HaMMR Digest

Stay current with economic and mortgage market trends.

August 3, 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

ARCH MORTGAGE INSURANCE COMPANY® | 230 NORTH ELM STREET GREENSBORO NC 27401 | **ARCHMI.COM**

Warsh-ful Thinking

- **Key Takeaway:** The Fed Chair's linguistic experiment is breeding market indigestion, most visibly in a steeper Treasury curve and higher inflation expectations.
- **Macro Implications:** Warsh may be relying on market tightening sans Fed hikes as higher volatility and term premium raise funding costs across the economy.
- **Housing Implications:** Mortgage rates near 7% will drive down refi activity; if rates move higher, more potential homebuyers will be pushed to the sidelines.

Macro: Watch What I Do, Not What I Say

- Households and businesses keep on spending, despite perpetual economic angst.
- Oil production and investment is responding to higher prices, a tailwind to growth.
- June core PCE consumer inflation was soft, but trend remains above Fed's target.

Rates: Gibberish

- Curve twist steepened post-FOMC: 30y +11bps w/w to highest since 2007.
- Long end led by inflation risk premium as Fed credibility came into question.
- Markets push out Fed hikes, fading Warsh's tough talk on inflation without action.

Housing Market: The Wait Continues

- Mortgage rates up ~80bps since the beginning of March, reaching a 12-month high.
- Refinancings took a noticeable step down with purchase activity to follow suit.
- How inventory responds to recent rate dynamics will dictate impact on prices.

Personal Spending: Making a Comeback

- Q2 real spending rose 3.2% SAAR, the strongest pace since 3Q25.
- Real disposable income growth ticked lower by -1.5% SAAR in Q2.
- Savings rate is down -1.9%-pts over the prior year, offset by gains in wealth.

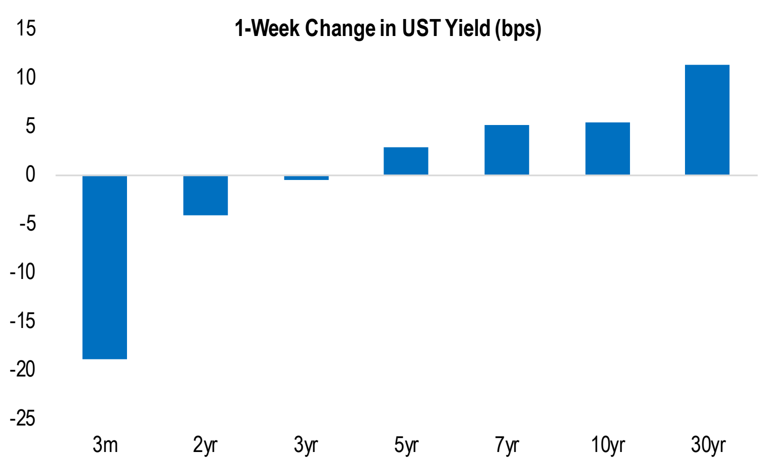
Real GDP 2Q26: No One Trick Pony

- Real GDP up just 1.5% q/q SAAR, but core activity rose at a solid 3.9% pace.
- Household spending rebounded with durable goods leading the lift.
- Investment remained firm with more evidence it is spreading beyond AI.

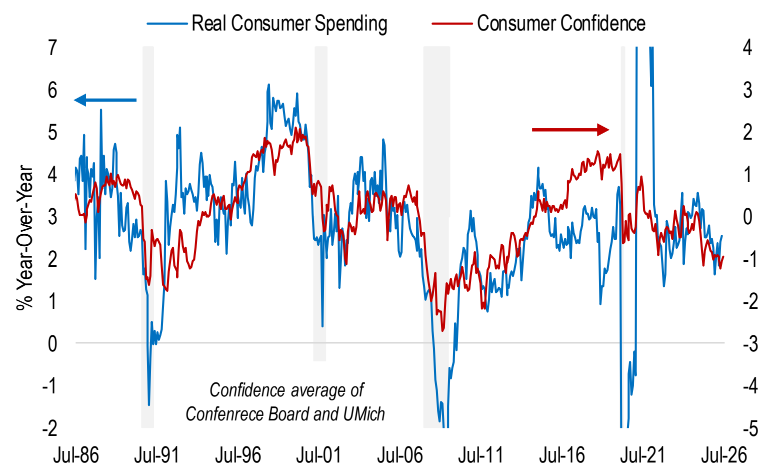
Consumer Confidence: Reprieve

- Consumer confidence remains low but early signs of troughing evident.
- Near-term inflation expectations moderated despite rise in gas prices.
- Income expectations steady despite lingering concerns over job prospects.

Warsh's Lack of Clarity Led Markets to Question His Commitment to Getting Inflation Back to Target



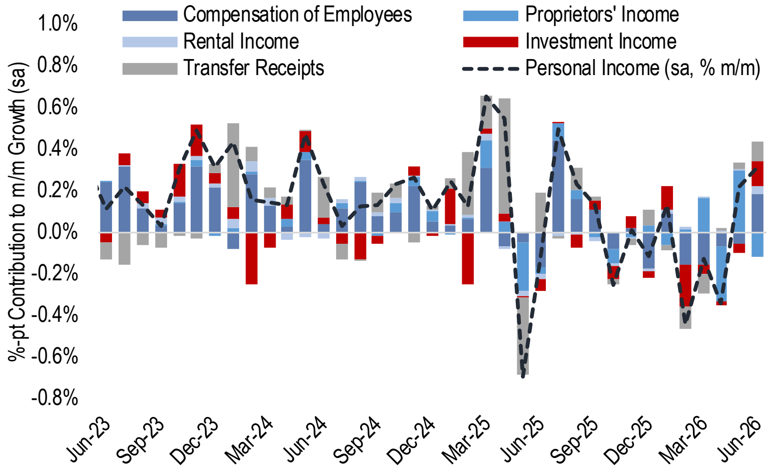
Consumer Confidence Showing Early Signs of Troughing, Suggesting Spending Cooldown May Be Nearing End



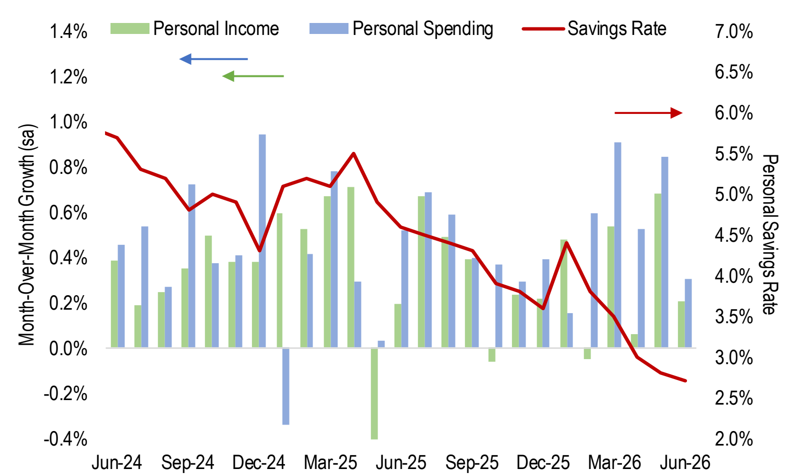
Sources: BEA, Bloomberg, Arch Global Economics

Core GDP = Private Final Domestic Demand
SAAR = Seasonally Adjusted Annual Rate

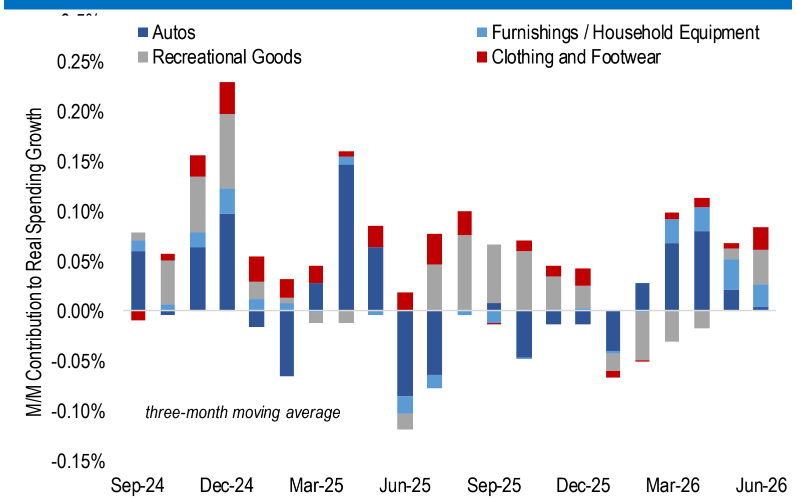
Real Labor Income Records First Positive Contribution to Income Growth Since January



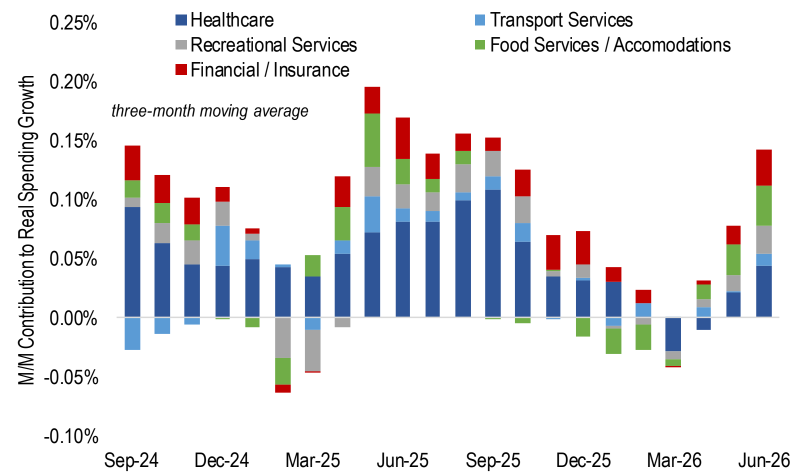
Renewed Inflation Has Squeezed Budgets, Driving Ongoing Slide in the Personal Savings Rate



Real Goods Spending Has Surprised to the Upside with Outlays Broadening outside of Autos

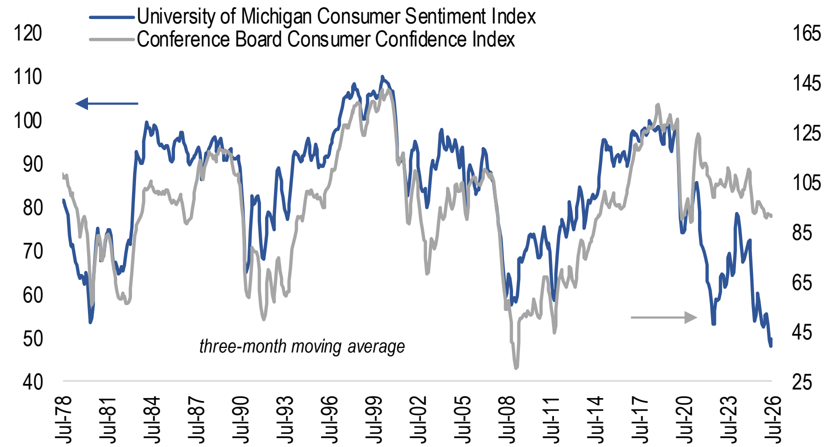


Services Spending Showing a Rebound through 2Q26, Providing a Good Starting Point for Q3

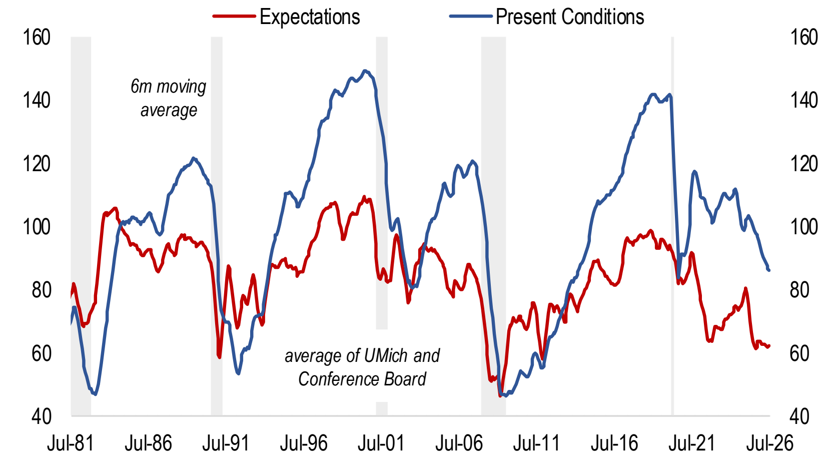


Sources: Bureau of Economic Analysis, Arch Global Economics

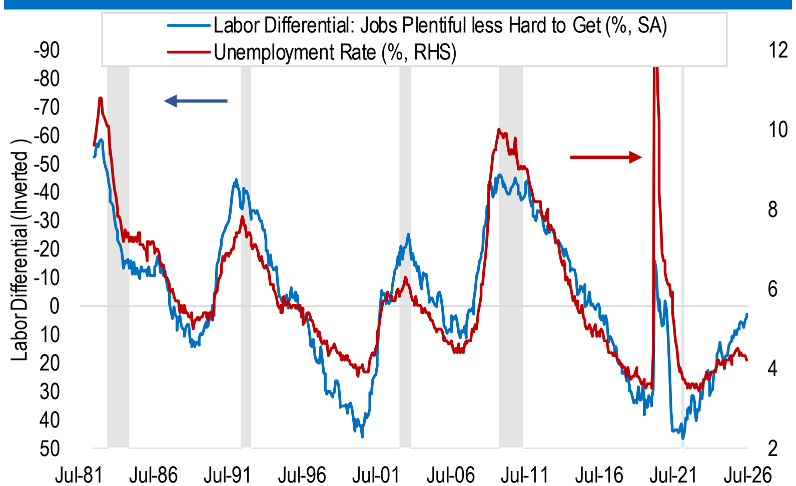
Consumer Sentiment Measures Continue to Meander around Historically Depressed Levels …



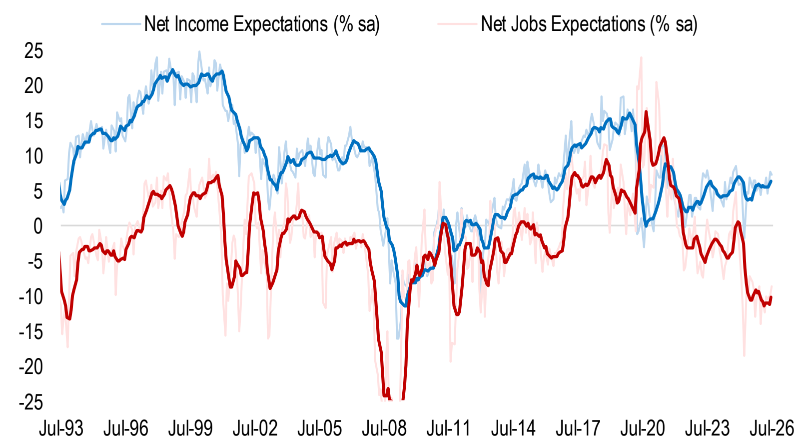
… Driven Primarily by Pessimism over Near-Term Expectations on the Labor Market and Inflation



Consumer Labor Market Perceptions Have Diverged Sharply from the Improving Unemployment Rate

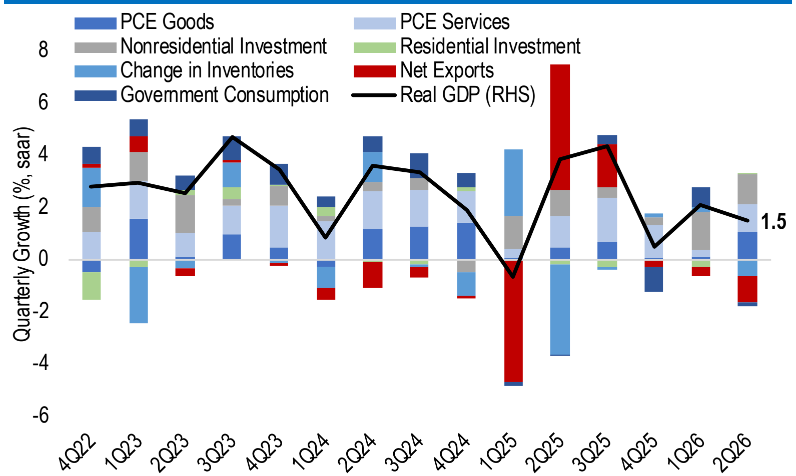


Despite Widespread Pessimism, Consumer Income Expectations Have Remained Resilient

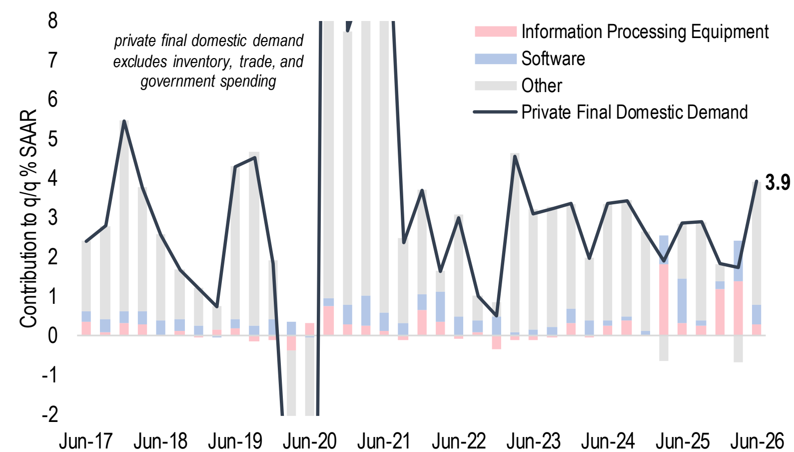


Sources: University of Michigan (UMICH), Conference Board, Federal Reserve Bank of New York (FRBNY), Arch Global Economics

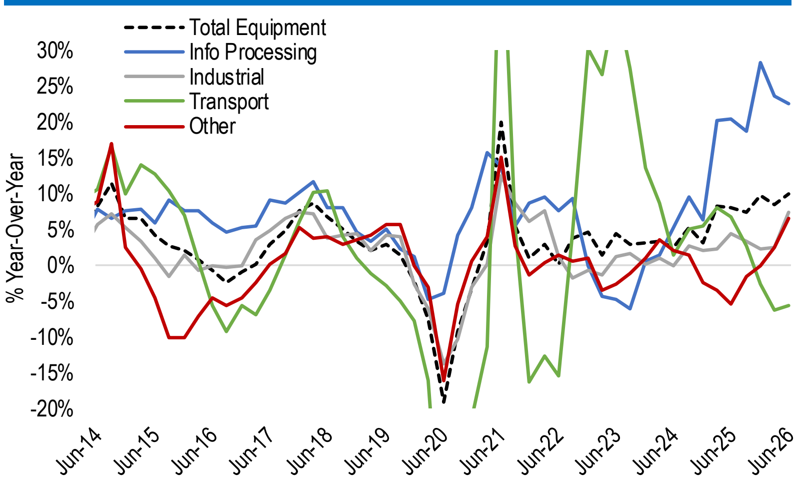
Headline GDP Whipsawed by Trade, Inventory Drawdowns and SPR Oil Sales



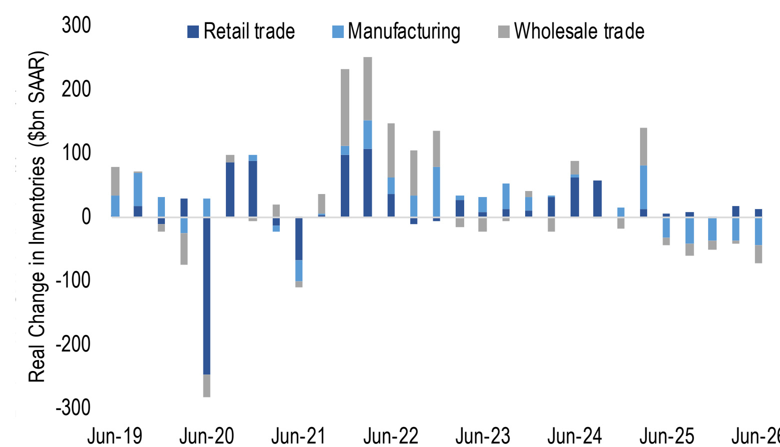
"Core" GDP Growth Had a Strong Showing in Q2 Aided by Rebounding Consumer Spending …



… And Private Investment Breadth Spreading to Other Categories besides AI-Related Components



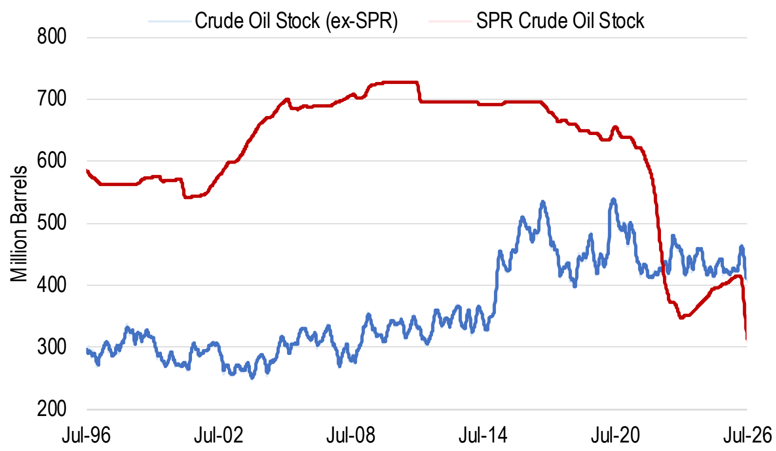
Despite Pickup in Production, Firms Are Still Drawing Down Inventories, Especially for Finished Goods



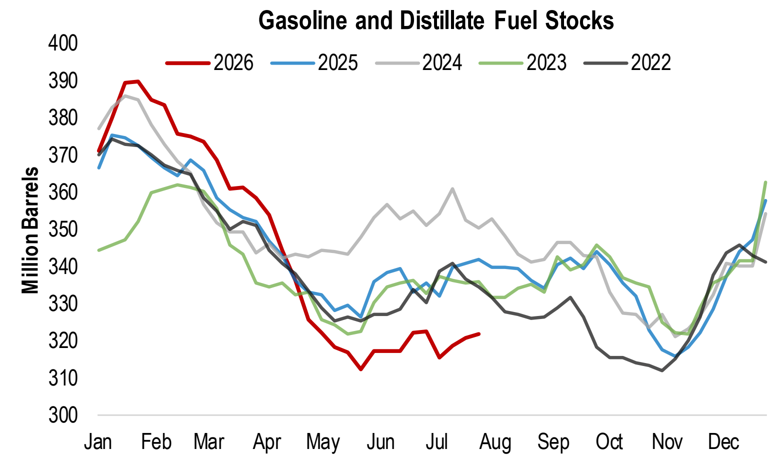
Sources: BEA, Arch Global Economics

Core GDP = Private Final Domestic Demand
SAAR = Seasonally Adjusted Annual Rate

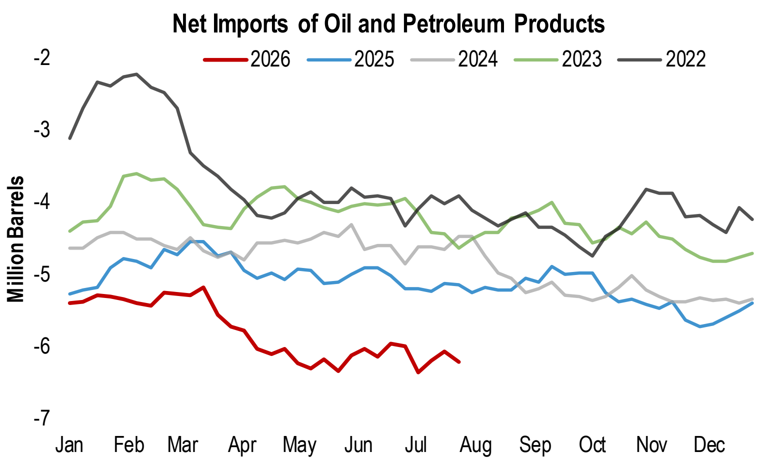
Energy Inventories Tumbled in the Week Ending July 24 with a Significant 7.2m Barrel Ex-SPR Draw



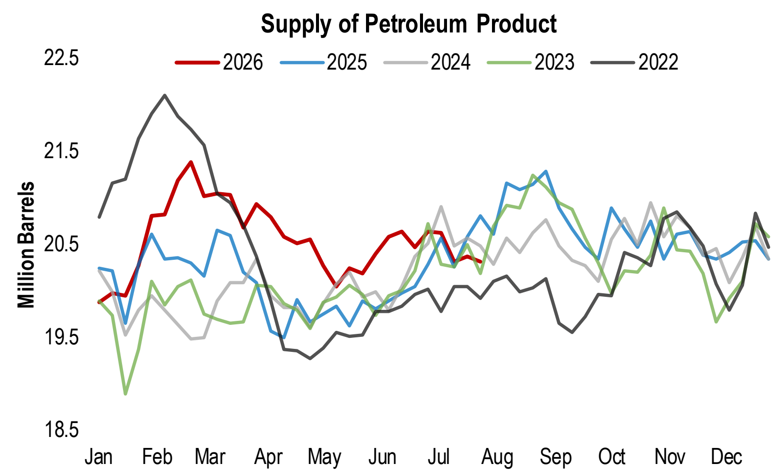
Gasoline and Distillate Fuel Stocks Remain at Seasonally Depressed Levels and Down ~18% from Recent Peaks



Oil Product Net Imports Moderated as the Pace of Crude Imports Slowed



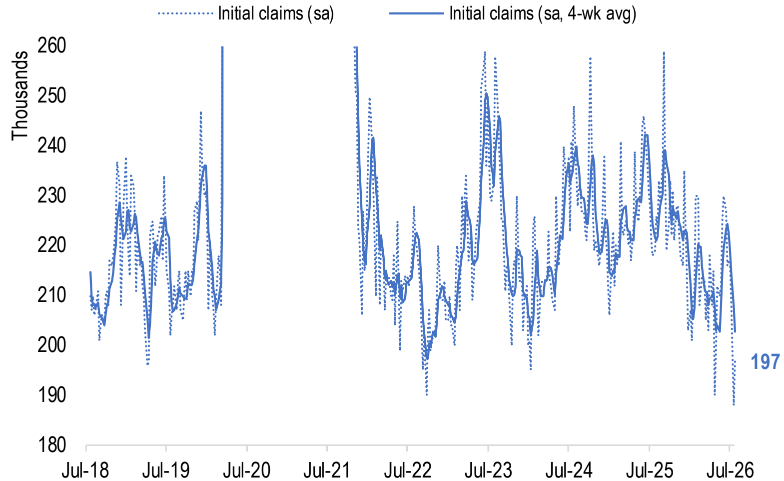
Supply of Petroleum Products, Proxy for End Demand, Picked Up Slightly Due to Rise in Distillates



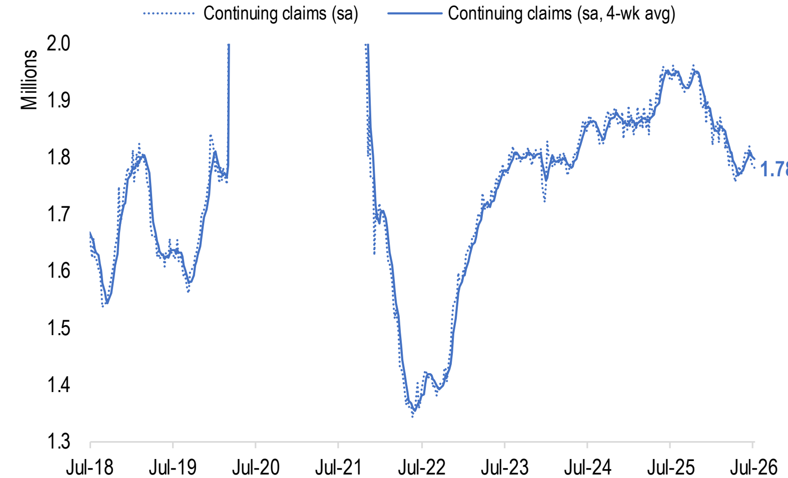
SPR = Strategic Petroleum Reserve

Sources: Energy Information Administration, Arch Global Economics

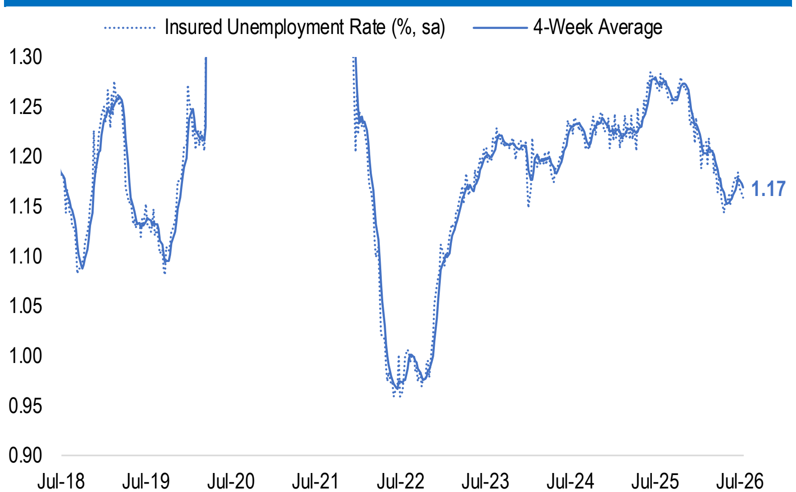
Initial Claims Climbed to 197k (SA) in Week Ending July 25, One Week after Lowest Since 1969



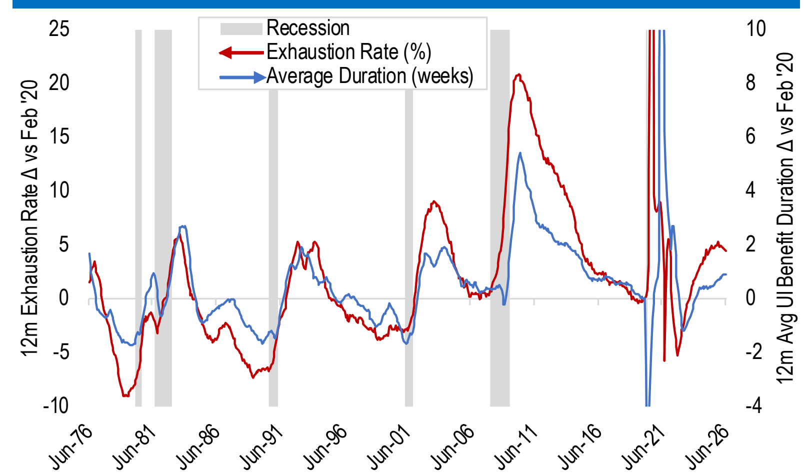
Continuing Claims Down to 1,782k (SA), Extending Reversal of Prior Multi-Month Uptrend



Insured Unemployment Rate Ticked Down to 1.17% in Week Ending July 18, Just Above Multi-Year Low



Share of Unemployed Workers Exhausting Benefits Continued to Ease through June

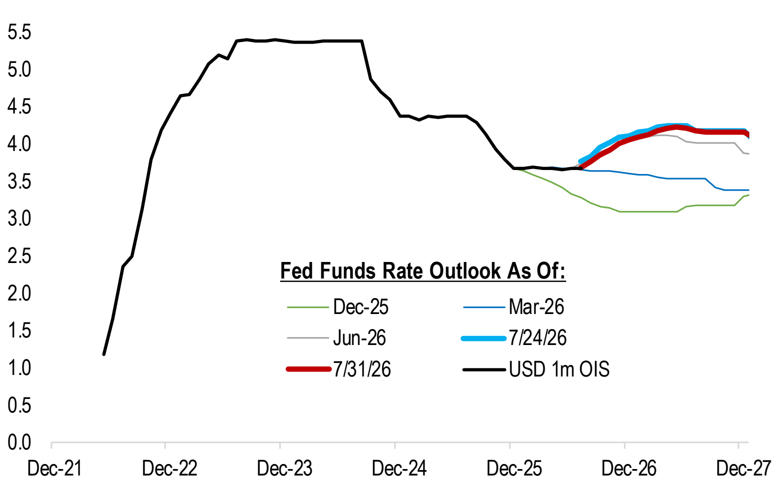


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

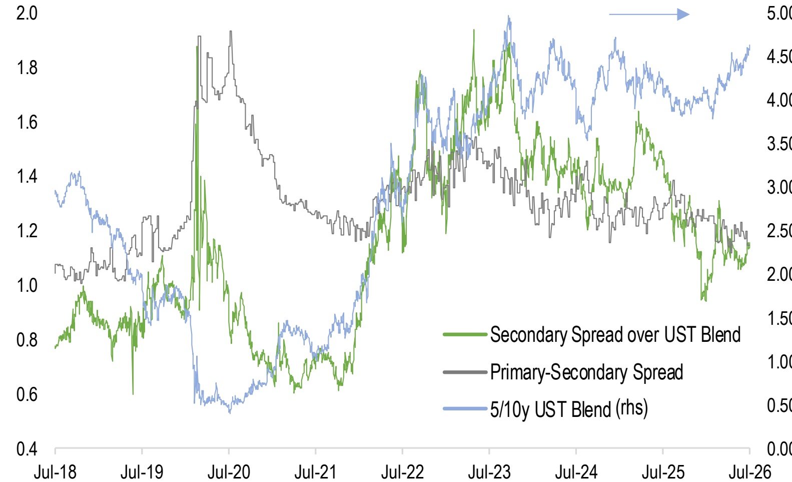
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

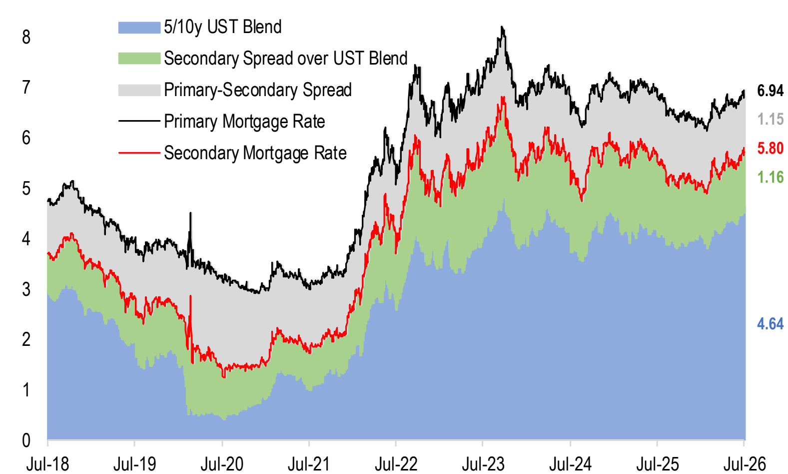
Odds of Two Rate Hikes before Year End Plunged from ~80% to ~40% after Chairman Warsh's Press Conference



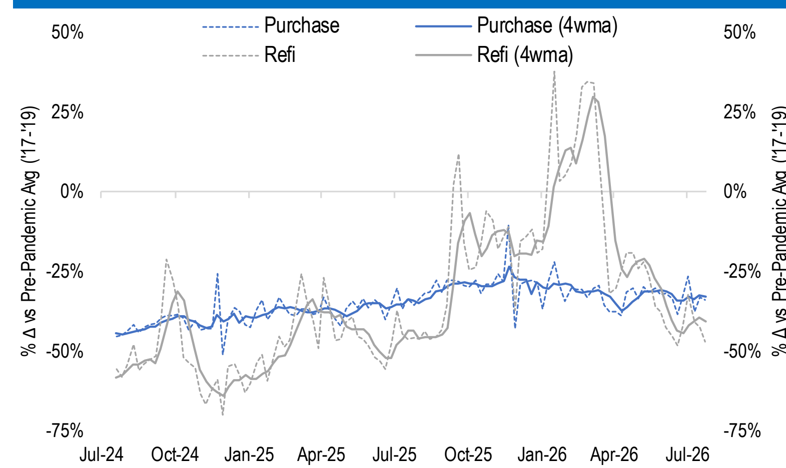
Mortgage Spreads Flat on the Week as 5/10y U.S. Treasury Yields Climbed Another 5bps …



… Keeping Mortgage Rates Just Below 7%



Mortgage Applications Tailing Off Again as Mortgage Rates Have Surged



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

Location Matters: Some Markets Remain Tight with Solid HPA, While Others Have Softened and Lost Value

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	**1.8%**	**1.3%**	**2.2%**	**2.1%**	**19.9%**	**-0.7%**	**99.1%**	**0.1%**	**-4.5**	**-5.3**	**1%**	**6%**	**12%**
Atlanta	-0.8%	1.1%	1.5%	0.8%	21.7%	-1.7%	98.3%	0.1%	22.5	21.5	4%	35%	43%
Austin	-2.1%	3.6%	-2.1%	1.7%	26.3%	-2.2%	97.5%	0.4%	43.3	43.3	-2%	129%	164%
Baltimore	-0.3%	-0.4%	-1.4%	-2.2%	19.8%	0.3%	100.7%	0.1%	-0.5	-4.3	11%	-10%	-17%
Boston	0.0%	0.0%	2.2%	0.4%	16.6%	0.0%	101.8%	-0.1%	10.5	9.0	15%	-5%	-12%
Chicago	4.8%	-0.5%	5.4%	1.6%	10.7%	-1.3%	101.1%	0.7%	-9.0	-8.3	0%	-35%	-33%
Dallas	-2.6%	0.8%	-0.4%	0.2%	26.5%	-1.1%	97.6%	0.0%	13.3	12.3	-6%	40%	51%
Denver	0.0%	-1.6%	-0.4%	-1.3%	28.6%	-1.8%	99.0%	0.0%	12.0	13.5	-5%	86%	97%
Houston	-2.2%	0.6%	-1.0%	-0.2%	24.5%	-1.9%	97.2%	0.2%	19.0	15.3	-3%	30%	39%
Los Angeles	-0.2%	1.2%	0.1%	1.3%	14.7%	-1.1%	99.9%	0.2%	1.3	1.5	-3%	29%	39%
Miami	1.6%	-0.1%	3.2%	5.6%	12.7%	-2.0%	95.5%	0.2%	26.0	25.5	-15%	8%	43%
Minneapolis	1.4%	1.5%	1.4%	-0.3%	21.4%	1.0%	100.3%	-0.2%	2.3	1.0	9%	6%	10%
Nashville	0.3%	1.4%	1.3%	1.4%	19.1%	-1.3%	98.2%	0.0%	11.3	4.0	8%	53%	41%
New York	5.1%	0.5%	2.9%	-1.6%	13.6%	0.5%	101.0%	0.2%	-42.3	-41.8	0%	-30%	-28%
Phoenix	0.0%	2.3%	1.2%	2.7%	21.2%	-0.5%	98.0%	0.1%	21.5	22.3	-4%	82%	108%
Portland	-0.6%	1.6%	0.1%	1.2%	24.9%	-0.8%	99.7%	0.1%	5.3	4.0	-2%	29%	47%
Riverside	-1.4%	0.4%	-0.9%	-0.2%	16.9%	-1.6%	99.0%	0.1%	-3.0	1.8	-11%	13%	35%
San Diego	-1.6%	-1.5%	0.4%	0.8%	19.5%	-2.2%	99.4%	0.5%	4.3	9.5	-6%	12%	42%
Seattle	-3.9%	-0.7%	-0.8%	2.5%	23.7%	1.9%	99.3%	-0.2%	4.3	1.3	14%	74%	35%
Tampa	2.9%	2.6%	-0.3%	2.0%	24.9%	-3.1%	97.3%	0.4%	9.5	12.5	-8%	67%	82%
Washington DC	-1.3%	0.0%	0.3%	0.2%	16.8%	-0.9%	99.9%	0.2%	13.0	10.8	8%	37%	30%

Data as of July 26, 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
8/3/26	9:45 AM	S&P Global US Manufacturing PMI	Jul F	**53.9**	53.8	--	53.8	index, sa
8/3/26	10:00 AM	ISM Manufacturing	Jul	**55.6**	53.9	--	53.3	index, sa
8/3/26	10:00 AM	ISM Prices Paid	Jul	**71.1**	71.0	--	73.0	index, nsa
8/3/26	5:16 PM	Wards Total Vehicle Sales	Jul	**16.3**	16.3	--	16.5	m, saar
8/4/26	10:00 AM	JOLTS Job Openings	Jun	--	7,454	--	7,594	k, sa
8/4/26	10:00 AM	JOLTS Quits	Jun	--	3,083	--	3,065	%, sa
8/4/26	10:00 AM	JOLTS Quits Rate	Jun	--	1.9	--	1.9	%, sa
8/4/26	10:00 AM	Durable Goods Orders m/m	Jun F	--	0.3	--	0.3	%, sa
8/4/26	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Jun F	--	0.9	--	0.9	%, sa
8/4/26	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Jun F	--	1.9	--	1.9	%, sa
8/5/26	7:00 AM	MBA Mortgage Applications w/w	Jul 31	--	--	--	-6.4	%, sa
8/5/26	8:15 AM	ADP Employment m/m	Jul	--	65.0	--	98.0	k, sa
8/5/26	9:45 AM	S&P Global US Services PMI	Jul F	--	53.6	--	53.6	index, sa
8/5/26	9:45 AM	S&P Global US Composite PMI	Jul F	--	--	--	53.6	index, sa
8/5/26	10:00 AM	ISM Services Index	Jul	--	54.5	--	54.0	index, nsa
8/6/26	8:30 AM	Nonfarm Productivity q/q	2Q P	--	0.6	--	0.3	%, saar
8/6/26	8:30 AM	Unit Labor Costs q/q	2Q P	--	2.1	--	1.8	%, saar
8/6/26	8:30 AM	Initial Jobless Claims	Aug 1	--	205	--	197	k, sa
8/6/26	8:30 AM	Continuing Claims	Jul 25	--	1,789	--	1,782	k, sa
8/6/26	10:00 AM	Wholesale Inventories m/m	Jun F	--	0.3	--	0.3	%, sa
8/7/26	8:30 AM	Nonfarm Payrolls m/m	Jul	--	80.0	--	57.0	k, sa
8/7/26	8:30 AM	Private Payrolls m/m	Jul	--	80.0	--	49.0	k, sa
8/7/26	8:30 AM	Average Hourly Earnings m/m	Jul	--	0.3	--	0.3	%, sa
8/7/26	8:30 AM	Average Hourly Earnings y/y	Jul	--	3.5	--	3.5	%, nsa
8/7/26	8:30 AM	Average Weekly Hours All Employees	Jul	--	34.3	--	34.3	sa
8/7/26	8:30 AM	Unemployment Rate	Jul	--	4.2	--	4.2	%, sa
8/7/26	8:30 AM	Labor Force Participation Rate	Jul	--	61.6	--	61.5	%, sa
8/7/26	11:00 AM	NY Fed 1-Yr Inflation Expectations	Jul	--	--	--	3.7	%
8/7/26	3:00 PM	Consumer Credit m/m	Jun	--	11.2	--	-0.2	$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
7/27/26	8:30 AM	Durable Goods Orders m/m	Jun P	**0.3**	1.8	-4.0	-4.5	%, sa
7/27/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Jun P	**0.9**	0.7	1.9	1.4	%, sa
7/27/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Jun P	**1.9**	0.6	0.2	0.1	%, sa
7/28/26	8:30 AM	Retail Inventories m/m	Jun	**0.0**	0.4	0.5	0.6	%, sa
7/28/26	8:30 AM	Wholesale Inventories m/m	Jun P	**0.3**	0.4	0.3	0.1	%, sa
7/28/26	9:00 AM	FHFA House Price Index m/m	May	**0.3**	0.1	--	-0.1	%, sa
7/28/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	May	**0.1**	0.0	0.0	0.0	%, sa
7/28/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	May	**1.6**	1.3	1.2	1.1	%, nsa
7/28/26	10:00 AM	Richmond Fed Manufact. Index	Jul	**5.0**	6.0	--	4.0	index, sa
7/28/26	10:00 AM	Conf. Board Consumer Confidence	Jul	**90.8**	92.4	92.2	91.2	index, sa
7/29/26	7:00 AM	MBA Mortgage Applications w/w	Jul 24	**-6.4**	--	--	1.9	%, sa
7/29/26	2:00 PM	FOMC Rate Decision (Upper Bound)	Jul 29	**3.8**	3.8	--	3.8	%
7/30/26	8:30 AM	Personal Income m/m	Jun	**0.2**	0.3	--	0.7	%, sa
7/30/26	8:30 AM	Personal Spending m/m	Jun	**0.3**	0.4	0.9	0.7	%, sa
7/30/26	8:30 AM	Real Personal Spending m/m	Jun	**0.4**	0.4	0.4	0.3	%, sa
7/30/26	8:30 AM	PCE Inflation m/m	Jun	**-0.1**	-0.1	0.5	0.4	%, sa
7/30/26	8:30 AM	PCE Inflation y/y	Jun	**3.7**	3.7	--	4.1	%, nsa
7/30/26	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Jun	**0.1**	0.2	--	0.3	%, sa
7/30/26	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Jun	**3.3**	3.3	--	3.4	%, nsa
7/30/26	8:30 AM	Initial Jobless Claims	Jul 25	**197**	200	188	187	k, sa
7/30/26	8:30 AM	Continuing Claims	Jul 18	**1,782**	1,795	1,789	1,796	k, sa
7/30/26	8:30 AM	GDP Annualized q/q	2Q A	**1.5**	2.0	--	2.1	%, saar
7/30/26	8:30 AM	Personal Consumption q/q	2Q A	**3.2**	2.3	--	0.5	%, saar
7/30/26	8:30 AM	Core PCE Deflator q/q	2Q A	**3.4**	3.5	--	4.4	%, saar
7/31/26	8:30 AM	Employment Cost Index q/q	2Q	**0.9**	0.8	--	0.9	%, sa
7/31/26	10:00 AM	U. of Mich. Sentiment	Jul F	**55.2**	54.0	--	54.4	index, nsa
7/31/26	10:00 AM	U. of Mich. 1 Yr Inflation	Jul F	**4.2**	4.3	--	4.2	nsa
7/31/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jul F	**3.3**	3.3	--	3.3	nsa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics