

HaMMR Digest

Stay current with economic and mortgage market trends.

June 29, 2026

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Holding Steady

- **Key Takeaway:** Data coming in better than feared with real spending tracking solid for 2Q and industrial activity supported by business equipment strength.
- **Macro Implications:** Even with oil prices back to near pre-war levels, inflation dynamics coupled with resilient growth leave elevated risk of tighter Fed policy.
- **Housing Implications:** Flat-line mortgage rates at 6.5% and sellers not budging on price keep pressure on affordability, the key constraint limiting sales.

Macro: Strait of Hormuz Ship Transit Rising

- Durability of U.S.-Iran deal being tested amid sporadic attacks of tankers.
- Real core capital goods orders remain firm, up 17% SAAR over prior three months.
- June consumer sentiment rebounded modestly with inflation expectations steady.

Rates: Oil Prices Back Near Pre-War Levels

- 10y UST yields fell 17bps with large movement midweek following oil prices lower.
- Front end of yield curve remains elevated amid tighter expected Fed policy.
- Markets still see ~40bps of Fed tightening over the coming year.

Housing Market: Not Looking Up

- Mideast conflict resolution upside will be limited given upside pressure to rates.
- Market shifting with inventory rolling over amid weak listings and lower DOM.
- Sales at above listing price rising, supporting notion that downside price risk limited.

Personal Spending: Could Be Worse

- Q2 real spending tracking solid growth despite more cautious consumers.
- Real disposable income growth averaging -0.2% per month so far in 2026.
- Savings rate fell flat at historically low level of 3.0%, down -60bps since Dec.

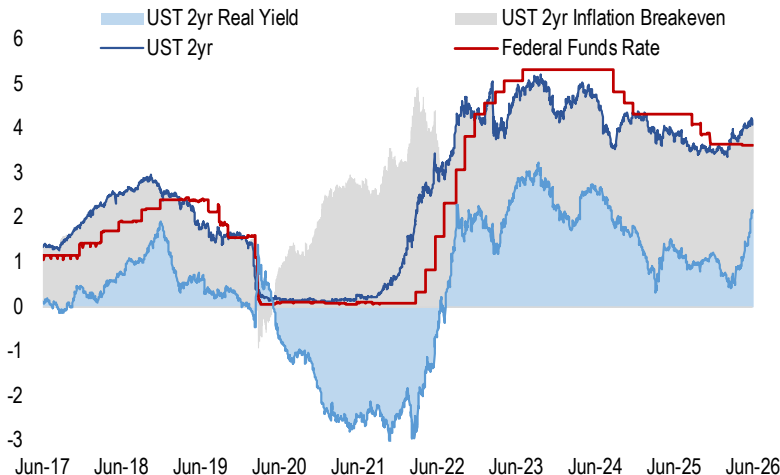
New Home Sales: Can't Stop, Won't Stop, Falling

- Total sales are down -12% annualized in the three months to May.
- Ready-to-occupy unit sales down -9% m/m and -14% from last year.
- Months' supply of completed homes at upper end of 2017–2019 range.

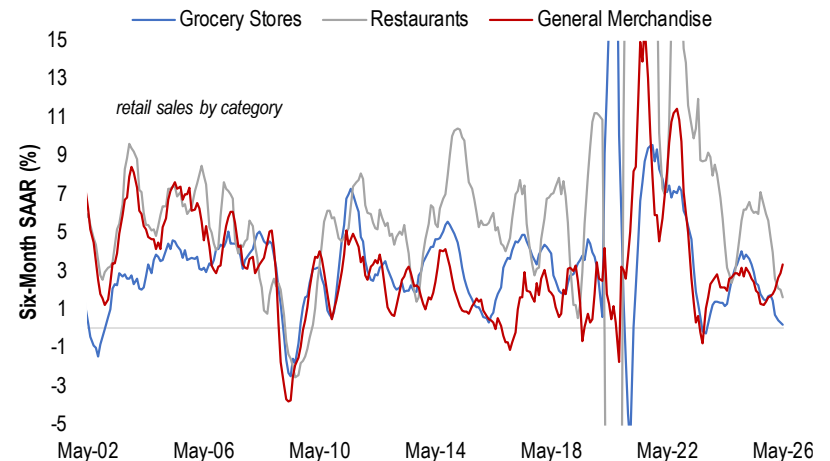
Home Construction: Putting the Shovels Away

- Single-family housing trending well below pre-pandemic trends.
- Permitting activity has been in decline on annual basis since 2024.
- Single-family completions are down -17% y/y, hitting a new cycle low.

Oil Price Drop Barely Impacting UST-2yr Yields as Real Rates Keep Rising above the Fed's Policy Rate

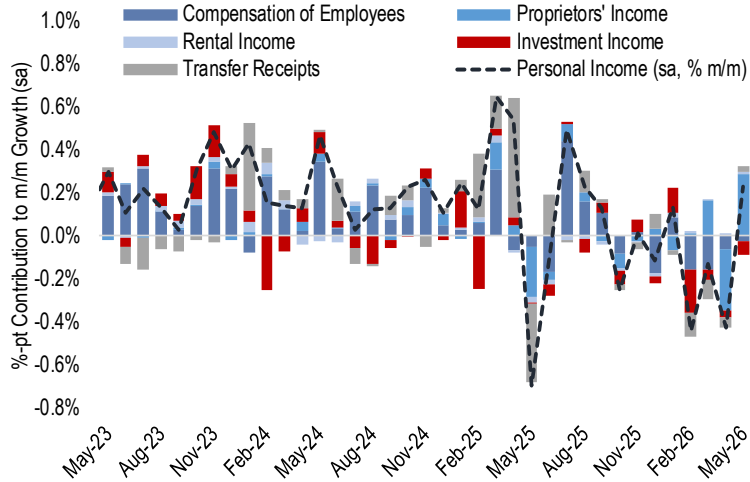


Strength in "General Merchandise" Sales Could Be Households Shifting to Big-Box Bulk Discounters

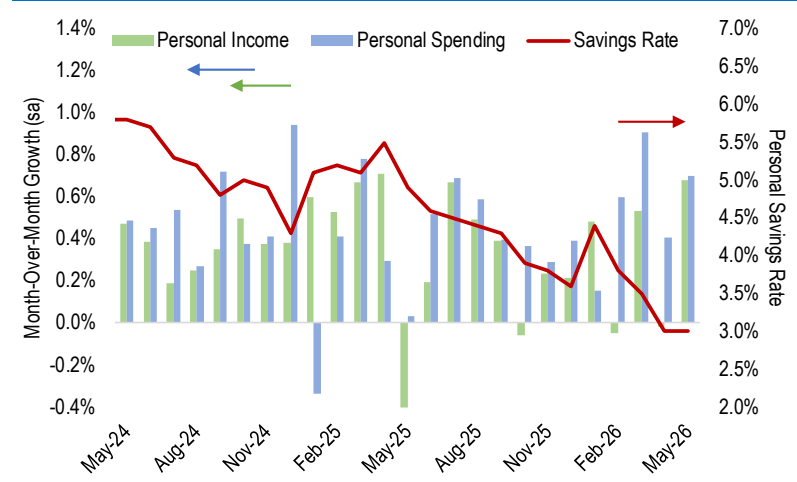


Sources: Census Bureau, Bloomberg, Arch Global Economics

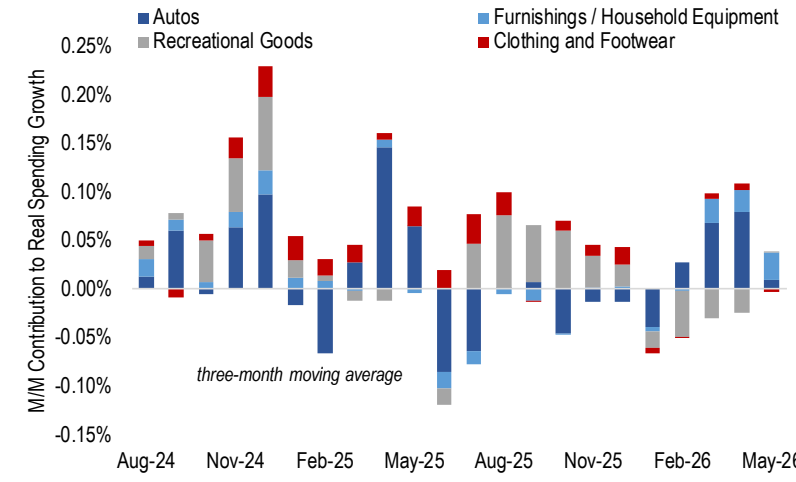
Real Labor Income Has Added Only 10bps to Total Personal Income Growth Since the Start of the Year



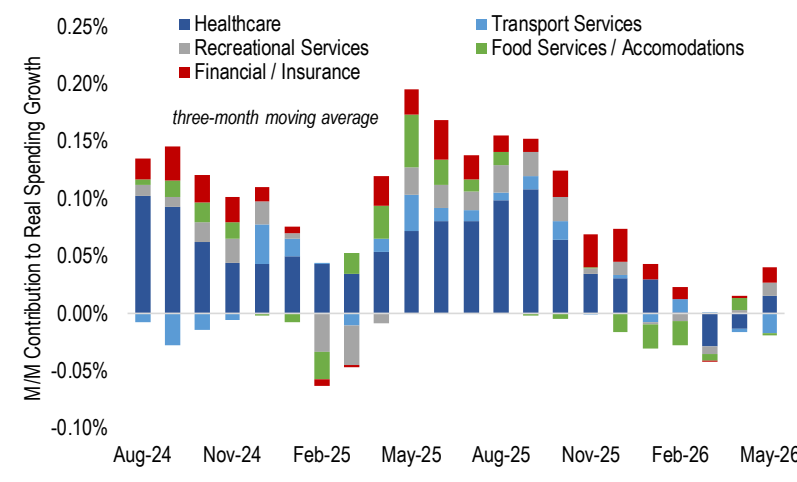
Weak Labor Income Growth Offset by a -1.4%-pts Decline in the Savings Rate, Supporting Spending



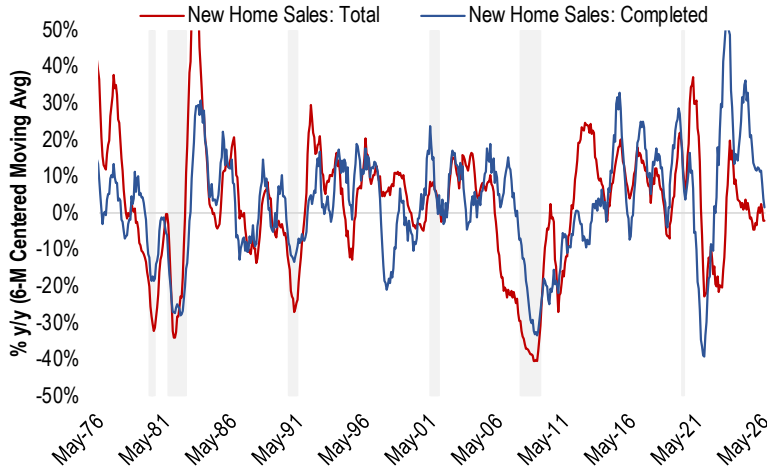
Real Goods Spending Has Largely Been in Autos and Household Items with Large Pullback in Rec Goods



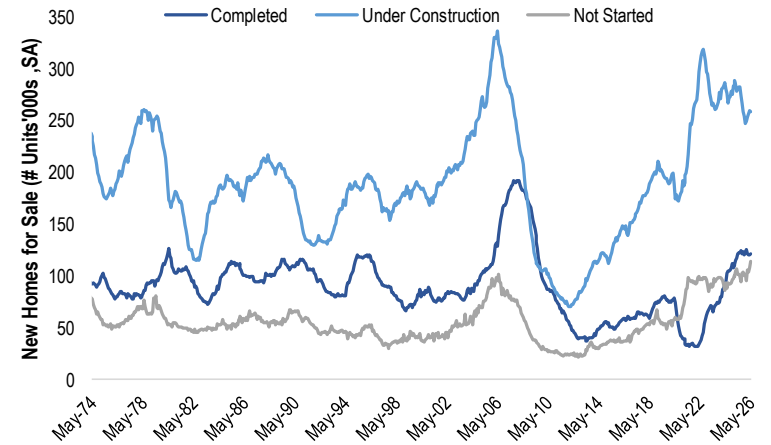
Services Spending Tapered by Reduction in Healthcare and Food Service Outlays



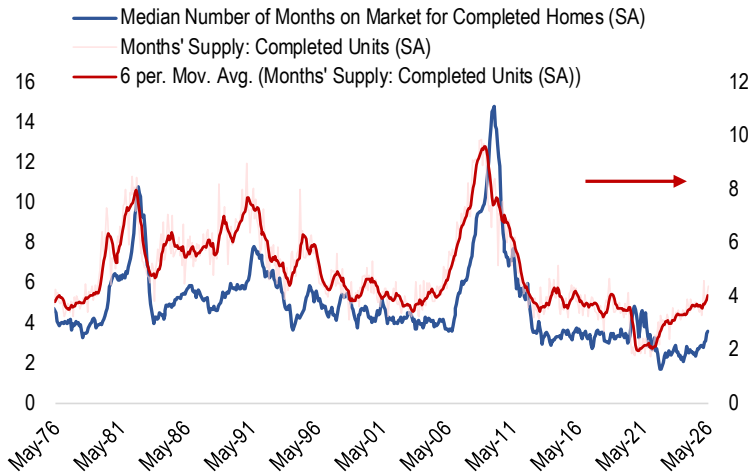
May New Home Sales Showed an Ongoing Slide with the Pace of Completed Sales the Slowest Since 2024



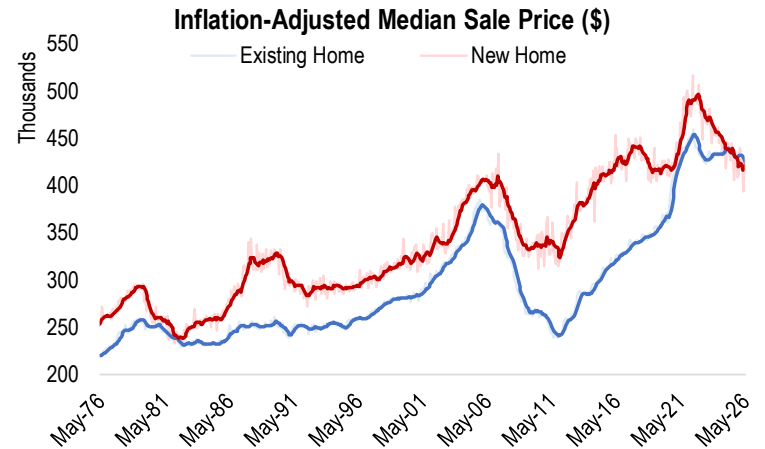
Units for Sale Have Largely Been Trending Sideways at Historically Elevated Levels despite Weak Sales Pace



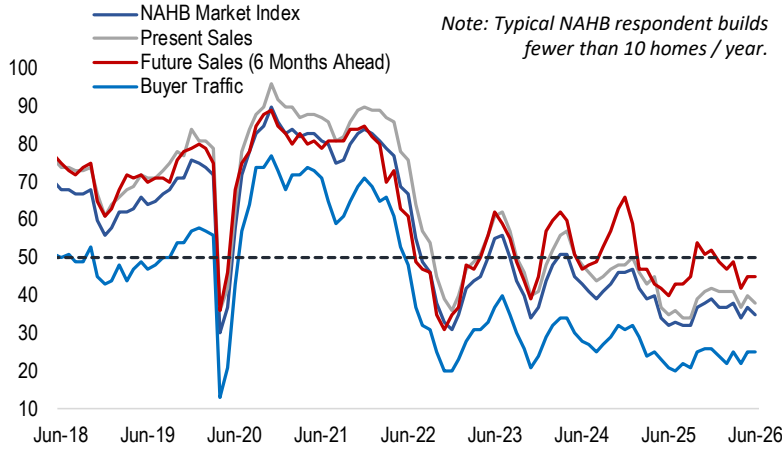
Even with Incentives, Transactions Are Not Keeping Up with Inventory, Leading to Rising Months' Supply



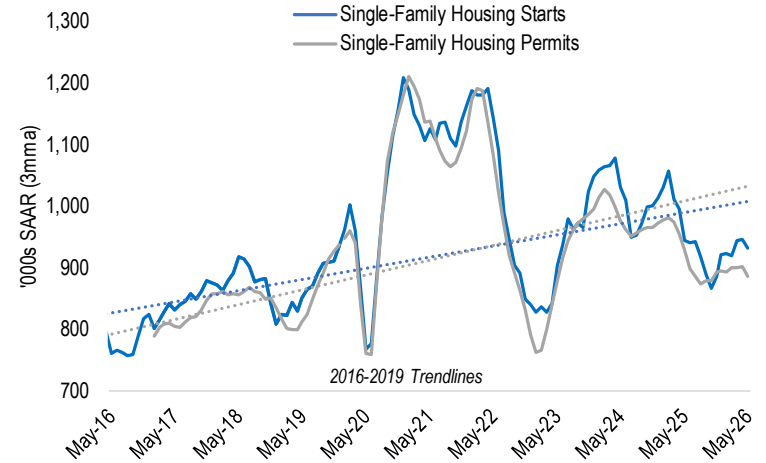
On Inflation-Adjusted Basis, New Home Prices Are the Cheapest Relative to Existing Homes on Record



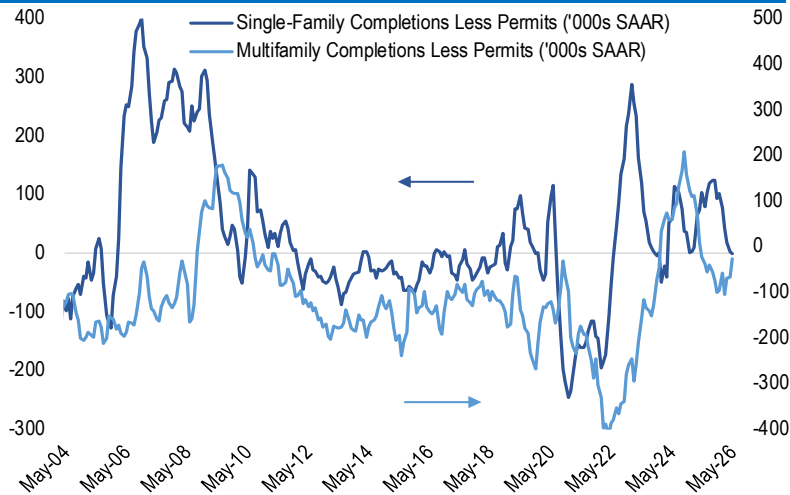
Builder Optimism Fell Modestly in June, Remaining at Historically Low Level



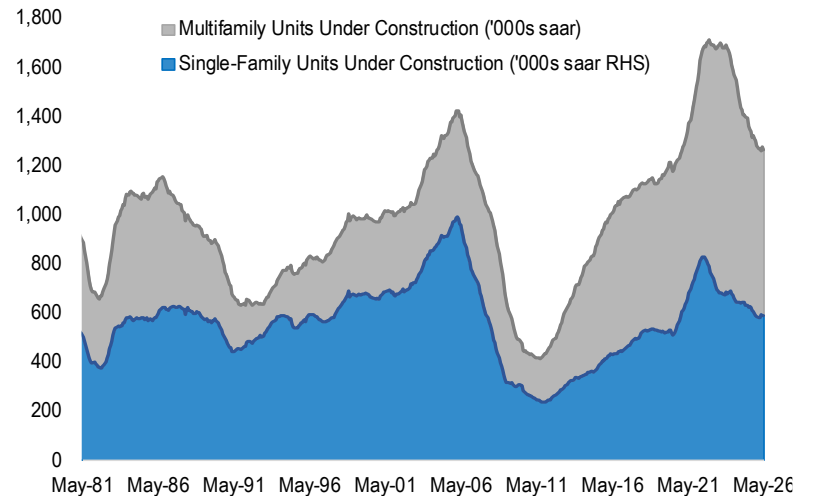
Single-Family Starts and Permits Both Trending Lower as Housing Market Stuck in Deep Freeze



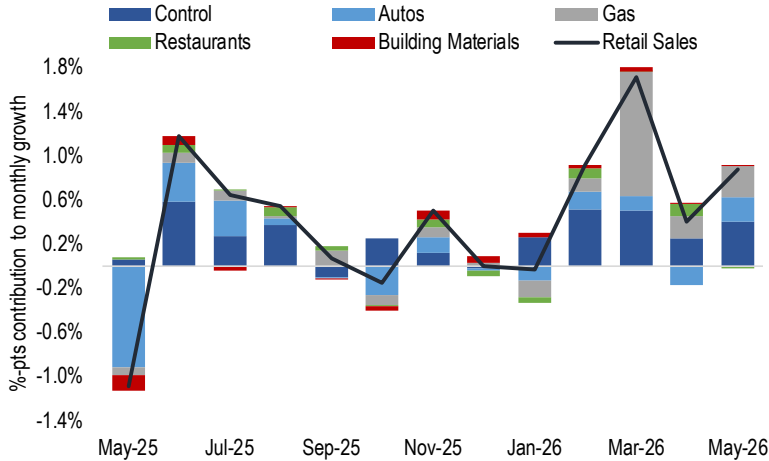
Single-Family Completions Are Also Softening with Most Construction Pivoting Towards Multifamily



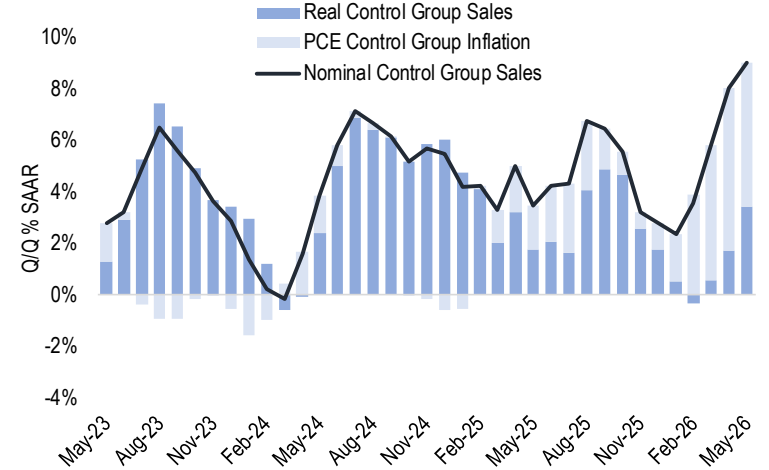
Under Construction Units Have Bottomed with Builders Not Rushing to Add Completed Units to Market



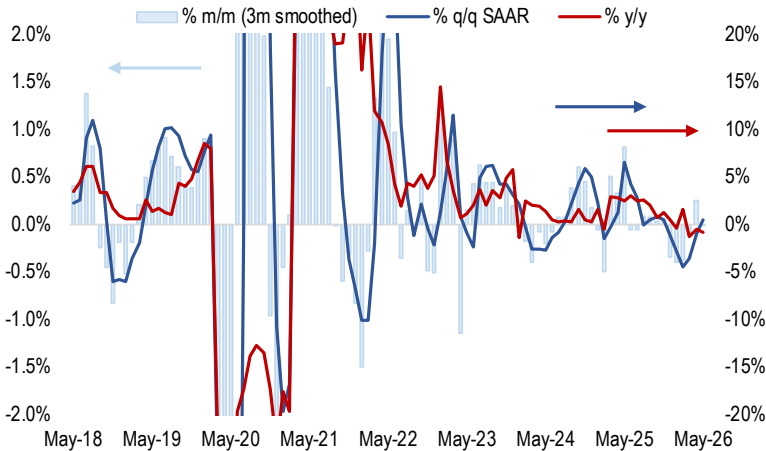
May Retail Sales Surprised to the Upside and Suggests Household Spending Remains Resilient



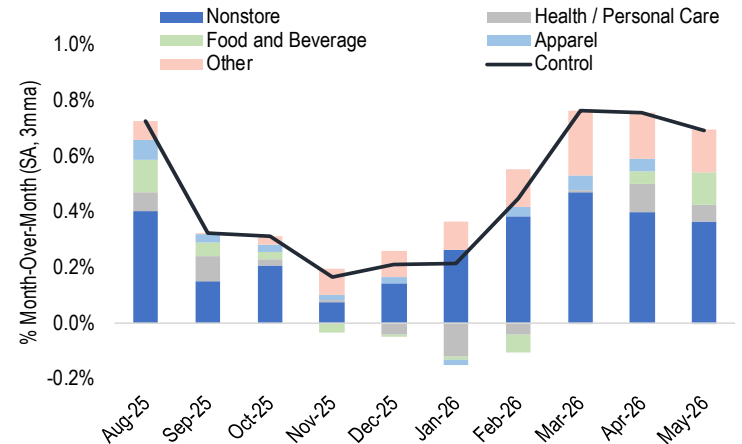
Real (Inflation-Adjusted) Control Group Sales Rebounding from Recent Growth Stall



Real Restaurant Spending Showing Tentative Signs of Turning the Corner

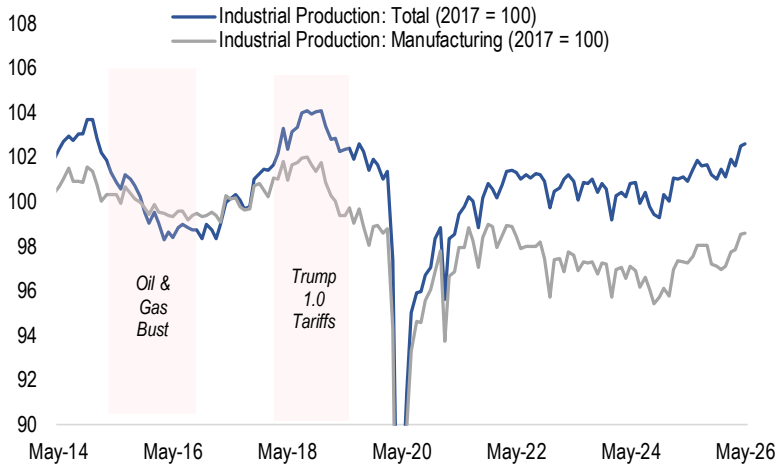


Nominal Sales Breadth Narrowed in May, with Online (Nonstore) Still Carrying the Load



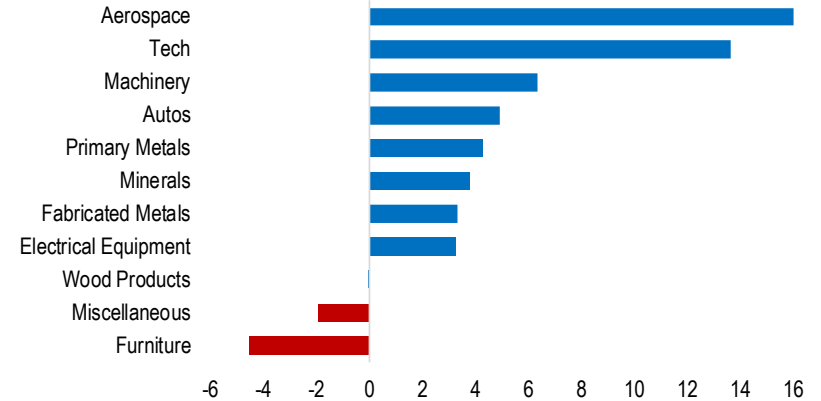
"Control Group" = Retail sales excludes autos, gas, building materials and restaurants.

Industrial Production Expanded in May on Top of Upward Revisions to Prior Month

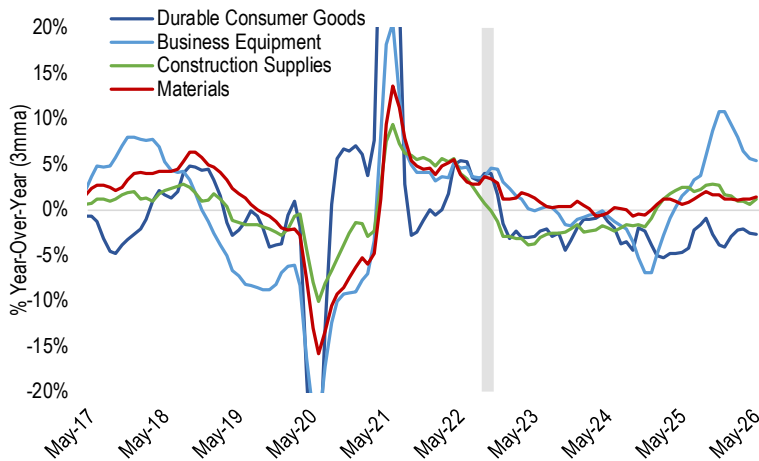


Tech and Aerospace Are Not the Only Categories That Have Shown Output Gains over Prior 18 Months

Industrial Production: Durables Manufacturing % Δ Dec-24

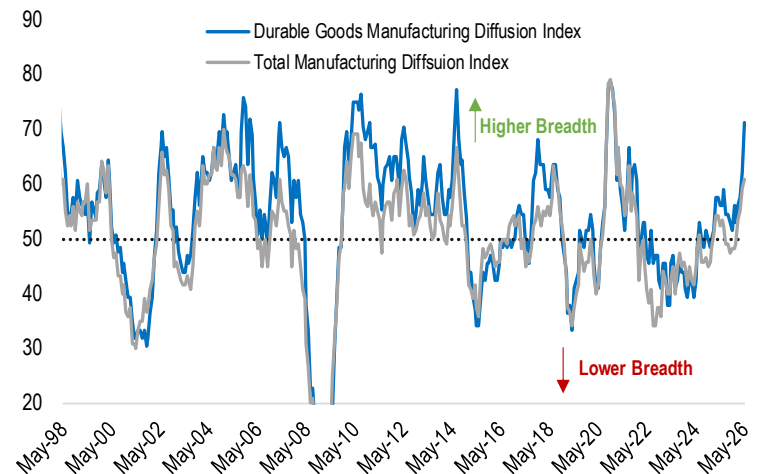


Durable Goods Production Still Strong, Carried by Robust Business Equipment Output

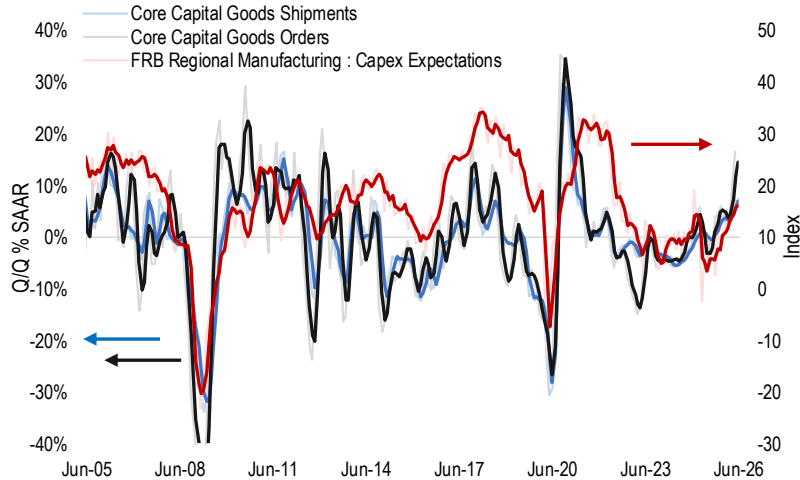


Durable goods are products that can be inventoried and have an average life of at least 3 years

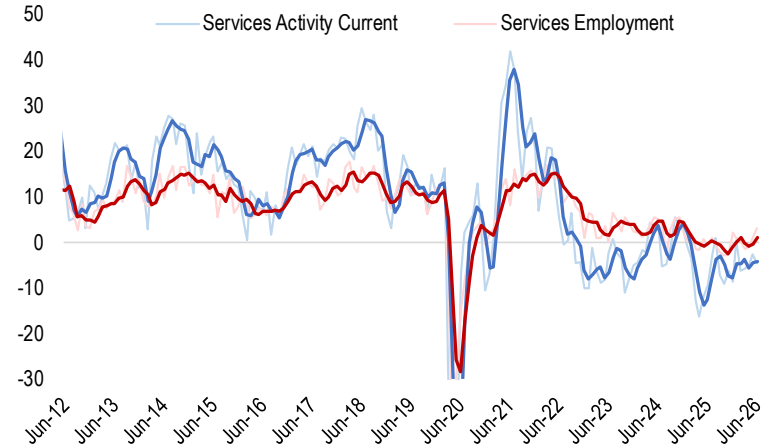
Durable Goods Breadth Rose to a Multi-Year High with Strong Gains in Mineral Production and Autos



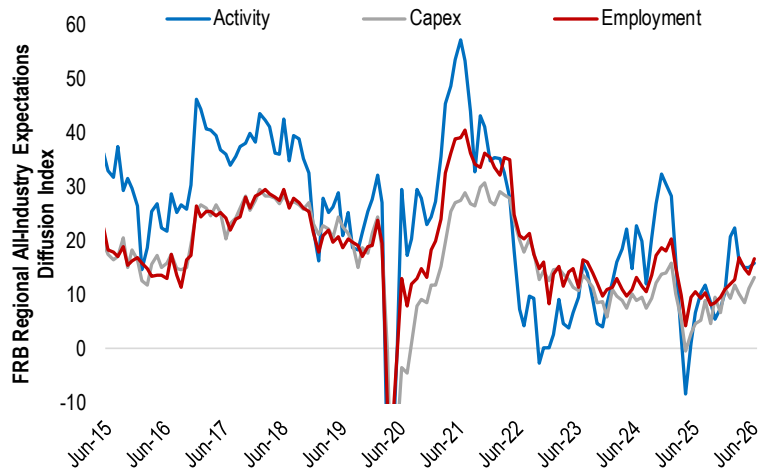
Goods Production Remains Firm, Driven by Tech, Electrical Components, Defense and Aerospace



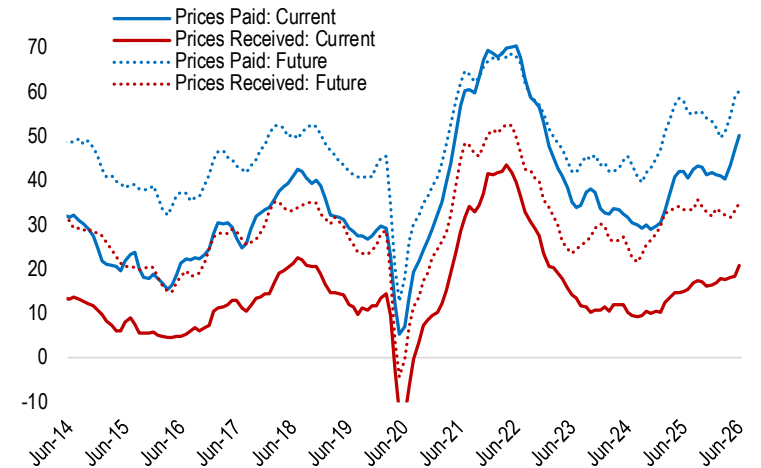
Services Industry Weakness Linger as Businesses Express Caution on Near-Term Customer Spending



Business Expectations Have Bounced Back as Headwinds for Mideast Conflict and Tariffs Fade

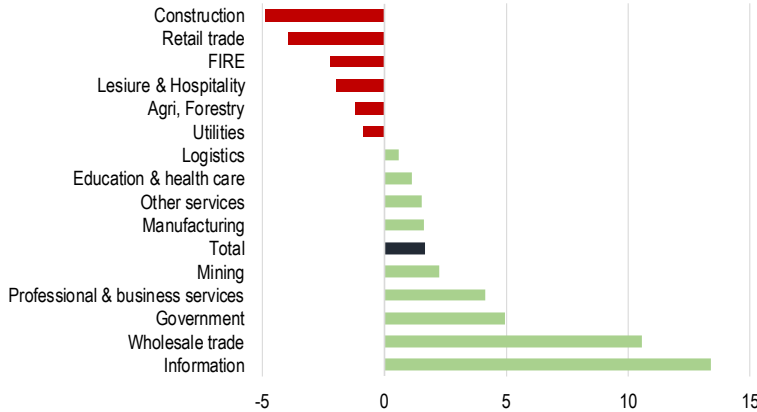


All-Industry Pricing Shows Impulse Has Firmed, Energy Driving Goods Side and Healthcare, Utilities for Services



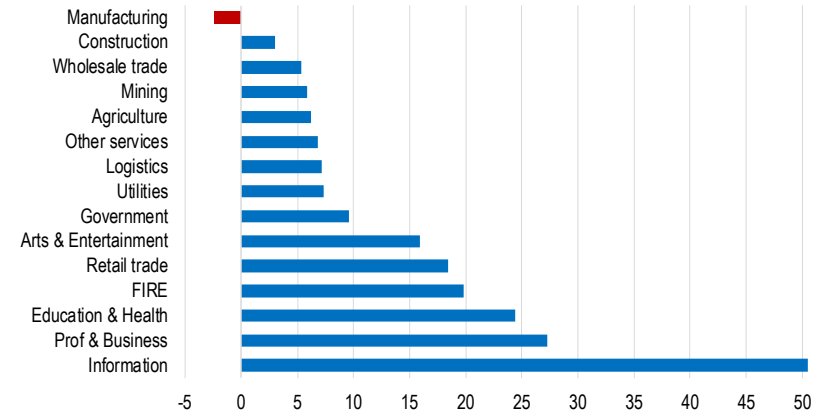
Real GDP by Industry Supportive of the AI Theme with Information Sector Leading the Way

Q/Q Real Growth Annualized by Major Industry (1Q26)



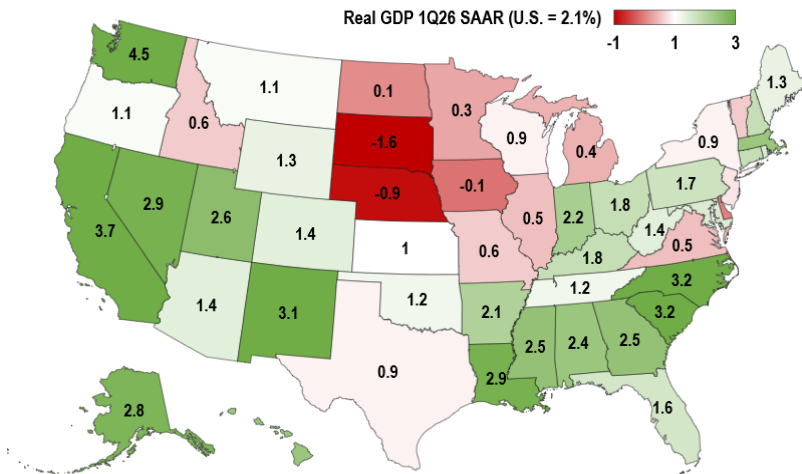
Which Also Corroborates Total Cumulative Industry Real Output Growth Since 2019

Cumulative Growth Since 2019 (%)



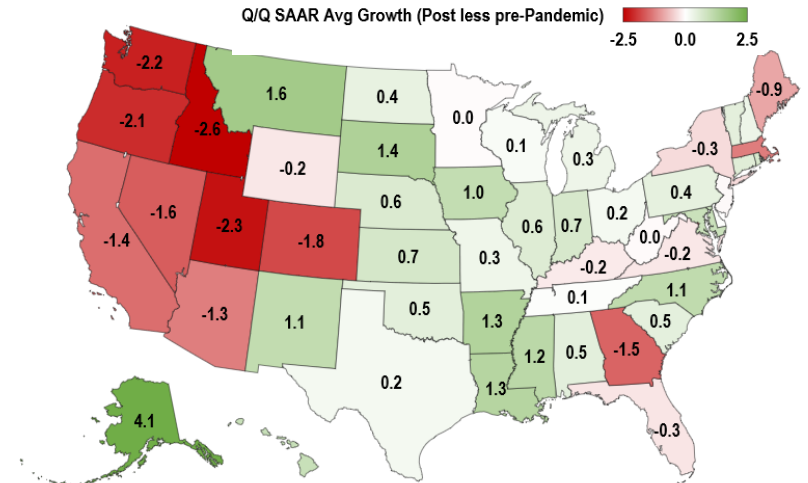
Washington Posting the Strongest Growth in 1Q26 with 3.3%-pts Attributed to Information Sector

Real GDP 1Q26 SAAR (U.S. = 2.1%)

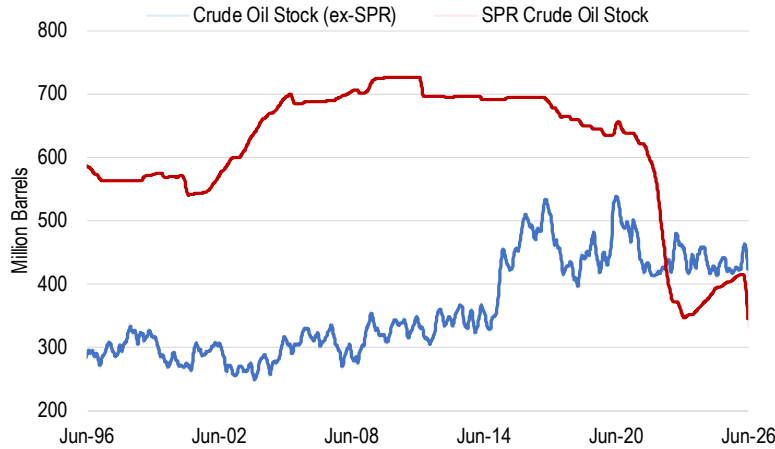


Quarterly Growth Has Trailed the Pre-Pandemic Pace for Most of the Western United States

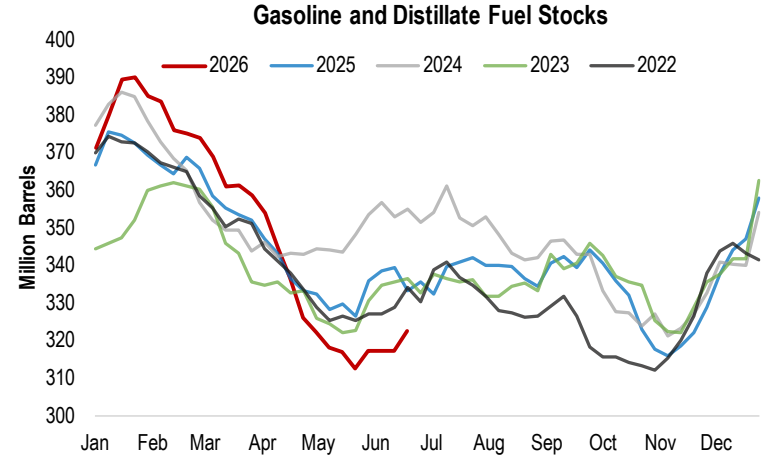
Q/Q SAAR Avg Growth (Post less pre-Pandemic)



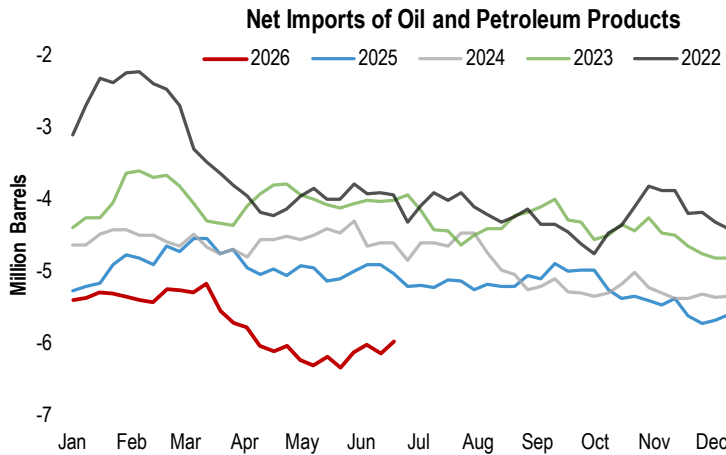
Energy Stocks Continue to Move Lower by ~2M Barrels per Week with SPR -20% from Prior Two-Year Max



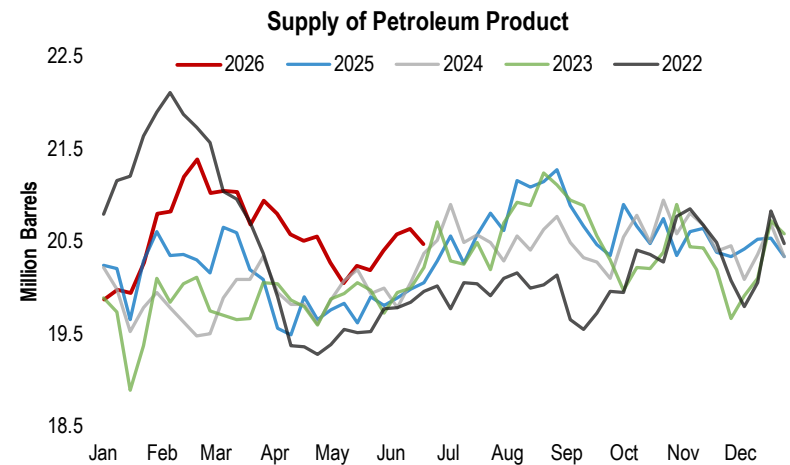
Gasoline and Distillate Stocks Are Lower Than Typical Seasonal Levels but Are Recovering



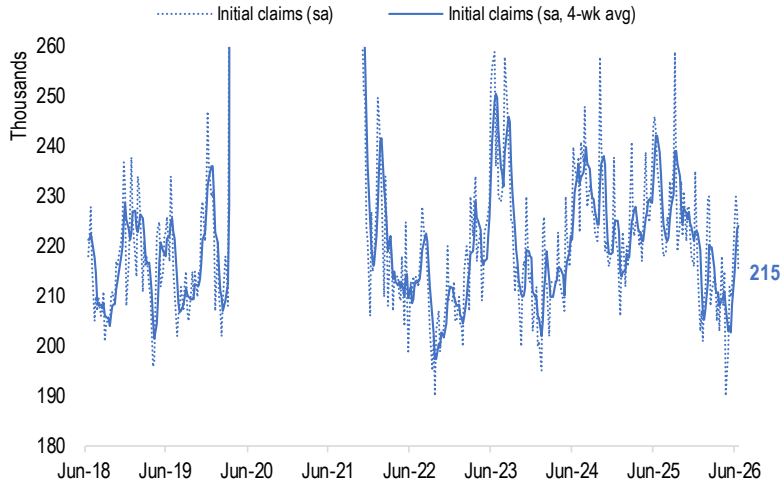
Net Imports of Oil Products Starting to Normalize as Export Growth Cools



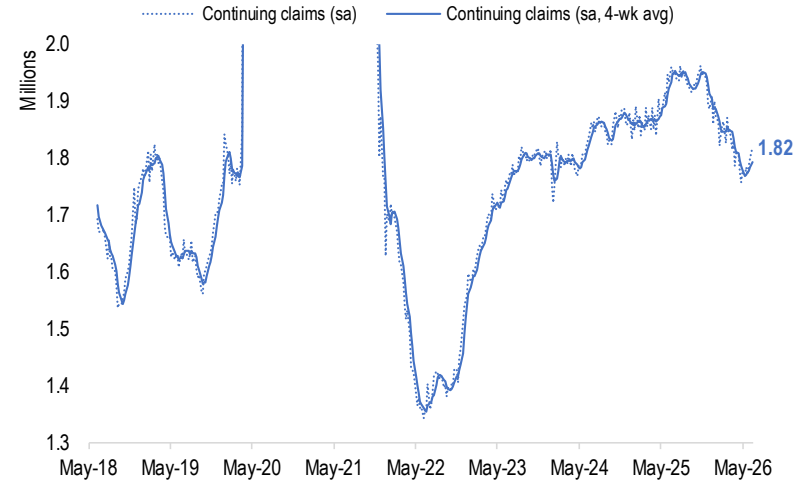
Supply of Petroleum Product, Proxy for End Demand, Has Been Stronger Than Usual, Especially for Jet Fuel



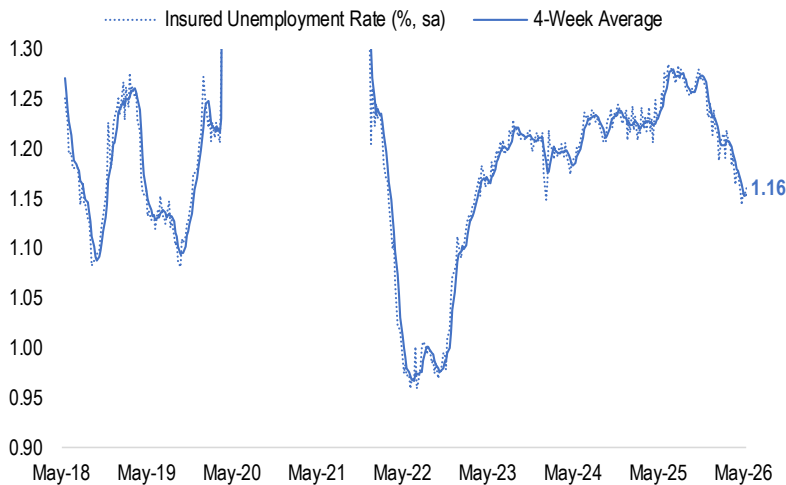
Initial Claims down to 215k (SA), Back In-Line with Recent Post-Pandemic Norm



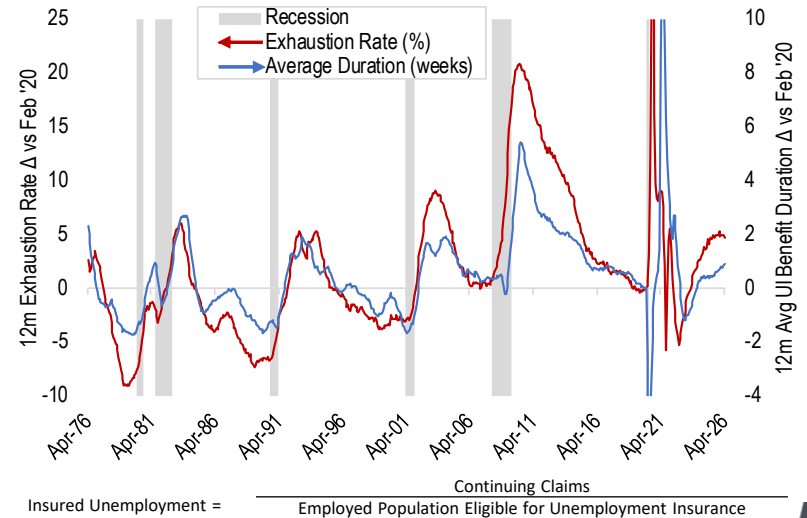
Continuing Claims Up to 1,821k (SA) in Week Ending June 13 but Up Only Modestly from Multi-Year Low



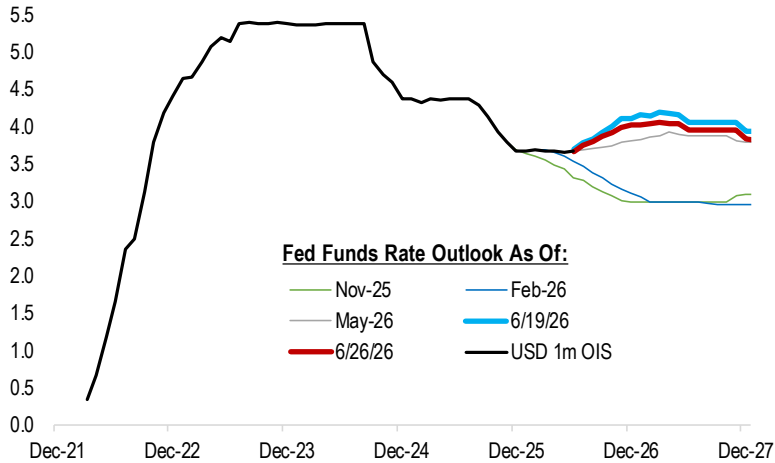
Insured Unemployment Rate Ticked Up to 1.16% in Week Ending June 13, Still Near Record Lows



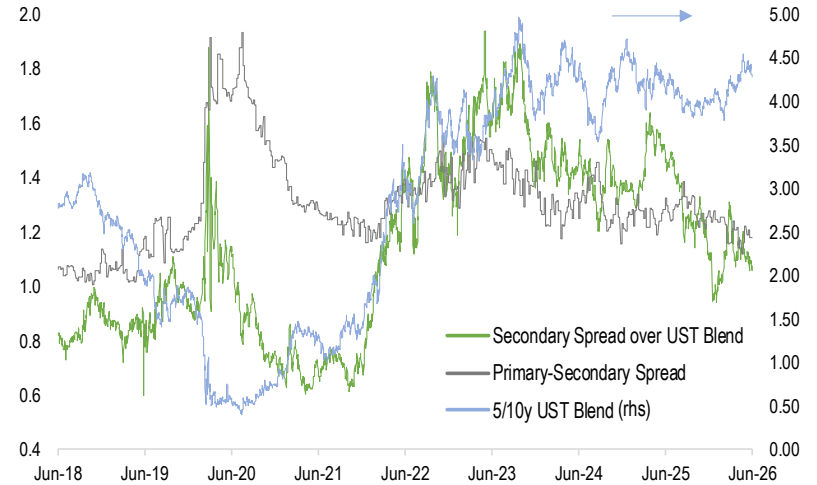
Share of Unemployed Workers Exhausting Benefits Appears Poised to Ease



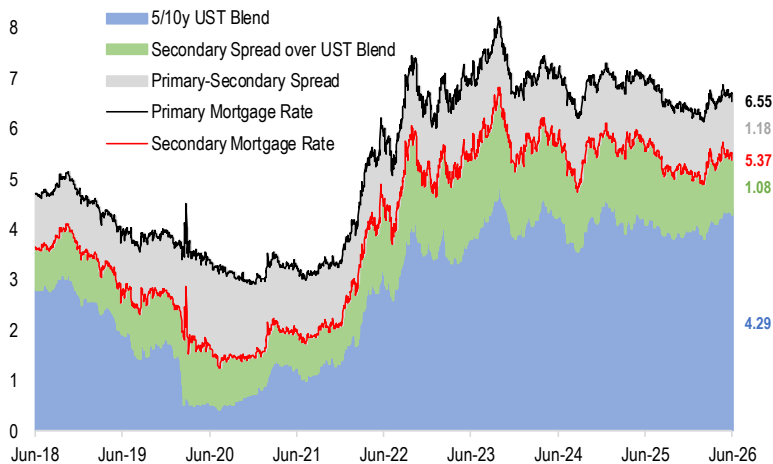
Market Pulls Back on Rate Hike Bets, Back Down to Just One 25bps Rate Hike by End of '26



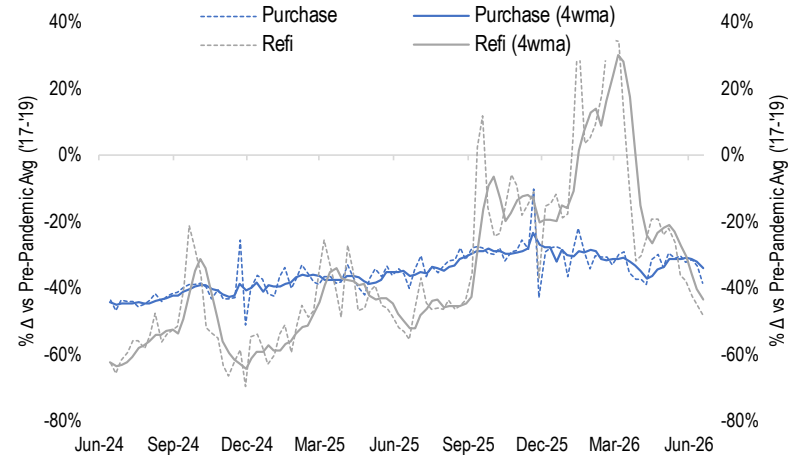
Mortgage Spreads Narrowed -1bps on the Week alongside Lower 5/10y U.S. Treasury Yields (-9bps) ...



... Pulling Mortgage Rates Back Toward the Mid-6% Range



Mortgage Refi and Purchase Applications Rolling Over Further in the Week Ending June 19



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
6/30/26	9:00 AM	FHFA House Price Index m/m	Apr	--	0.2	--	0.1	%, sa
6/30/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Apr	--	-0.1	--	-0.2	%, sa
6/30/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Apr	--	0.9	--	0.8	%, nsa
6/30/26	10:00 AM	Conf. Board Consumer Confidence	Jun	--	94.6	--	93.1	index, sa
6/30/26	10:00 AM	JOLTS Job Openings	May	--	7,288	--	7,618	k, sa
7/1/26	-	Wards Total Vehicle Sales	Jun	--	16.1	--	16.1	m, saar
7/1/26	7:00 AM	MBA Mortgage Applications w/w	Jun 26	--	--	--	1.0	%, sa
7/1/26	8:15 AM	ADP Employment m/m	Jun	--	119	--	122	k, sa
7/1/26	9:45 AM	S&P Global US Manufacturing PMI	Jun F	--	55.7	--	55.7	index, sa
7/1/26	10:00 AM	ISM Manufacturing	Jun	--	53.9	--	54.0	index, sa
7/1/26	10:00 AM	ISM Prices Paid	Jun	--	77.5	--	82.1	index, nsa
7/2/26	8:30 AM	Nonfarm Payrolls m/m	Jun	--	115	--	172	k, sa
7/2/26	8:30 AM	Private Payrolls m/m	Jun	--	118	--	120	k, sa
7/2/26	8:30 AM	Average Hourly Earnings m/m	Jun	--	0.3	--	0.3	%, sa
7/2/26	8:30 AM	Average Hourly Earnings y/y	Jun	--	3.5	--	3.4	%, nsa
7/2/26	8:30 AM	Average Weekly Hours All Employees	Jun	--	34.3	--	34.3	sa
7/2/26	8:30 AM	Unemployment Rate	Jun	--	4.3	--	4.3	%, sa
7/2/26	8:30 AM	Labor Force Participation Rate	Jun	--	61.8	--	61.8	%, sa
7/2/26	8:30 AM	Initial Jobless Claims	Jun 27	--	220	--	215	k, sa
7/2/26	8:30 AM	Continuing Claims	Jun 20	--	1,813	--	1,821	k, sa
7/2/26	10:00 AM	Durable Goods Orders m/m	May F	--	-4.5	--	-4.5	%, sa
7/2/26	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	May F	--	1.6	--	1.6	%, sa
7/2/26	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	May F	--	--	--	0.3	%, sa

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
6/23/26	9:45 AM	S&P Global US Manufacturing PMI	Jun P	55.7	54.6	--	55.1	index, sa
6/23/26	9:45 AM	S&P Global US Services PMI	Jun P	51.3	51.1	--	50.7	index, sa
6/23/26	9:45 AM	S&P Global US Composite PMI	Jun P	52.2	52.1	--	51.5	index, sa
6/24/26	7:00 AM	MBA Mortgage Applications w/w	Jun 19	1.0	--	--	-3.8	%, sa
6/24/26	7:58 AM	Building Permits	May F	1,410	1,418	--	1,413	k, saar
6/24/26	7:58 AM	Building Permits m/m	May F	-0.9	-0.1	--	-0.7	%, sa
6/24/26	10:00 AM	New Home Sales	May	580	640	626	622	k, saar
6/24/26	10:00 AM	New Home Sales m/m	May	-7.3	3.2	-5.7	-6.2	%, sa
6/25/26	8:30 AM	Personal Income m/m	May	0.7	0.4	--	0.0	%, sa
6/25/26	8:30 AM	Personal Spending m/m	May	0.7	0.6	0.4	0.5	%, sa
6/25/26	8:30 AM	Real Personal Spending m/m	May	0.3	0.2	0.0	0.1	%, sa
6/25/26	8:30 AM	PCE Inflation m/m	May	0.4	0.5	--	0.4	%, sa
6/25/26	8:30 AM	PCE Inflation y/y	May	4.1	4.1	--	3.8	%, nsa
6/25/26	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	May	0.3	0.3	0.3	0.2	%, sa
6/25/26	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	May	3.4	3.4	--	3.3	%, nsa
6/25/26	8:30 AM	GDP Annualized q/q	1Q T	2.1	1.6	--	1.6	%, saar
6/25/26	8:30 AM	Personal Consumption q/q	1Q T	0.5	1.4	--	1.4	%, saar
6/25/26	8:30 AM	Core PCE Deflator q/q	1Q T	4.4	4.4	--	4.4	%, saar
6/25/26	8:30 AM	Initial Jobless Claims	Jun 20	215	225	227	226	k, sa
6/25/26	8:30 AM	Continuing Claims	Jun 13	1,821	1,802	1,800	1,810	k, sa
6/25/26	8:30 AM	Durable Goods Orders m/m	May P	-4.5	-5.0	8.5	8.0	%, sa
6/25/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	May P	1.6	0.6	-0.7	-1.0	%, sa
6/25/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	May P	0.3	0.5	0.5	0.4	%, sa
6/26/26	8:30 AM	Retail Inventories m/m	May	0.6	0.5	--	0.7	%, sa
6/26/26	8:30 AM	Wholesale Inventories m/m	May P	0.3	0.4	0.7	0.6	%, sa
6/26/26	10:00 AM	U. of Mich. Sentiment	Jun F	49.5	50.0	--	48.9	index, nsa
6/26/26	10:00 AM	U. of Mich. 1 Yr Inflation	Jun F	4.6	4.6	--	4.6	nsa
6/26/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jun F	3.3	3.3	--	3.4	nsa

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