HaMMR Digest

Stay current with economic and mortgage market trends.

August 17, 2026

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From a Boil to a Simmer

- **Key Takeaway:** Tame July consumer inflation showed underlying price pressures remain most evident on the producer side.
- **Macro Implications:** Moribund job growth and tame CPI data will keep Fed hawks at bay as markets price out a ’26 rate hike.
- **Housing Implications:** Continued slide in Fed rate hike odds should help cap mortgage rates around 7%, while reduced volatility keeps MBS spreads muted.

Macro: Higher Rates and Decent Growth

- Global long-end bond yields keep rising with inflation unlikely the key driver.
- Consumer credit quality stable through 2Q26 despite the real income pinch.
- Prelim Aug. consumer sentiment fell on top of an uptick in inflation expectations.

Rates: Disinflationary Data, Steeper Curve

- 10y UST +5bps w/w as fiscal and oil concerns outweighed cooler inflation.
- Curve steepening intact as front-end yields fell on reduced odds of Fed hikes.
- Markets push Fed rate hike into 2027 with the terminal rate also priced lower.

Housing Market: Stable Is the Best We Can Do

- Recent ascent in mortgage rates likely to ease as Treasury yields stabilize.
- Pending sales softened further amid affordability and seasonal headwinds.
- Inventory is lagging weaker sales, signaling potential near-term price softness.

Consumer Inflation: Disinflation Hope Springs Eternal

- July CPI stayed tame as energy and food failed to rebound as expected.
- Core prices muted as soft hotel, rental and insurance costs offset airfares.
- Firm underlying producer costs point to upside risks to consumer prices.

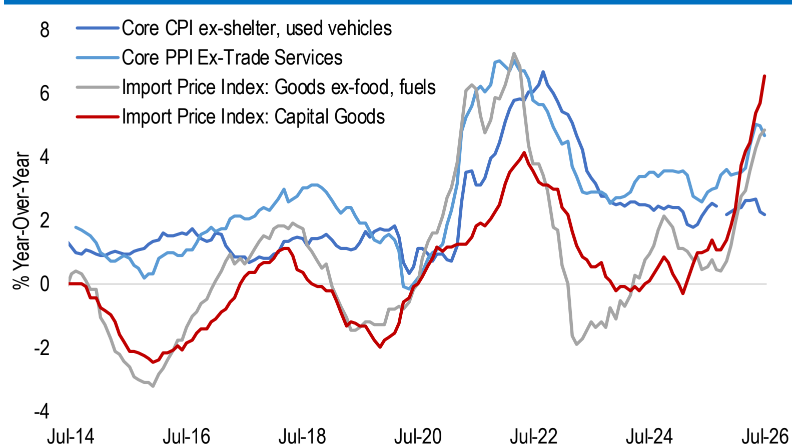
Retail Sales: Look through the Noise

- July’s slump was amplified by Prime Day moving from July to June.
- Weak July auto sales also likely gave back part of June’s robust gain.
- Broader spending remains solid; July overstates consumer weakness.

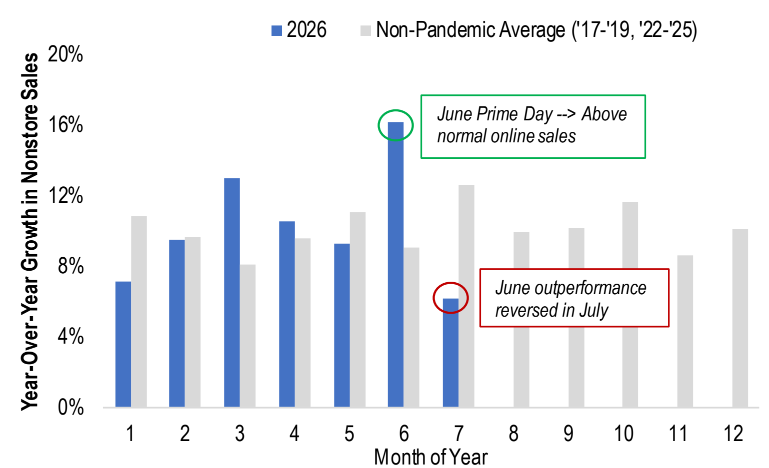
Existing Home Sales: Nothing to See Here

- Sales pace continues to bounce along 3-year average annualized pace (~4m).
- Inventory pulled back again and is down -18% SAAR over prior three months.
- Single-family months’ supply continues to hover around 4.0 months (SA).

Core Consumer Inflation Remained Benign in July as Producer Side of Economy Shoulders Cost-Push Burden



Amazon’s Shift of Prime Day to June Likely Amplified the June–July Swing in Online Retail Sales



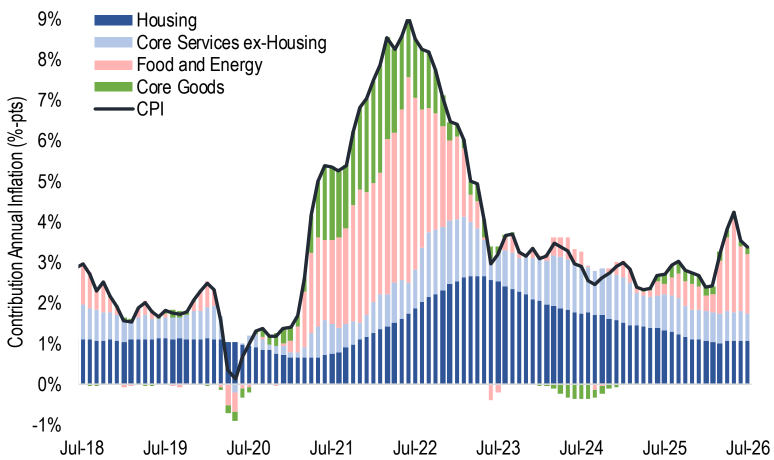
Sources: BLS, Census Bureau, Arch Global Economics

Last Week's Data in Charts

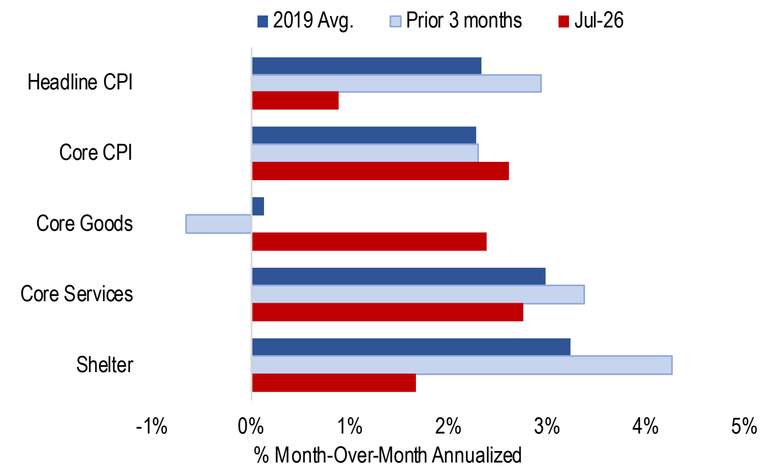
Consumer Price Inflation

HaMMR Digest — August 17, 2026

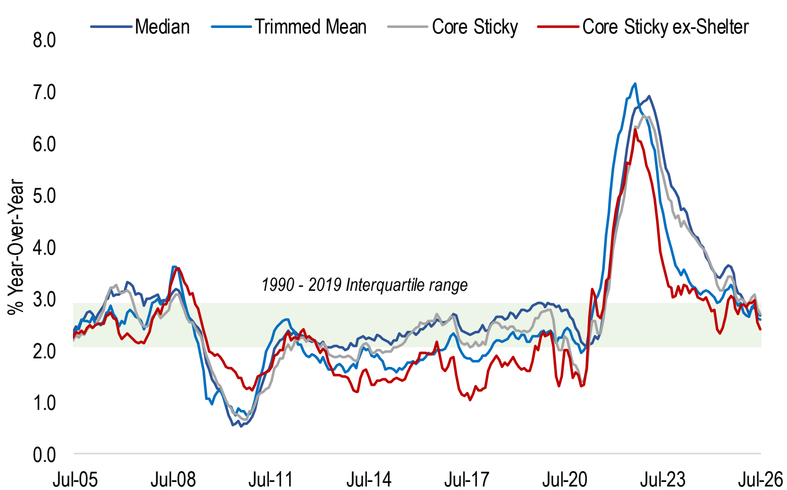
Annual Consumer Inflation Cooled to 3.4% in July, Aided by Another Slide in Energy and Hotel Prices



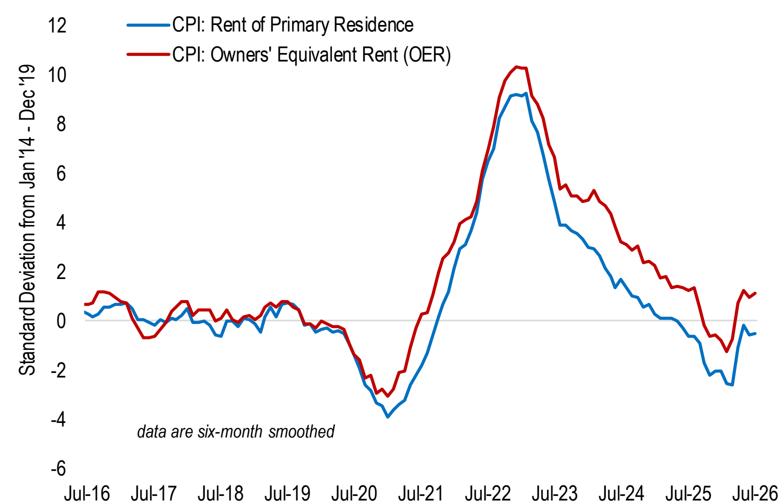
Core Goods Posted a Modest Rebound on the Back of Used Vehicles and Tech-Related Products



Underlying Inflation Measures Easing Comfortably into Historical Range

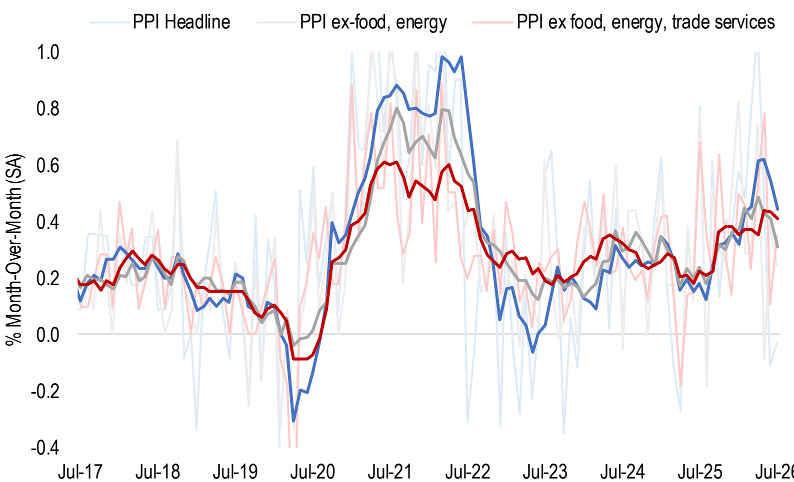


Shelter Inflation (~35% of CPI) Remained Soft, but Further Disinflation Will Prove Elusive

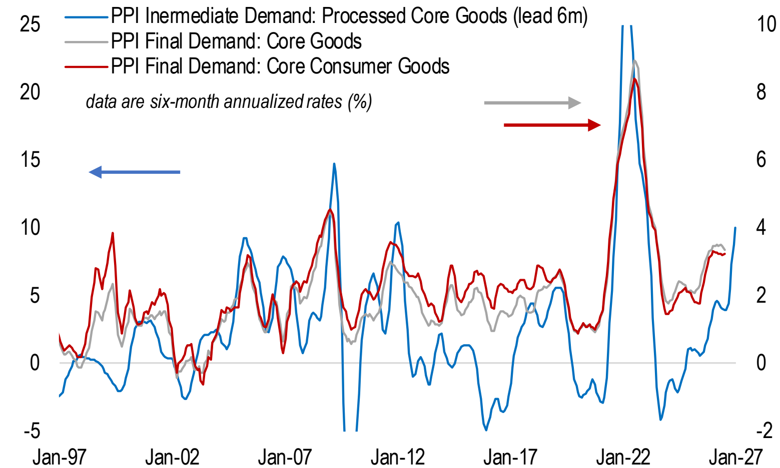


Sources: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, Arch Global Economics

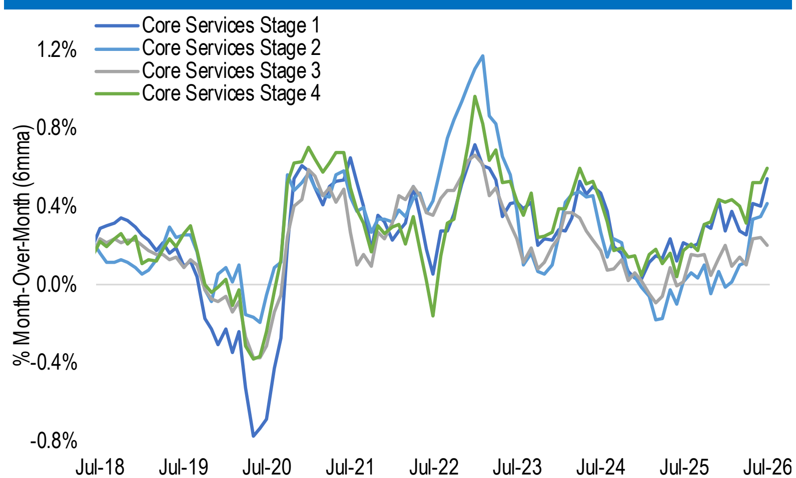
Energy Dragged Headline Producer Price Inflation Lower While Underlying Prices Remained Firm



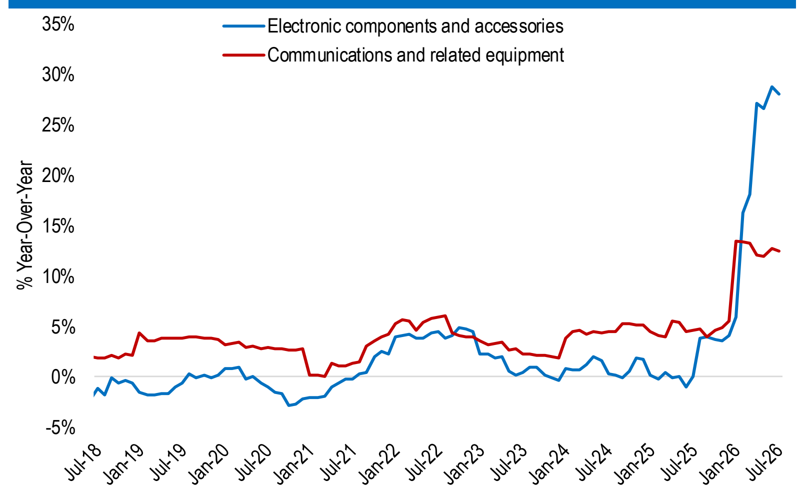
Goods Prices Unlikely to Ease Near Term as Firms Face Higher Energy Costs and Tighter Supply Chains



Core PPI Services Inflation Elevated (and Rising) across Intermediate-Demand Stages

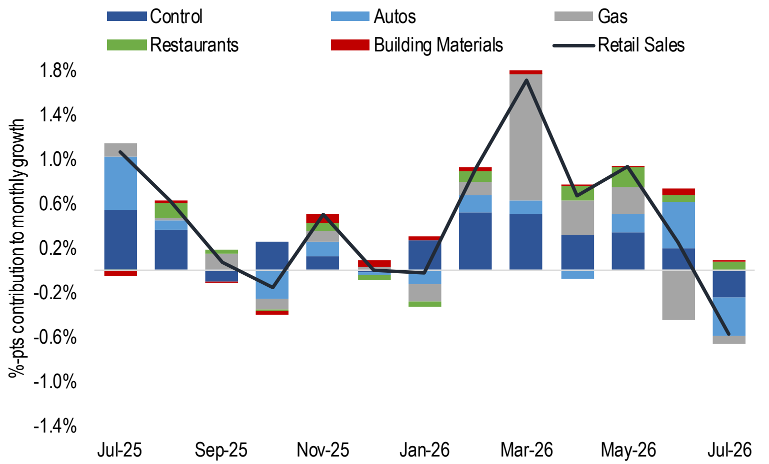


AI-Capex-Linked Equipment Prices Have Eased Slightly but Remain Elevated

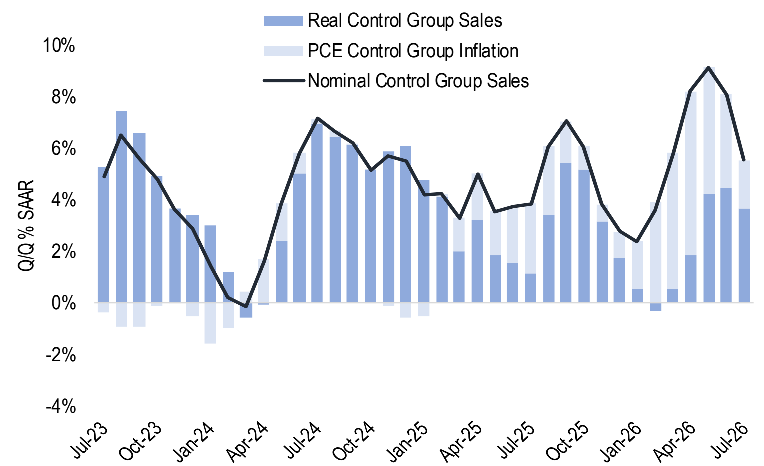


Sources: Bureau of Labor Statistics, Arch Global Economics

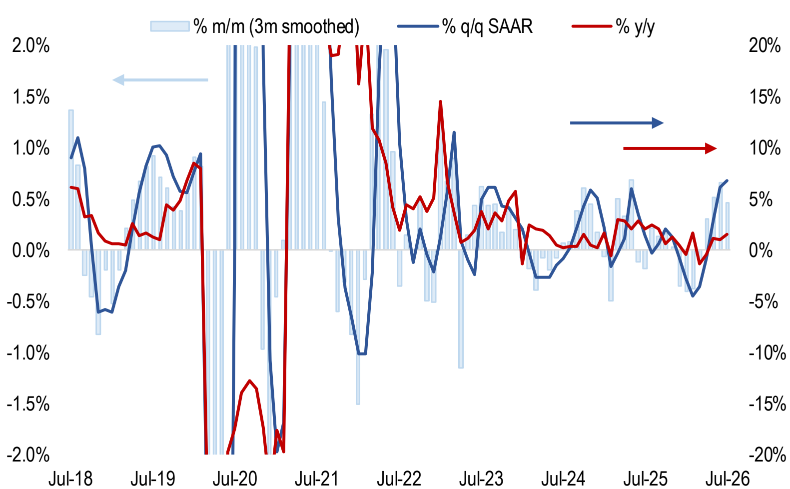
July Retail Sales Reversed June's Strong Auto and Nonstore Gains



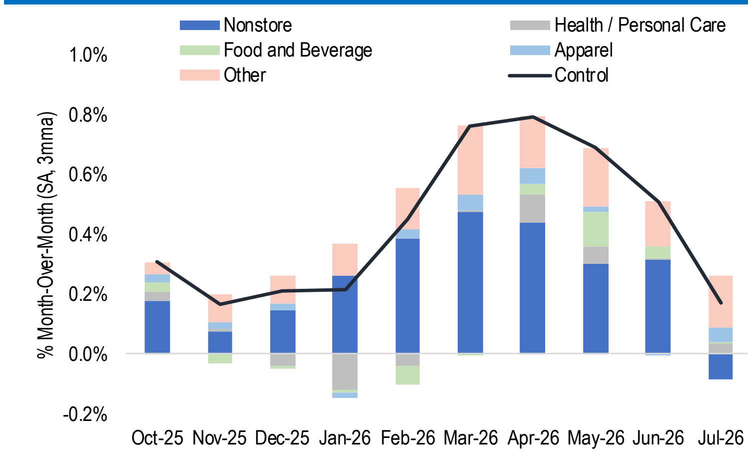
Real (Inflation-Adjusted) Control Group Sales Slowed, but Underlying Trend Remains Solid



Restaurant Sales Have Regained Ground after Starting the Year on the Back Foot



Within Control Group Spending, Decent Gains Were Made in Apparel, General Merchandise and Health



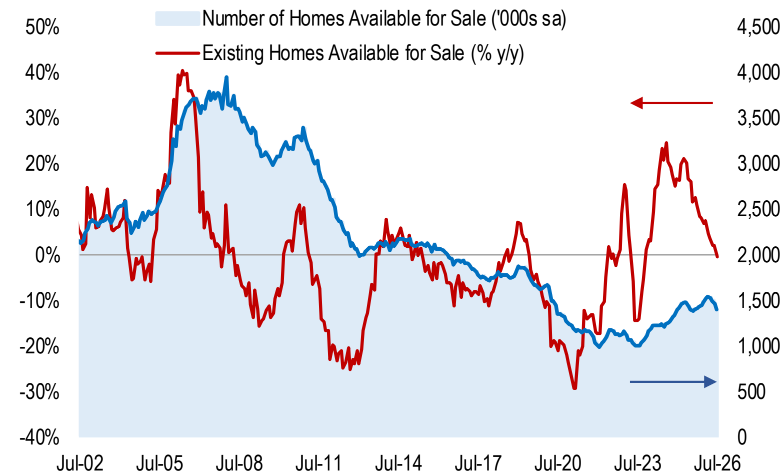
"Control Group" = Retail sales excluding autos, gas, building materials and restaurants.

Note: SA = Seasonally Adjusted

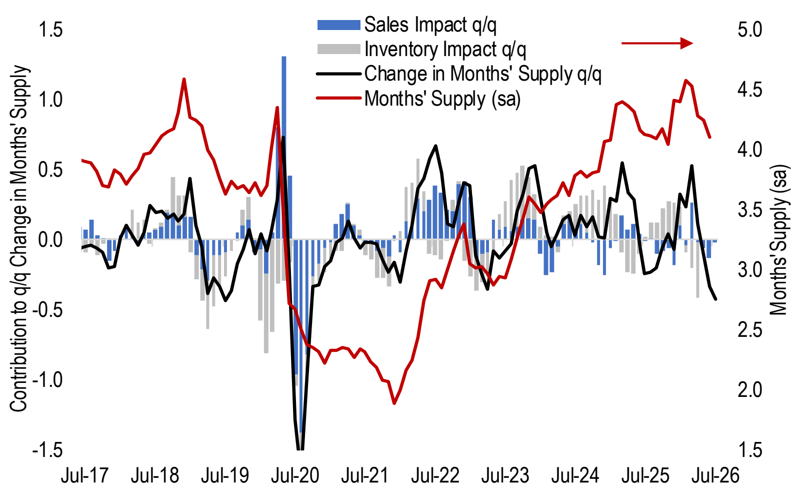
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

Home Sales Remain Stuck near Multi-Year Lows after a -1.7% Decline in July

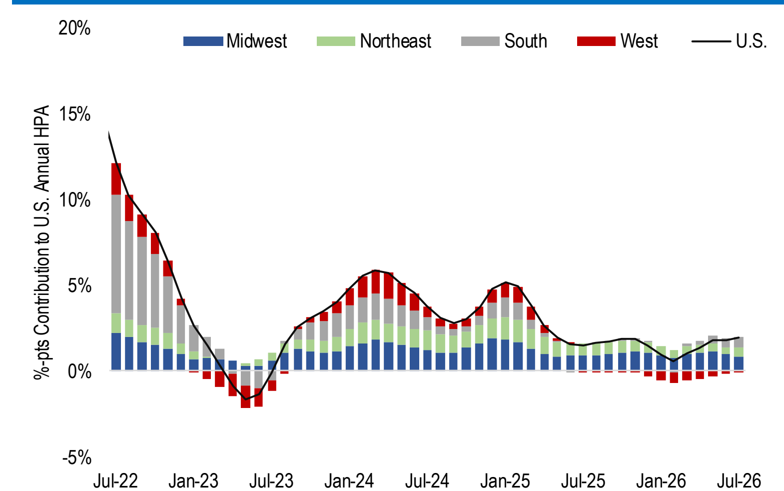
Annual Inventory Growth Has Slowed Significantly, with Levels Now -19% below 2019



Months' Supply Continued to Trend Lower as Weak Sales Are Met by Even Weaker Inventory Growth

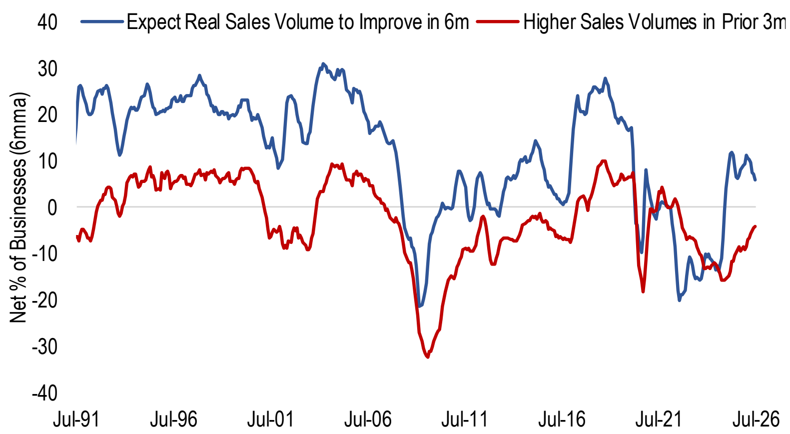


Tight Inventory Is Supporting Modest Price Growth despite Weak Turnover

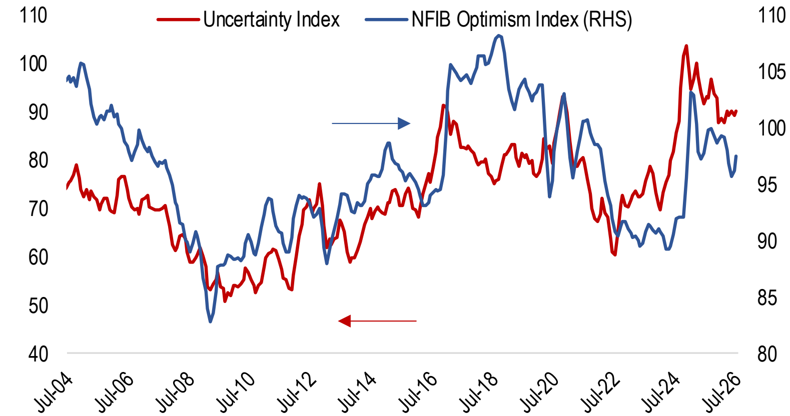


Sources: National Association of REALTORS® (NAR), Arch Global Economics

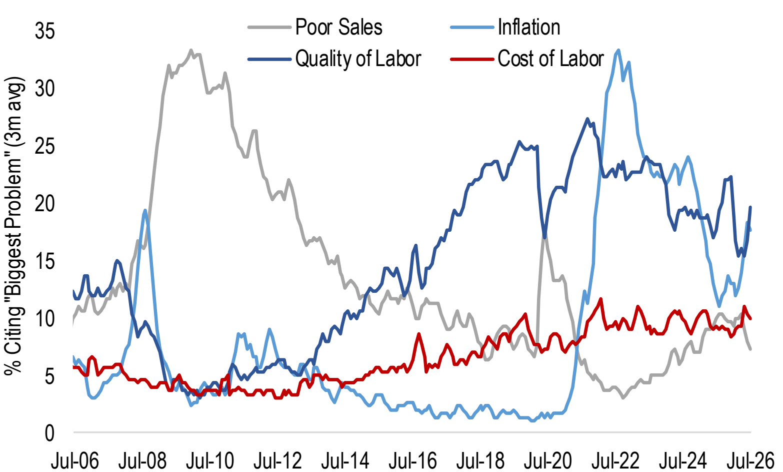
Small Business Sentiment Pivoted Higher with Recent Revenue Improving amid a Cautious Outlook



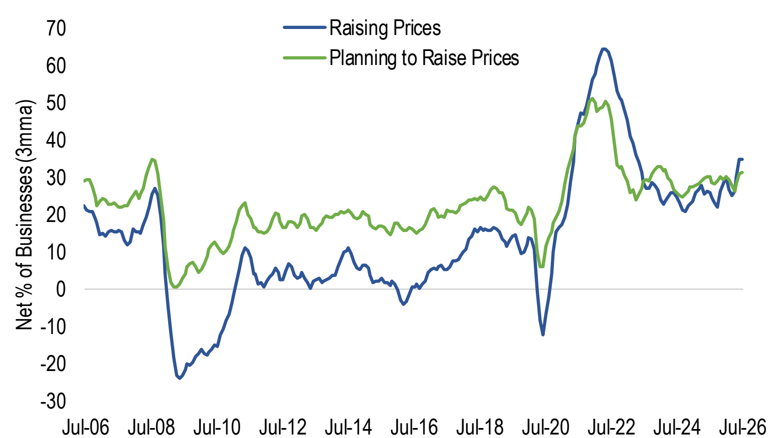
Uncertainty Top of Mind, but It Stemmed Its Recent Rise; Duration of Trend Remains a Question



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

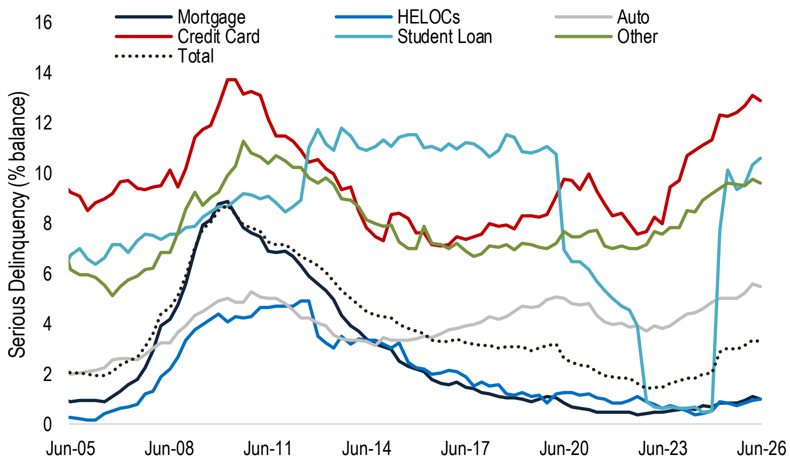


More Firms Are Raising Prices and Increasingly Have Intentions to Continue Doing So in the Months Ahead

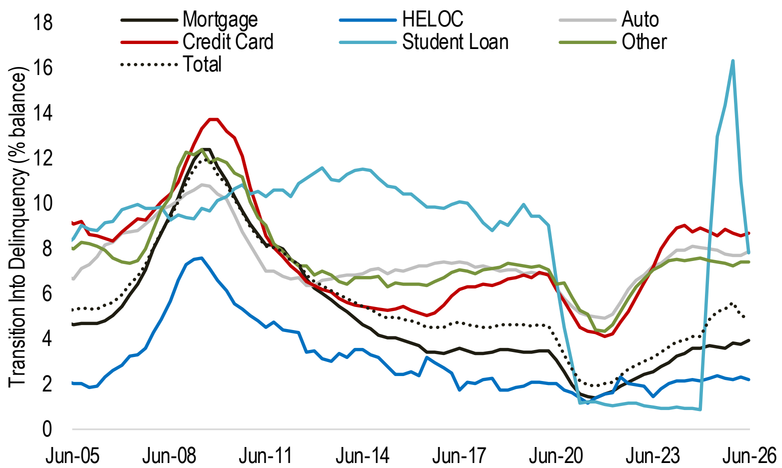


Sources: NFIB, Arch Global Economics

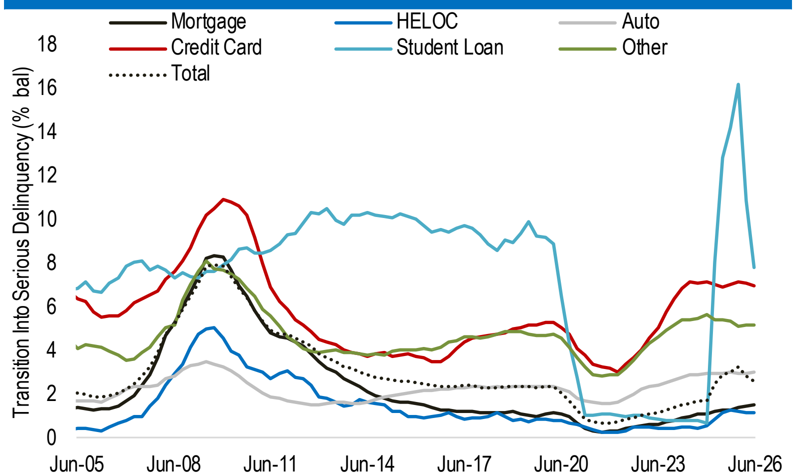
Total Balances in Serious Delinquency (90+ days) Have Eased across the Board



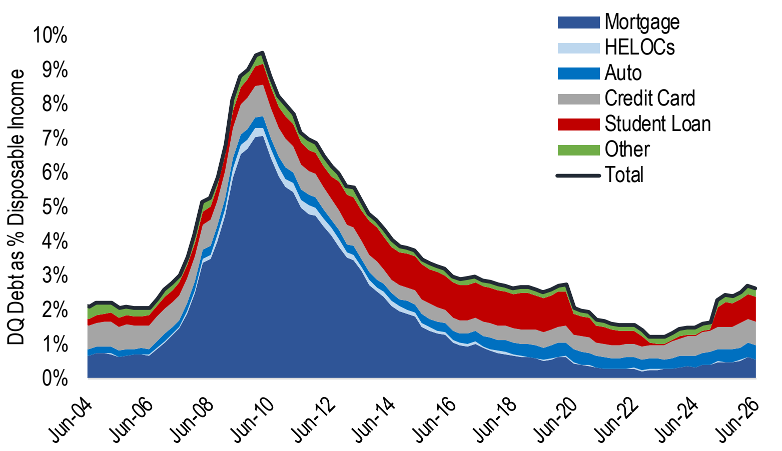
30-Day Delinquency Transition Rate Trends Have Been Generally Stable or Lower over Prior Quarter



Student Loans No Longer an Outlier for Serious DQ (90+ days) Transition Rates; Credit Card Most Above Norm

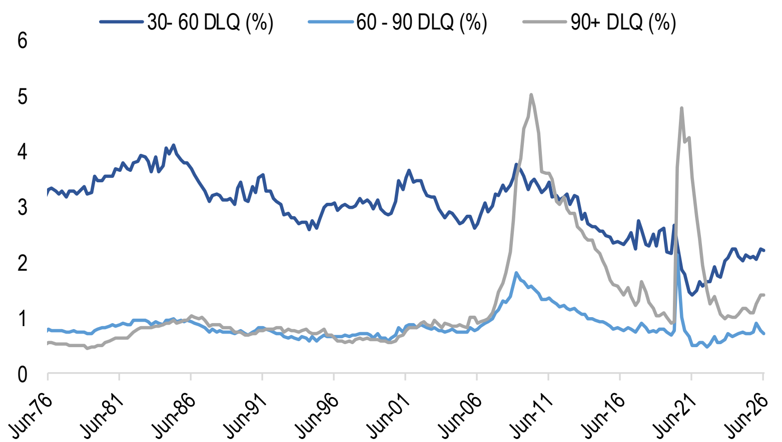


Total Delinquent Consumer and Mortgage Debt Remains Modest Relative to Income

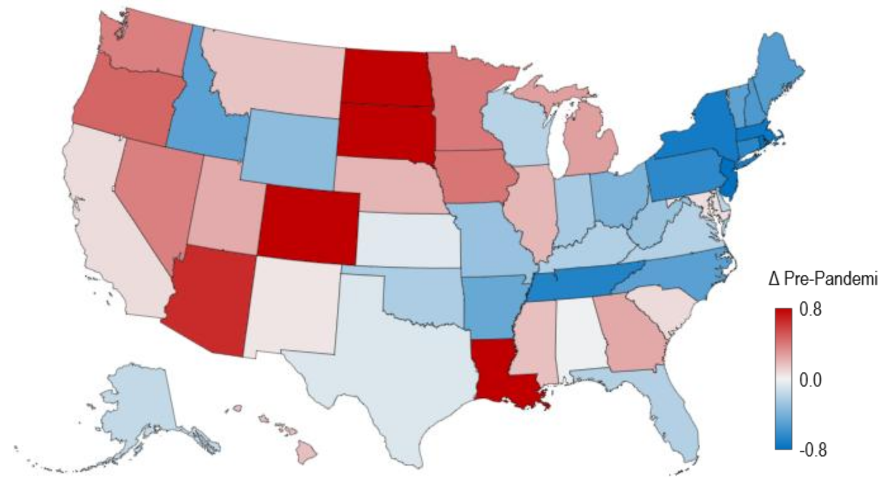


Sources: Federal Reserve Board, BEA, MBA, Arch Global Economics

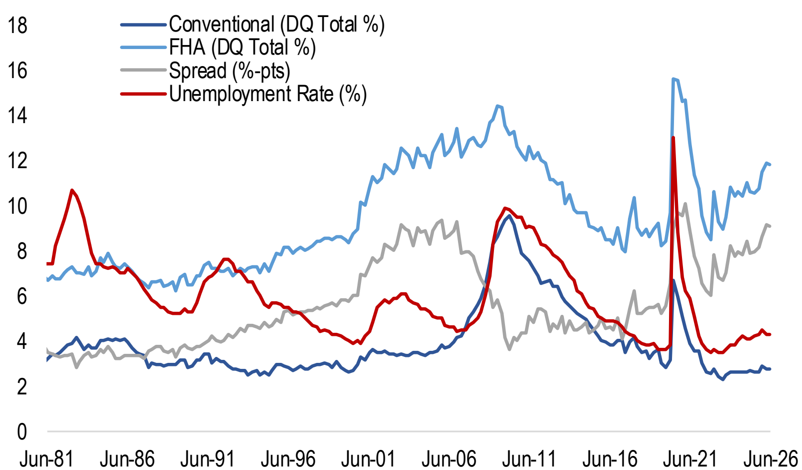
The Recent Uptick in Mortgage Delinquencies Eased in 2Q26 across All DQ Durations



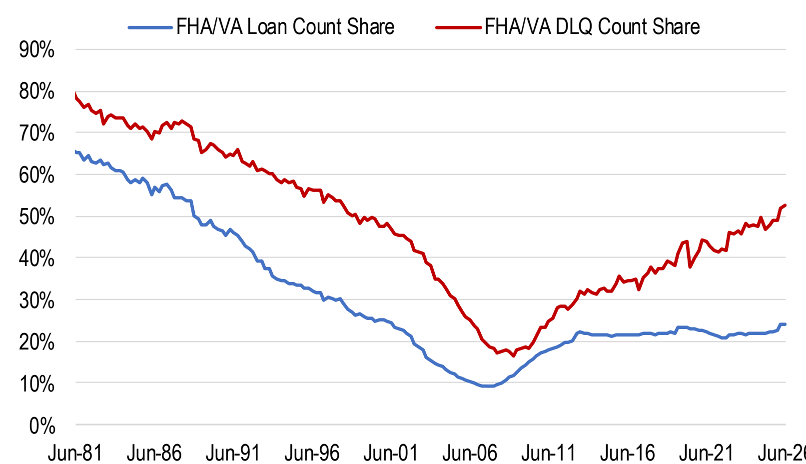
Total Delinquency Rates Relative to the '17–'19 Average Are Up the Most Out West



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



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

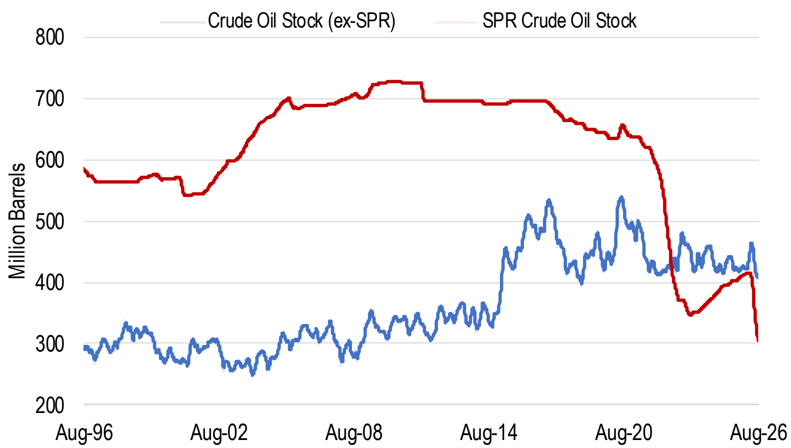


Sources: Federal Reserve Board, BLS, MBA, Arch Global Economics

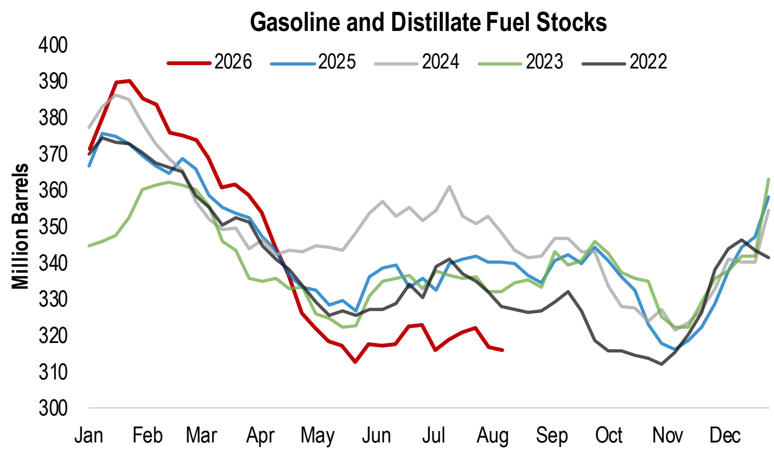
Last Week's Data in Charts

Energy Product Dynamics

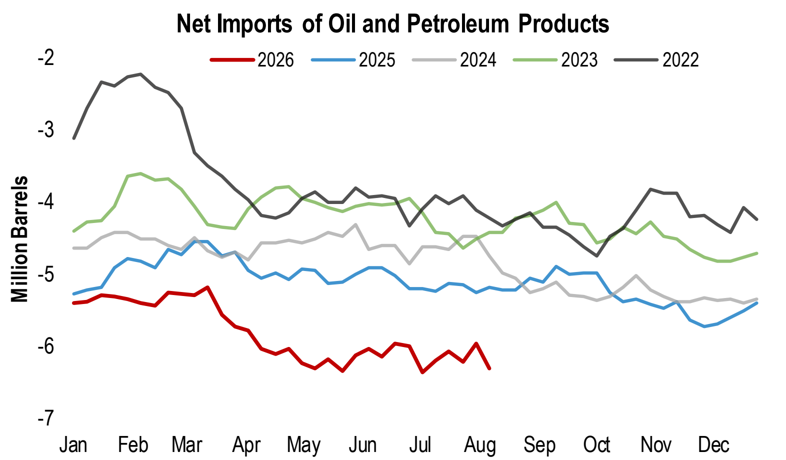
Energy Inventories Rose in the Week Ending Aug. 7 despite a ~6m Barrel SPR Release



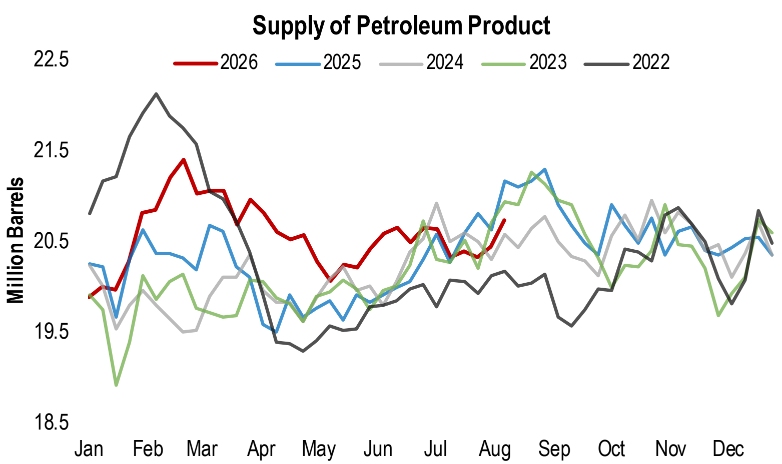
Gasoline and Distillate Fuel Stocks Remain at Seasonally Depressed Levels and down ~19% from Recent Peaks



Oil Product Net Imports Declined alongside Crude Exports; Diesel Exports Hit a Weekly Record of 1.9mbd



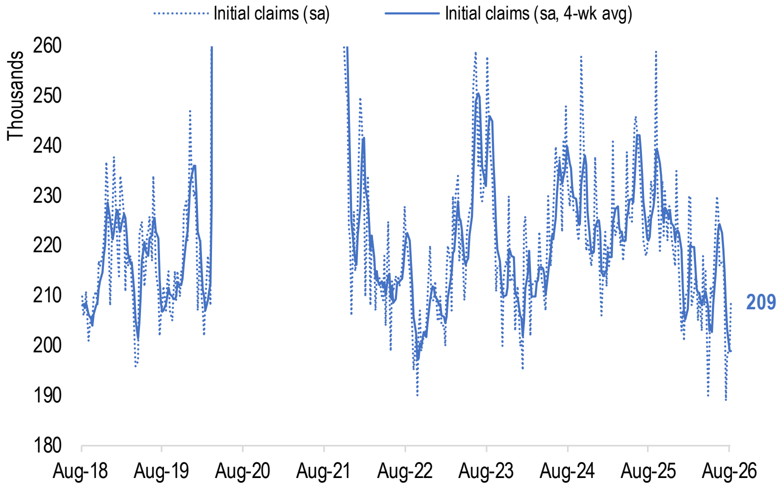
Supply of Petroleum Products, a Proxy for End Demand, Picked Up Due to Distillates



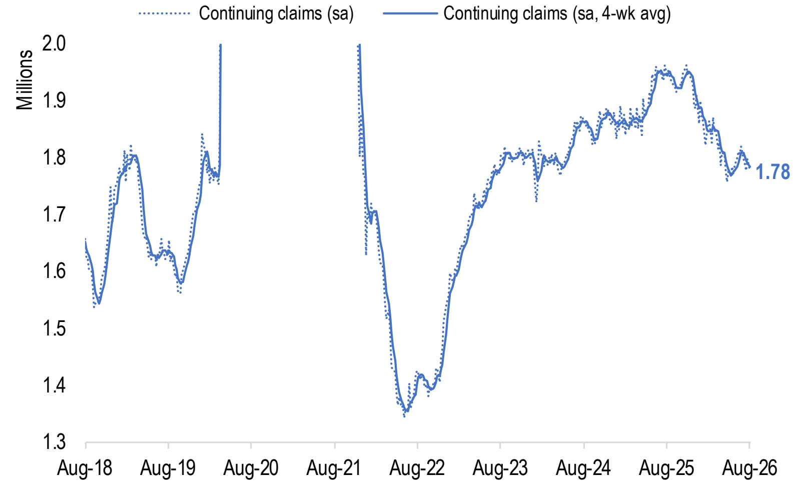
Sources: Energy Information Administration, Arch Global Economics

SPR = Strategic Petroleum Reserve

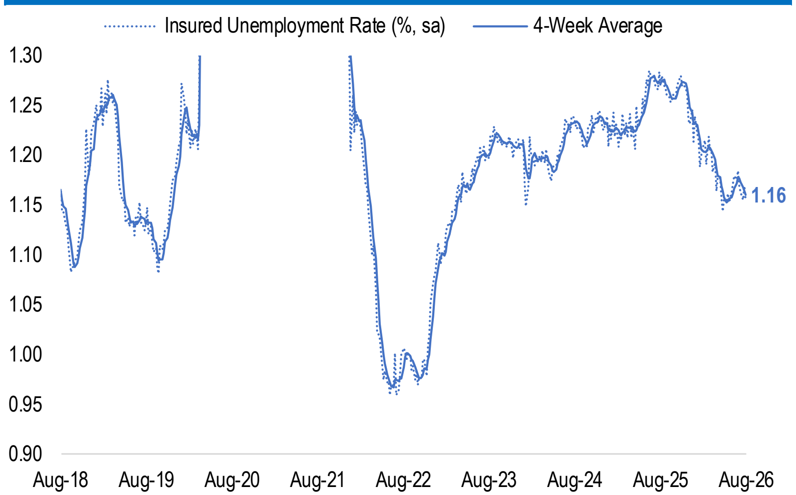
Initial Claims Inched Up to 209k (SA) in Week Ending Aug. 8, Three Weeks after Lowest Since 1969



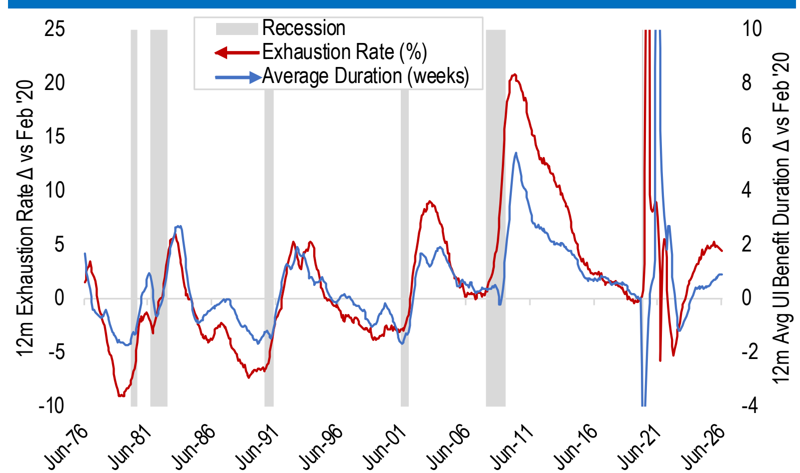
Continuing Claims Ticked Down to 1,777k (SA) in Week Ending Aug. 1, Keeping Trend Modestly Lower



Insured Unemployment Rate Moved Down to 1.16% in Week Ending Aug. 1, Just Above Multi-Year Low



Share of Unemployed Workers Exhausting Benefits Continued to Ease through June

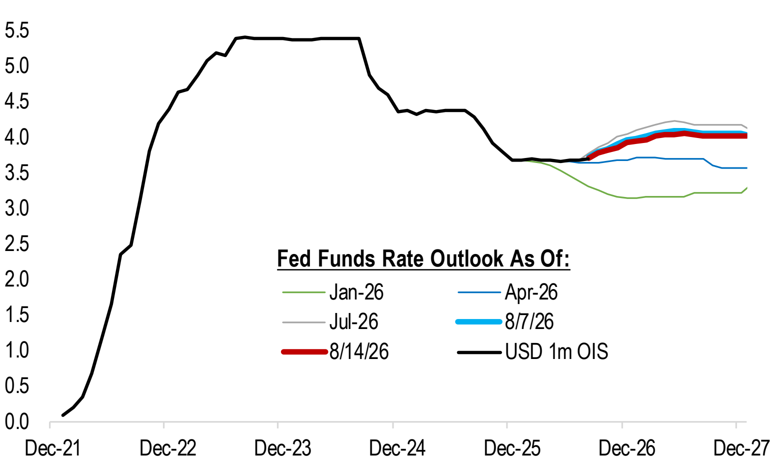


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

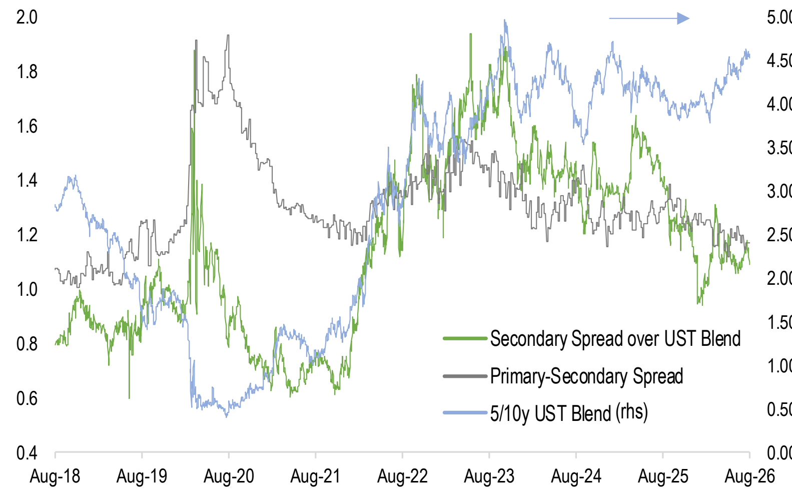
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

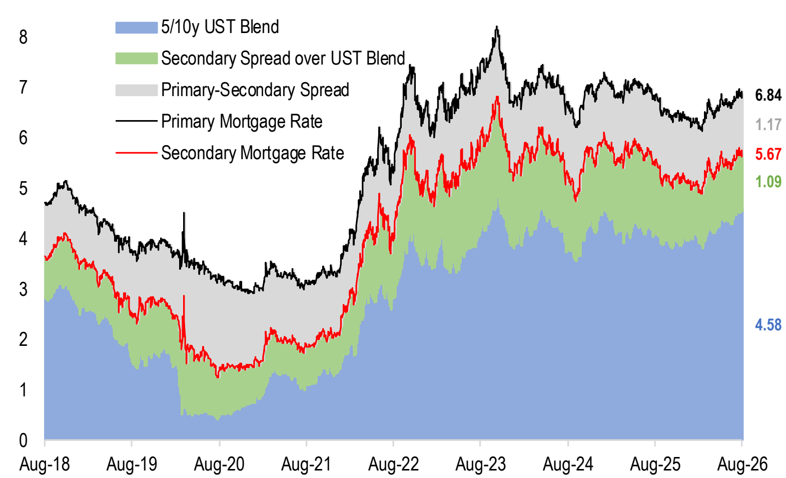
Market Rate Hike Odds Keep Easing after Hawkishness Peaked Week before July FOMC Meeting



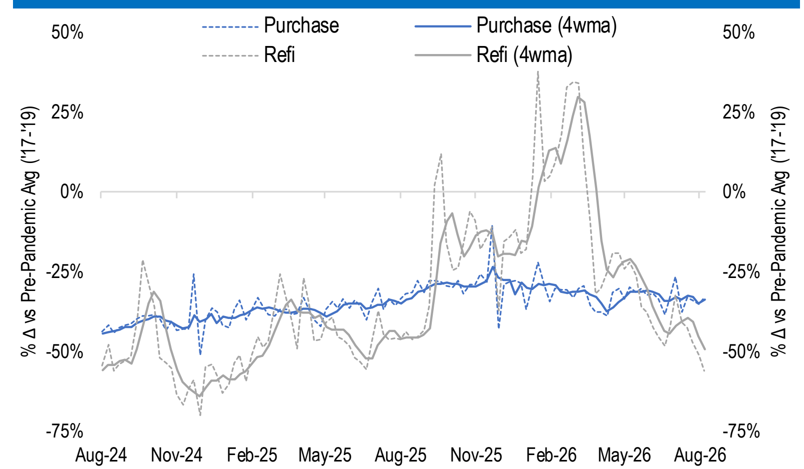
Mortgage Spreads Narrowed -4bps on the Week as 5/10y U.S. Treasury Yields Rose 4bps …



… Leaving Mortgage Rates Roughly Unchanged Last Week



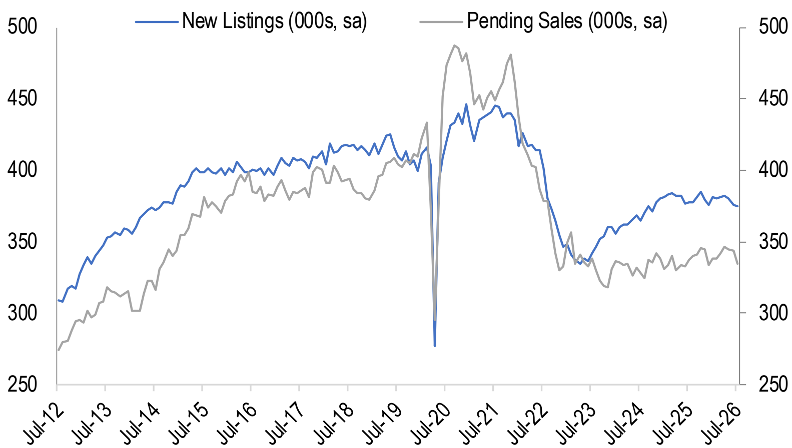
Mortgage Purchase Apps Remain Roughly Unchanged on the Year, but Refi Apps Keep Moving Lower



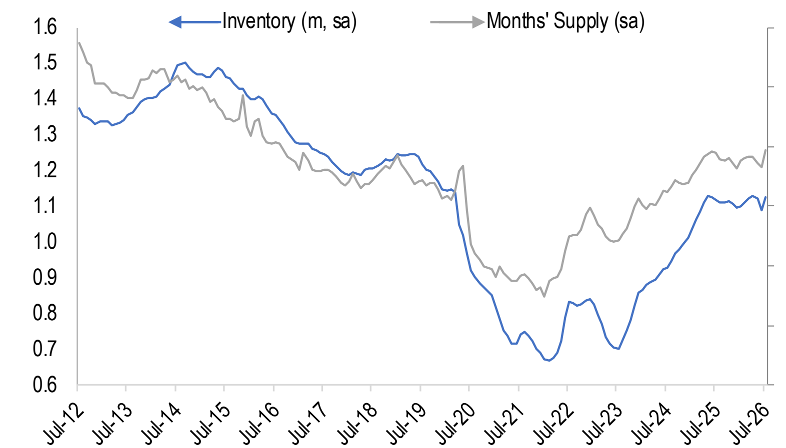
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

Secondary Spread: Current Coupon Option-Adjusted Spread over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate - Secondary Mortgage Rate

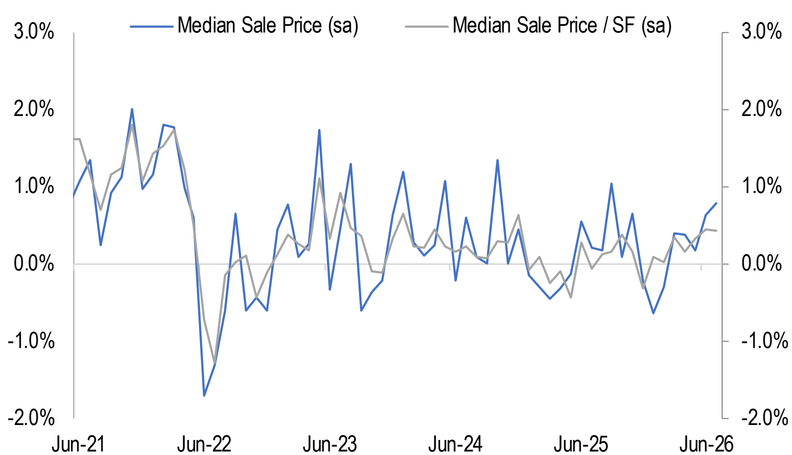
Pending Sales Have Moved Sideways Since Mortgage Rates Spiked, but New Listings Have Slowed …



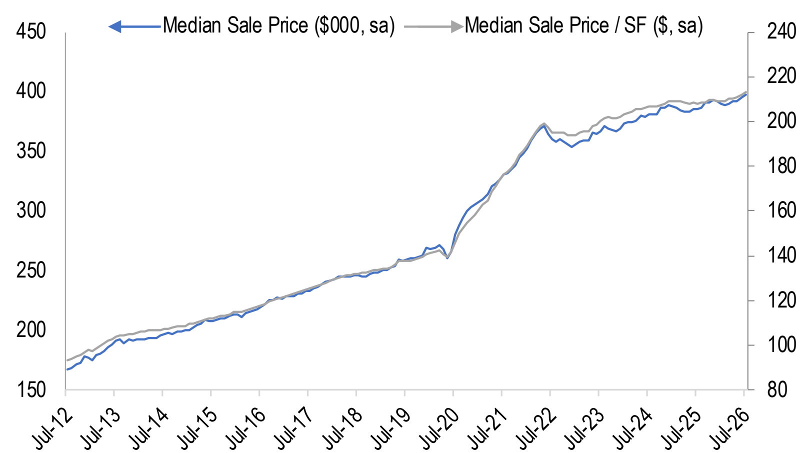
… Which Has Kept Inventory and Months' Supply in Check



Pace of Seasonally Adjusted Home Price Growth Has Rebounded after Falling in 1Q26



Home Prices Back on a Gradual Upturn after 1Q26 Softness



Sources: Redfin, Arch Global Economics

SA = Seasonally Adjusted
SF = Square Foot

Monthly data as of Aug. 12, 2026

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
National	**1.8%**	**1.1%**	**1.7%**	**1.3%**	**20.8%**	**-0.2%**	**99.0%**	**0.2%**	**-4.5**	**-4.8**	**0%**	**11%**	**14%**
Atlanta	-0.1%	1.5%	0.2%	-1.1%	22.7%	-1.4%	98.2%	0.1%	24.0	23.8	4%	43%	50%
Austin	-3.3%	1.6%	-1.8%	3.2%	27.4%	-1.6%	97.4%	0.3%	43.0	44.8	-3%	131%	167%
Baltimore	-0.6%	-1.7%	-1.6%	-1.4%	20.9%	0.6%	100.4%	0.0%	-0.8	-5.0	11%	-4%	-13%
Boston	-0.1%	-0.1%	1.4%	0.6%	17.6%	0.6%	101.5%	0.0%	6.8	5.8	14%	-1%	-6%
Chicago	4.7%	0.4%	4.4%	-0.3%	11.4%	-1.3%	100.9%	0.7%	-10.8	-10.0	0%	-34%	-33%
Dallas	-2.0%	1.7%	-0.4%	1.3%	27.6%	-0.6%	97.6%	0.1%	15.0	14.3	-6%	53%	56%
Denver	-2.3%	-0.8%	-1.7%	-0.6%	29.5%	-1.6%	98.9%	0.1%	12.8	15.8	-5%	93%	100%
Houston	-2.0%	1.1%	-1.6%	-0.3%	25.6%	-0.9%	97.2%	0.4%	20.0	16.0	-3%	36%	44%
Los Angeles	-0.8%	0.1%	0.2%	0.9%	15.7%	-0.7%	99.9%	0.3%	1.3	4.3	-3%	28%	39%
Miami	1.9%	0.6%	4.1%	6.0%	13.3%	-1.1%	95.5%	0.3%	23.0	24.5	-16%	10%	42%
Minneapolis	2.1%	2.1%	1.1%	-0.6%	22.9%	1.4%	100.2%	-0.1%	2.8	2.5	9%	14%	17%
Nashville	0.3%	0.6%	1.7%	0.5%	20.2%	-0.4%	98.2%	0.1%	11.8	5.3	6%	54%	41%
New York	7.0%	3.0%	2.7%	-2.1%	13.8%	0.7%	101.0%	0.2%	-42.3	-39.8	-1%	-33%	-29%
Phoenix	-0.6%	1.0%	0.7%	1.9%	21.7%	0.2%	97.9%	0.0%	22.8	24.8	-5%	93%	113%
Portland	-0.6%	1.3%	-0.8%	0.2%	27.3%	0.5%	99.6%	0.2%	5.3	6.0	-2%	38%	48%
Riverside	-1.0%	0.3%	-0.4%	0.5%	17.8%	-0.6%	99.1%	0.3%	-2.8	3.5	-10%	19%	37%
San Diego	-0.9%	-0.6%	-0.6%	0.1%	20.6%	-1.8%	99.4%	0.6%	3.8	9.5	-6%	15%	40%
Seattle	-3.7%	-0.4%	-1.4%	1.9%	24.8%	2.2%	99.2%	-0.1%	5.0	2.5	15%	82%	38%
Tampa	2.3%	0.7%	-0.5%	1.3%	25.3%	-2.0%	97.2%	0.3%	15.3	14.3	-6%	86%	88%
Washington DC	-1.1%	-0.7%	0.1%	-0.6%	18.0%	-0.1%	99.8%	0.2%	13.8	11.0	8%	42%	31%

Data as of Aug. 9, 2026, and reflect 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
8/17/26	8:30 AM	Empire Manufacturing	Aug	20.6	10.0	--	15.6	index, sa
8/17/26	10:00 AM	NAHB Housing Market Index	Aug	--	33	--	34	index, sa
8/18/26	8:30 AM	Import Price Index m/m	Jul	--	0.1	--	0.3	%, nsa
8/18/26	8:30 AM	Import Price Index y/y	Jul	--	6.7	--	7.1	%, nsa
8/18/26	8:30 AM	Housing Starts	Jul	--	1,345	--	1,427	k, saar
8/18/26	8:30 AM	Housing Starts m/m	Jul	--	-6.0	--	19.0	%, sa
8/18/26	8:30 AM	Building Permits	Jul P	--	1,374	--	1,374	k, saar
8/18/26	8:30 AM	Building Permits m/m	Jul P	--	0.1	--	-2.6	%, sa
8/18/26	9:15 AM	Industrial Production m/m	Jul	--	0.3	--	0.1	%, sa
8/18/26	9:15 AM	Capacity Utilization	Jul	--	76.3	--	76.1	sa
8/18/26	10:00 AM	Pending Home Sales m/m	Jul	--	0.0	--	-5.4	%, sa
8/19/26	7:00 AM	MBA Mortgage Applications w/w	Aug 14	--	--	--	3.6	%, sa
8/19/26	2:00 PM	FOMC Meeting Minutes	Jul 29	--	--	--	--	
8/20/26	8:30 AM	Philadelphia Fed Business Outlook	Aug	--	25.0	--	41.4	index, sa
8/20/26	8:30 AM	Initial Jobless Claims	Aug 15	--	211	--	209	k, sa
8/20/26	8:30 AM	Continuing Claims	Aug 8	--	1,792	--	1,777	k, sa
8/20/26	10:00 AM	Conference Board Leading Index m/m	Jul	--	0.1	--	-0.2	%, sa
8/21/26	9:45 AM	S&P Global US Manufacturing PMI	Aug P	--	53.9	--	53.9	index, sa
8/21/26	9:45 AM	S&P Global US Services PMI	Aug P	--	53.9	--	54.6	index, sa
8/21/26	9:45 AM	S&P Global US Composite PMI	Aug P	--	53.7	--	54.5	index, 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
8/11/26	6:00 AM	NFIB Small Business Optimism	Jul	**99.8**	97.5	--	97.4	index, sa
8/11/26	10:00 AM	Existing Home Sales	Jul	**4.1**	4.1	4.1	4.1	m, saar
8/11/26	10:00 AM	Existing Home Sales m/m	Jul	**-1.7**	-1.0	-1.4	-2.4	%, sa
8/12/26	7:00 AM	MBA Mortgage Applications w/w	Aug 7	**3.6**	--	--	-2.9	%, sa
8/12/26	8:30 AM	CPI m/m	Jul	**0.1**	0.1	--	-0.4	%, sa
8/12/26	8:30 AM	CPI Core (ex Food and Energy) m/m	Jul	**0.2**	0.2	--	0.0	%, sa
8/12/26	8:30 AM	CPI y/y	Jul	**3.4**	3.4	--	3.5	%, nsa
8/12/26	8:30 AM	CPI Core (ex Food and Energy) y/y	Jul	**2.5**	2.5	--	2.6	%, nsa
8/13/26	8:30 AM	Initial Jobless Claims	Aug 8	**209**	202	200	199	k, sa
8/13/26	8:30 AM	Continuing Claims	Aug 1	**1,777**	1,794	1,799	1,801	k, sa
8/13/26	8:30 AM	PPI Final Demand m/m	Jul	**0.0**	0.2	-0.1	-0.3	%, sa
8/13/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Jul	**0.2**	0.3	0.4	0.2	%, sa
8/13/26	8:30 AM	PPI Final Demand y/y	Jul	**4.7**	4.9	--	5.5	%, nsa
8/13/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Jul	**4.2**	4.1	--	4.7	%, nsa
8/14/26	8:30 AM	Advance Retail Sales m/m	Jul	**-0.6**	0.1	--	0.2	%, sa
8/14/26	8:30 AM	Retail Sales Control Group m/m	Jul	**-0.4**	0.3	0.4	0.5	%, sa
8/14/26	10:00 AM	U. of Mich. Sentiment	Aug P	**51.0**	55.0	--	55.2	index, nsa
8/14/26	10:00 AM	U. of Mich. 1 Yr Inflation	Aug P	**4.3**	4.2	--	4.2	nsa
8/14/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Aug P	**3.3**	3.3	--	3.3	nsa
8/14/26	10:00 AM	Business Inventories m/m	Jun	**0.0**	0.1	0.4	0.3	%, sa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics