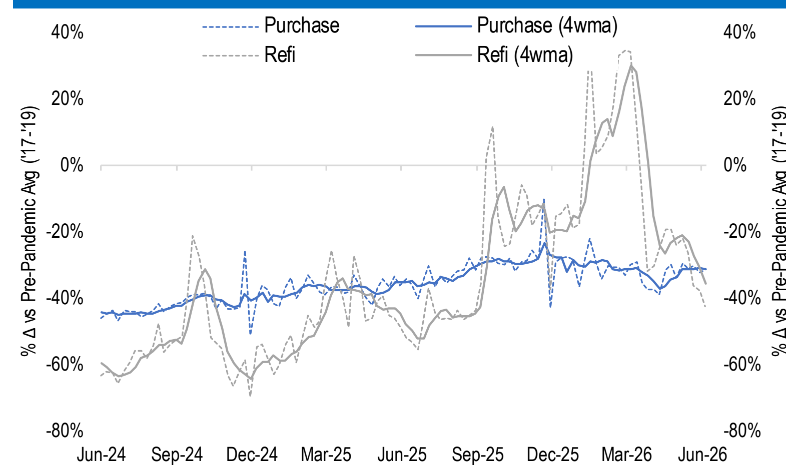
Mortgage Spreads Narrowed 4bps on the Week alongside Lower 5/10y U.S. Treasury Yields (-5bps) …



… Pulling Back Mortgage Rates toward the Mid-6% Range



Mortgage Refi and Purchase Applications Rolling Over Again in the Week Ending June 5 on Higher Rates



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
6/15/26	8:30 AM	Empire Manufacturing	Jun	**5.7**	13.7	--	19.6	index, sa
6/15/26	9:15 AM	Industrial Production m/m	May	**0.1**	0.3	--	0.7	%, sa
6/15/26	9:15 AM	Capacity Utilization	May	**76.2**	76.2	--	76.1	sa
6/15/26	10:00 AM	NAHB Housing Market Index	Jun	**35.0**	37.0	--	37.0	index, sa
6/16/26	8:30 AM	Import Price Index m/m	May	--	1.0	--	1.9	%, nsa
6/16/26	8:30 AM	Import Price Index y/y	May	--	5.7	--	4.2	%, nsa
6/16/26	8:30 AM	Housing Starts	May	--	1,430	--	1,465	k, saar
6/16/26	8:30 AM	Housing Starts m/m	May	--	-1.9	--	-2.8	%, sa
6/16/26	8:30 AM	Building Permits	May P	--	1,418	--	1,423	k, saar
6/16/26	8:30 AM	Building Permits m/m	May P	--	-0.9	--	4.4	%, sa
6/17/26	7:00 AM	MBA Mortgage Applications w/w	Jun 12	--	--	--	10.8	%, sa
6/17/26	8:30 AM	Advance Retail Sales m/m	May	--	0.5	--	0.5	%, sa
6/17/26	8:30 AM	Retail Sales Control Group m/m	May	--	0.3	--	0.5	%, sa
6/17/26	10:00 AM	Business Inventories m/m	Apr	--	0.5	--	0.9	%, sa
6/17/26	10:00 AM	Pending Home Sales m/m	May	--	1.0	--	1.4	%, sa
6/17/26	10:00 AM	Pending Home Sales y/y	May	--	--	--	3.3	%, nsa
6/17/26	2:00 PM	FOMC Rate Decision (Upper Bound)	Jun 17	--	3.75	--	3.75	%
6/18/26	8:30 AM	Initial Jobless Claims	Jun 13	--	225	--	229	k, sa
6/18/26	8:30 AM	Continuing Claims	Jun 6	--	1,790	--	1,795	k, sa
6/18/26	8:30 AM	Philadelphia Fed Business Outlook	Jun	--	10.0	--	-0.4	index, sa
6/18/26	10:00 AM	Conference Board Leading Index m/m	May	--	0.1	--	0.1	%, 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
6/8/26	11:00 AM	NY Fed 1-Yr Inflation Expectations	May	**3.5**	3.7	--	3.6	%
6/9/26	6:00 AM	NFIB Small Business Optimism	May	**95.3**	96.0	--	95.9	index, sa
6/9/26	10:00 AM	Existing Home Sales	May	**4.2**	4.1	4.0	4.0	m, saar
6/9/26	10:00 AM	Existing Home Sales m/m	May	**3.2**	1.1	0.7	0.2	%, sa
6/9/26	10:00 AM	Wholesale Inventories m/m	Apr F	**0.6**	0.6	--	0.5	%, sa
6/9/26	10:00 AM	Wholesale Trade Sales m/m	Apr	**2.0**	1.2	3.0	2.8	%, sa
6/10/26	7:00 AM	MBA Mortgage Applications w/w	Jun 5	**10.8**	--	--	-2.5	%, sa
6/10/26	8:30 AM	CPI m/m	May	**0.5**	0.5	--	0.6	%, sa
6/10/26	8:30 AM	CPI Core (ex Food and Energy) m/m	May	**0.2**	0.3	--	0.4	%, sa
6/10/26	8:30 AM	CPI y/y	May	**4.2**	4.2	--	3.8	%, nsa
6/10/26	8:30 AM	CPI Core (ex Food and Energy) y/y	May	**2.9**	2.9	--	2.8	%, nsa
6/11/26	8:30 AM	Initial Jobless Claims	Jun 6	**229**	220	--	225	k, sa
6/11/26	8:30 AM	Continuing Claims	May 30	**1,795**	1,785	1,771	1,777	k, sa
6/11/26	8:30 AM	PPI Final Demand m/m	May	**1.1**	0.7	1.1	1.4	%, sa
6/11/26	8:30 AM	PPI Core (ex Food and Energy) m/m	May	**0.4**	0.5	0.7	1.0	%, sa
6/11/26	8:30 AM	PPI Final Demand y/y	May	**6.5**	6.4	5.7	6.0	%, nsa
6/11/26	8:30 AM	PPI Core (ex Food and Energy) y/y	May	**4.9**	5.4	4.9	5.2	%, nsa
6/12/26	10:00 AM	U. of Mich. Sentiment	Jun P	**48.9**	46.0	--	44.8	index, nsa
6/12/26	10:00 AM	U. of Mich. 1 Yr Inflation	Jun P	**4.6**	4.9	--	4.8	nsa
6/12/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jun P	**3.4**	3.8	--	3.9	nsa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics