HaMMR Digest

Stay current with economic and mortgage market trends.

February 23, 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**

Let Them Eat (AI) Cake

- **Key Takeaway:** Despite policy shocks, 2025 real GDP showed stable underlying growth, though concentrated across spending, investment and hiring.
- **Macro Implications:** Growth is expected to broaden but renewed tariff uncertainty, possible Middle East conflict and a repricing of Fed policy present risks.
- **Housing Implications:** Favorable bank capital proposals regarding mortgages did nothing to move spreads given noise around tariffs, inflation and Fed policy.

Macro: Same but Different?

- Trade powers that generated 70%+ of tariff revenues deemed illegal by SCOTUS.
- A new 15% across-the-board tariff leaves the overall rate roughly unchanged.
- Tariff refunds head to lower courts, with little impact on private sector behavior.

Rates: Hawks Show Their Talons

- The 10y UST rose modestly despite stronger inflation and tariff announcements.
- Yield curve bear flattened as Fed meeting minutes showed rate hike discussion.
- Markets now price less than 75bps of Fed cuts, with risks skewed toward fewer.

Housing: Retreat!

- Mortgage rates seemingly found a near-term equilibrium in the low-6% range.
- Sales momentum is scant as pending sales drift lower and days on market rises.
- Sellers are taking notice of soft demand with new listings growth pulling back.

New Home Sales: Don’t Get Carried Away Just Yet

- New home sales soared 20% annualized in Q4 and are up 4% y/y.
- Inventory growth has cooled with not-started units for sale elevated.
- After rising in 1H25, months’ supply has eased to a 29-month low.

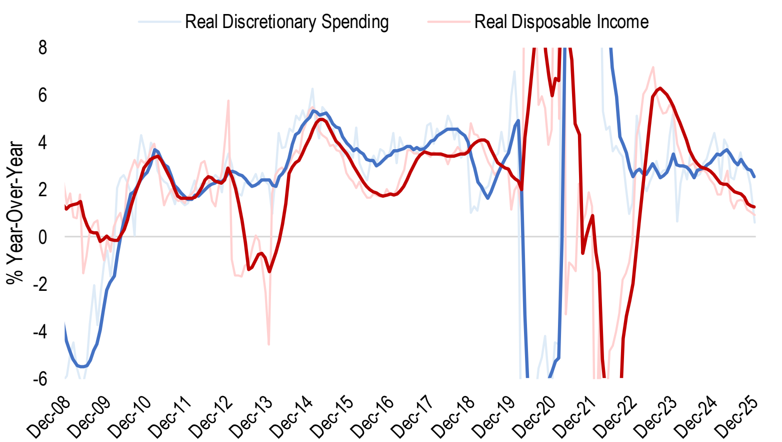
Home Construction: Similar Outlook, despite Weather-Boosted Q4

- Single-family starts rose 27% annualized 4Q25, overstating sector health.
- Permits were weaker with annual growth remaining negative since ‘24.
- Builder sentiment continued to trend lower alongside weak buyer traffic.

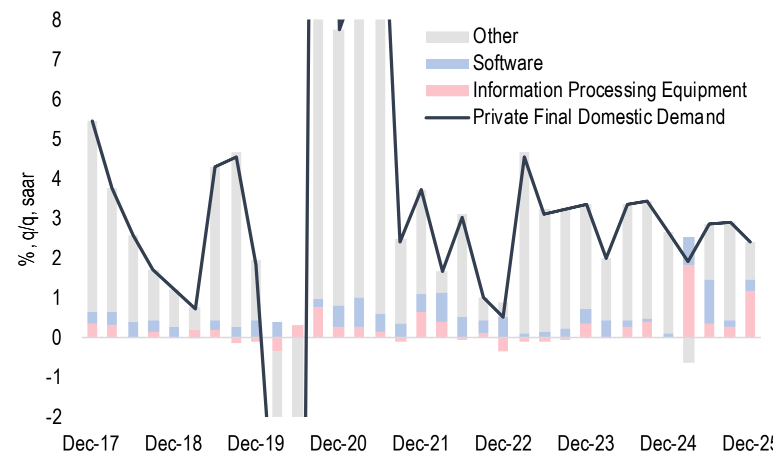
Personal Spending: Calling It Quits?

- Real disposable income growth has been flat over prior five months.
- Labor income has rebounded but growth is modest at 0.8% y/y in real terms.
- Cooling real discretionary spending cut total growth to 1.7% y/y in 2025.

Real Discretionary Spending Has Downshifted In Part Due to Weaker Real Income Growth

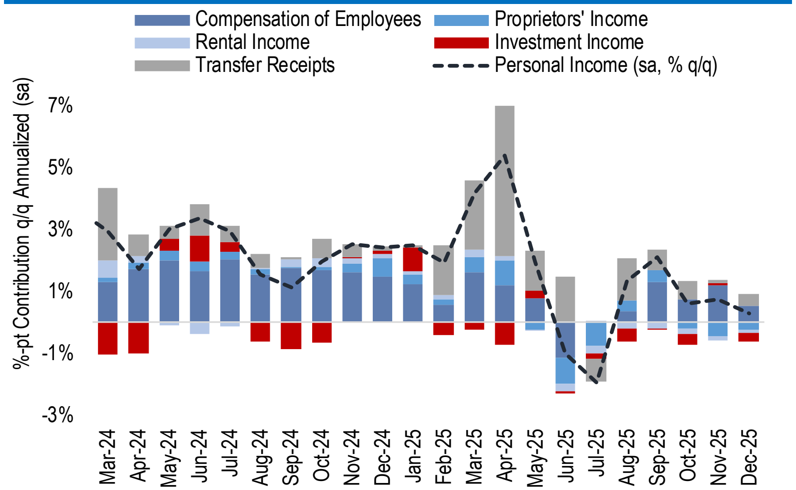


Trend in Private Real Economic Activity Has Been Remarkably Stable, Albeit Concentrated

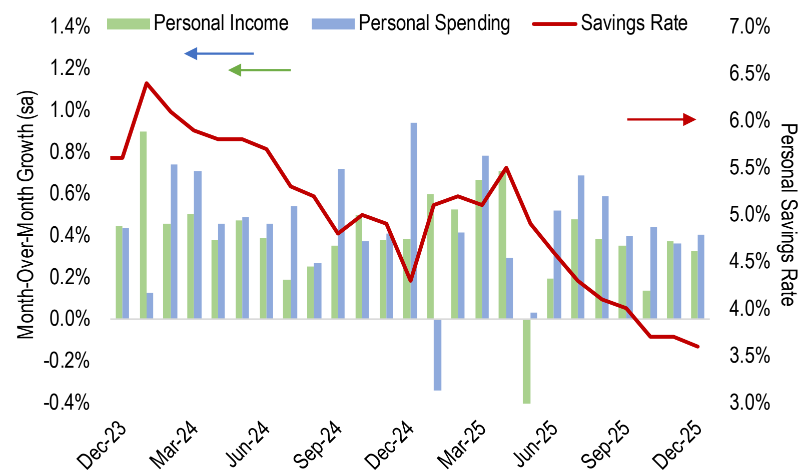


Sources: Bureau of Economic Analysis, Arch Global Economics

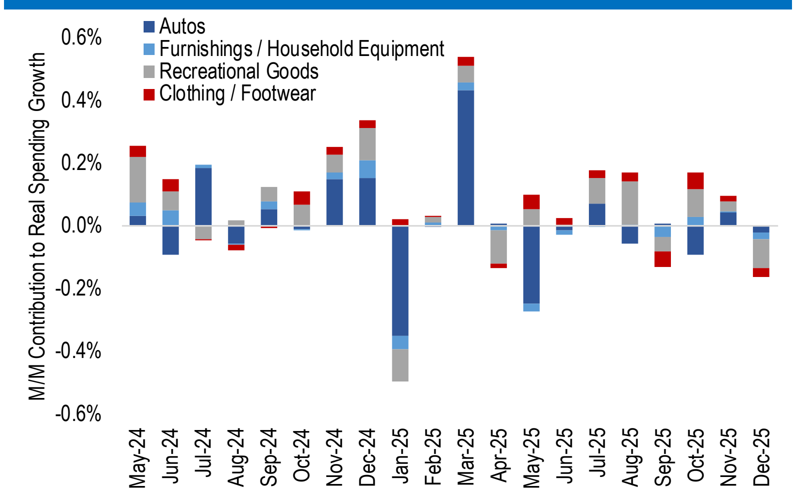
Labor Income Rebound from Summer Weakness Was Short-Lived



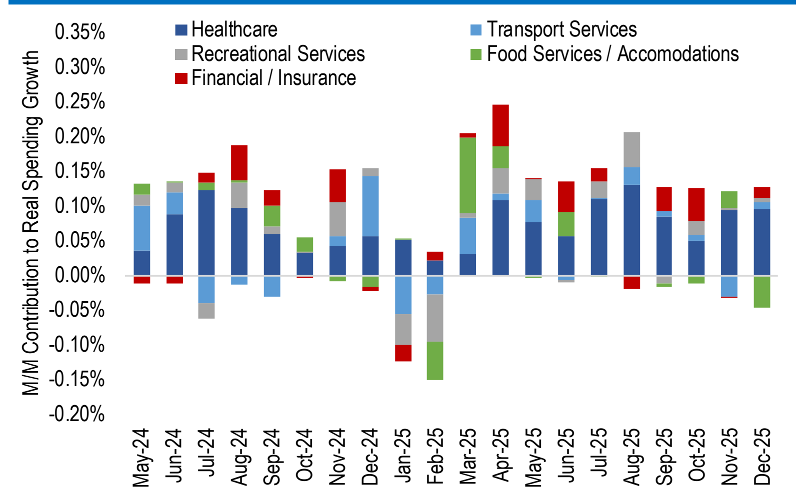
Drawdown in Savings Rate Has Seemingly Found a Floor near 3.5%



Real Autos Spending Weakened Substantially in 2025, down -9% Annualized in 4Q

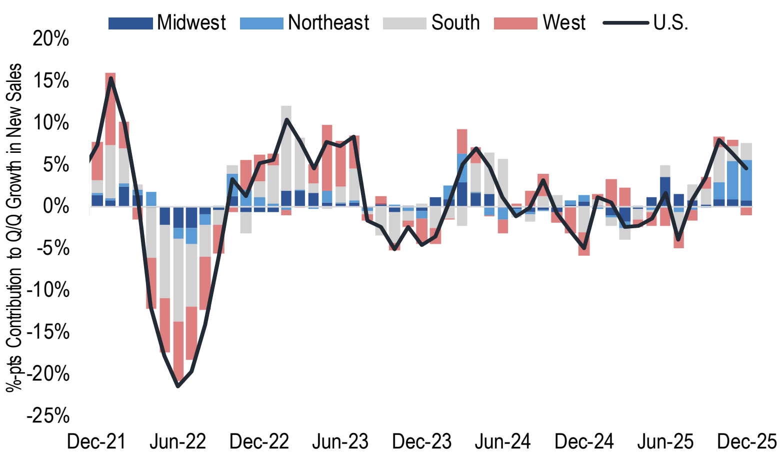


Contribution from Services to Total Spending Has Been Steady, but Drop in Discretionary Items Bears Watching

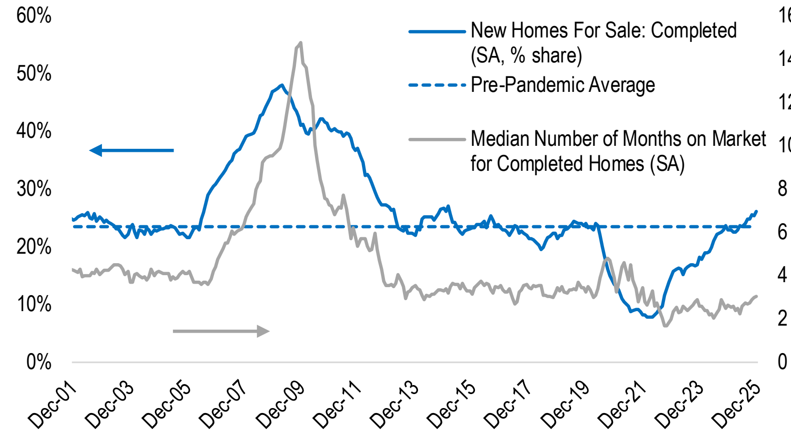


Sources: Bureau of Economic Analysis, Arch Global Economics

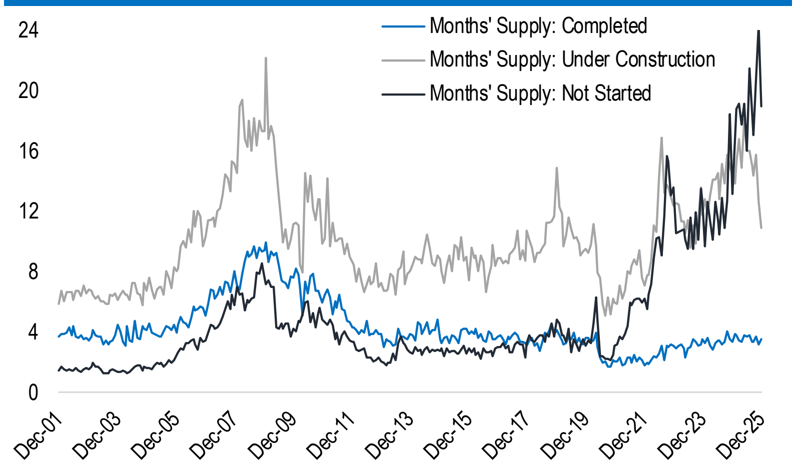
Fourth Quarter Jump in New Home Sales Driven Uncharacteristically by the Northeast



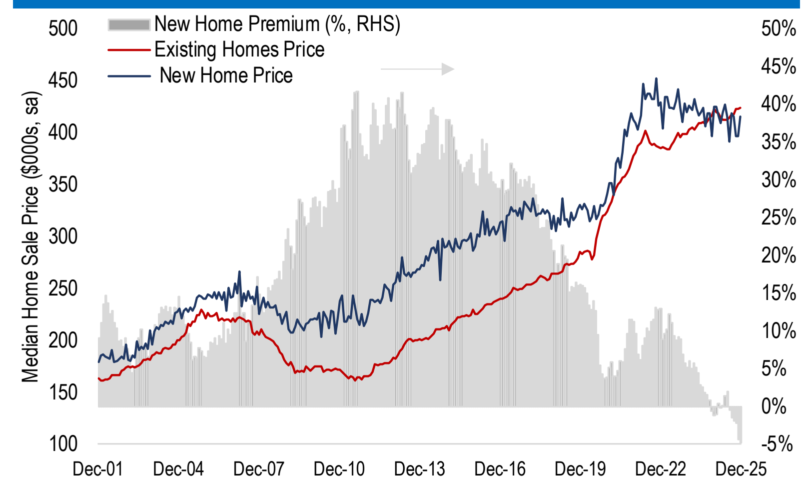
Completed Homes' Share of New Homes for Sale above Pre-Pandemic Norm but Are Still Selling Quickly



Surge in Sales Led to Steep Drop in Months' Supply for Uncompleted Home Segments



National New Home Discount Relative to Existing Home Prices Deepened to a Record in Dec.

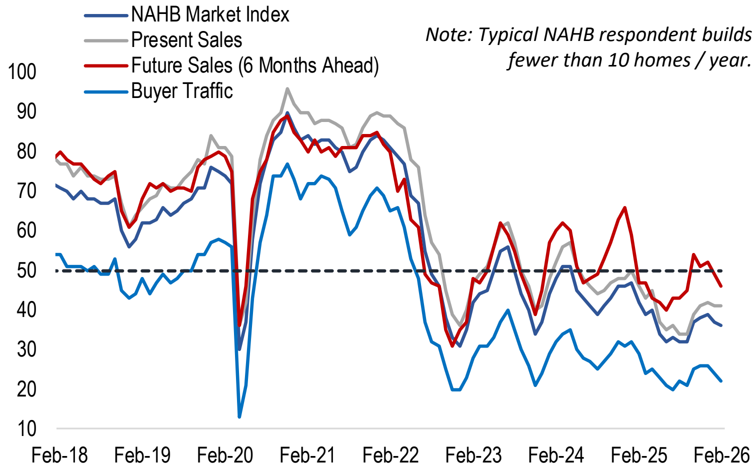


Sources: Census Bureau, National Association of REALTORS®, Arch Global Economics

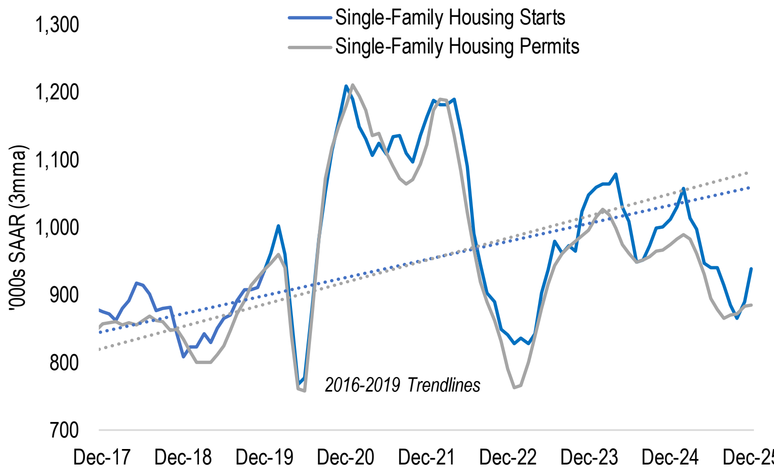
Last Week's Data in Charts

Residential Construction

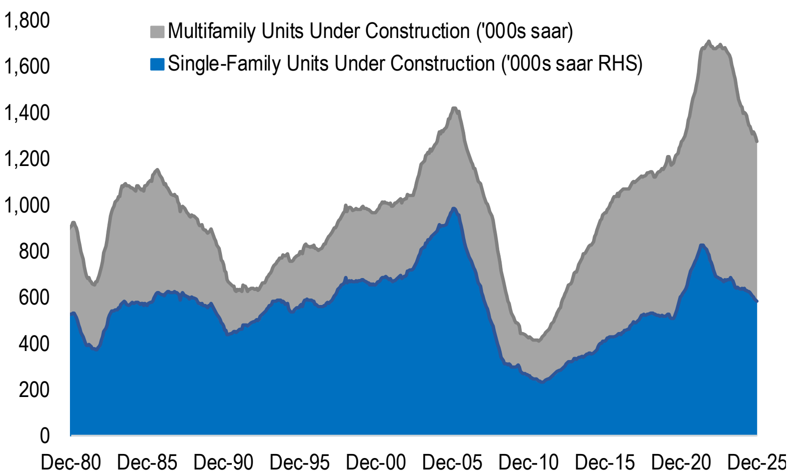
Builder Optimism on Future Sales Has Soured Since 4Q25, Following the Reversal in Buyer Traffic



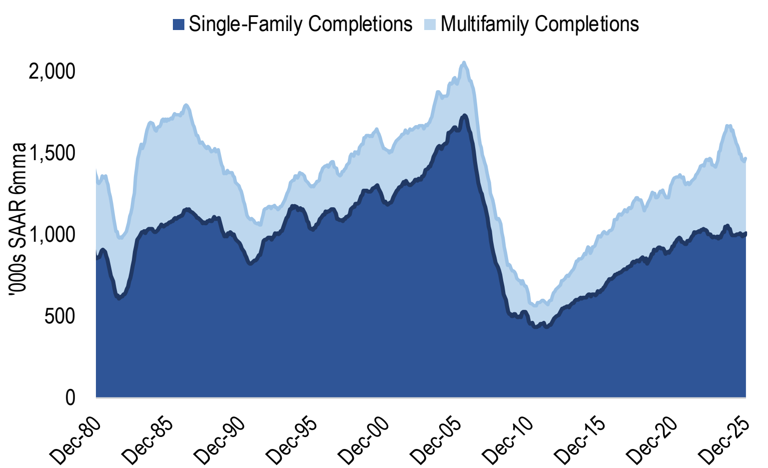
Single-Family Starts Bounced in December Largely due to Mild Weather; Permits Suggest Pop Is Unsustainable



Single-Family Units in the Pipeline Trending Lower as Starts Activity Trails Completions

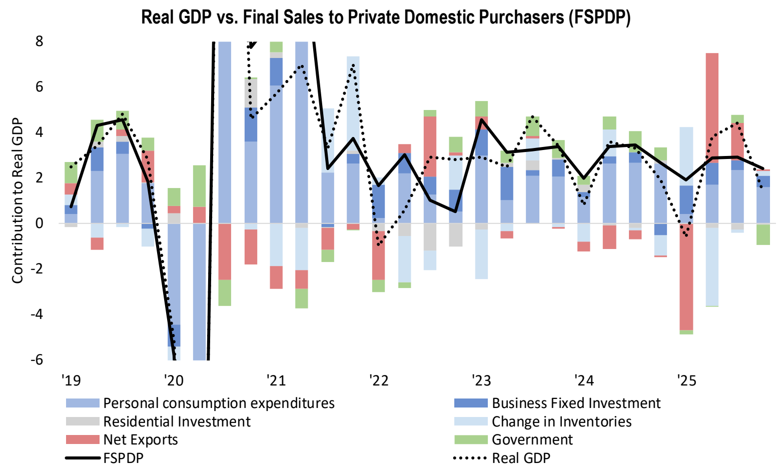


With Starts Likely to Remain Weak Near-Term, Completions Will Comprise Most Builder Activity

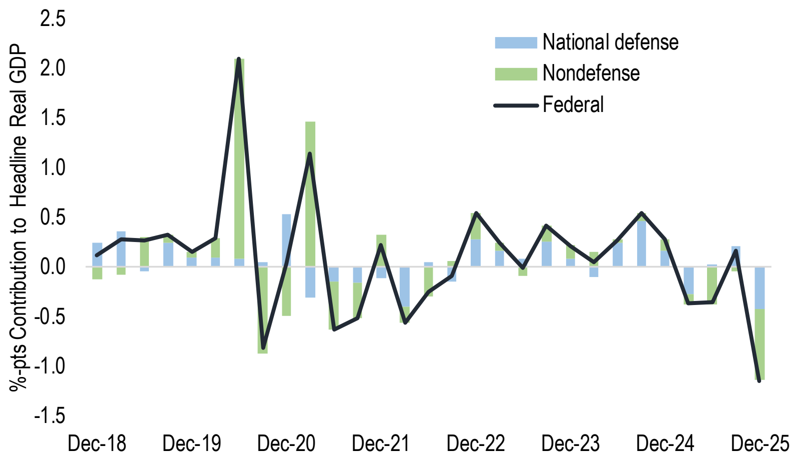


Sources: U.S. Census Bureau, National Association of Home Builders (NAHB), Arch Global Economics

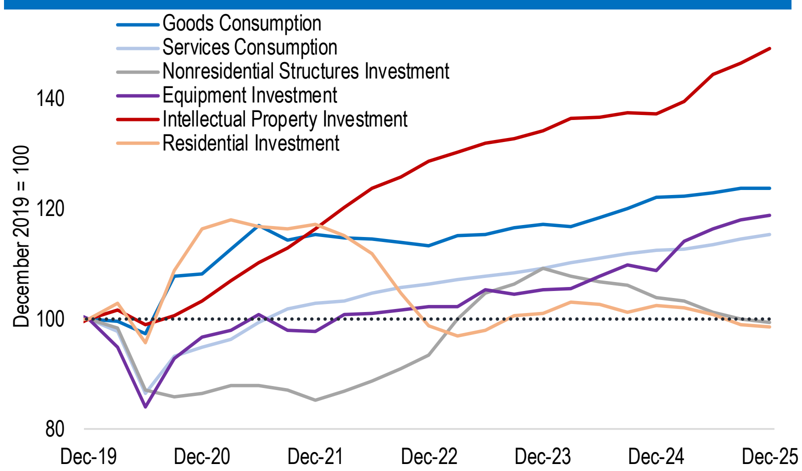
Despite Whipsaw from Trade Disruption, Real Economic Growth Proved Resilient in '25



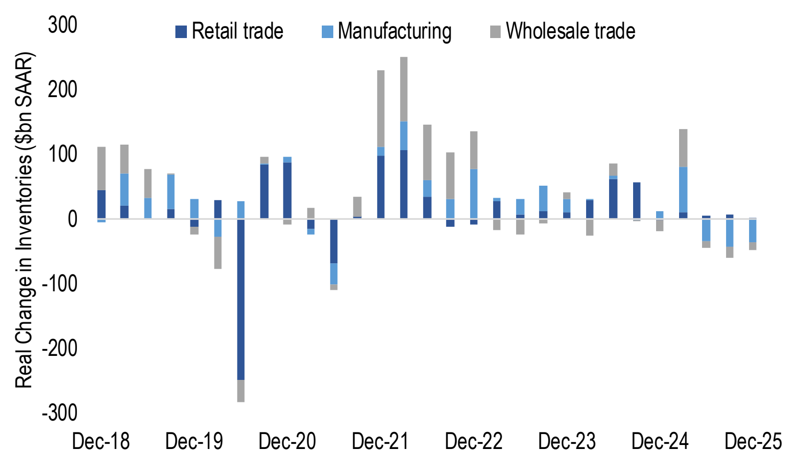
The Government Shutdown Is Estimated to Have Lowered Real GDP by ~1%-pt in 4Q25



Growth Drivers Remained Heavily Dependent on AI Capex Accompanied by Resilient Consumer Spending



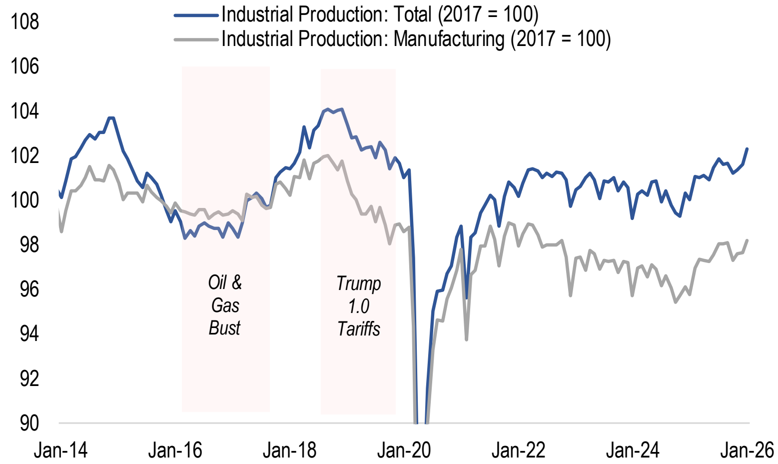
Businesses Drew Down Inventories Heavily in 2025 Which Should Lead to Greater Investment in 2026



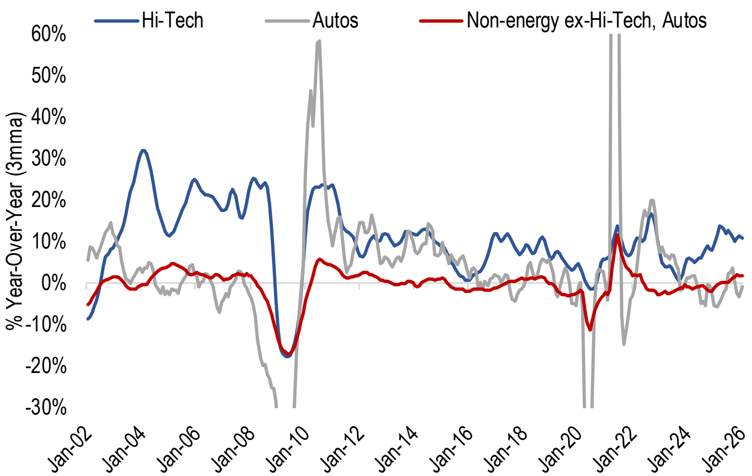
Sources: BEA, Arch Global Economics

SAAR = Seasonally Adjusted Annual Rate

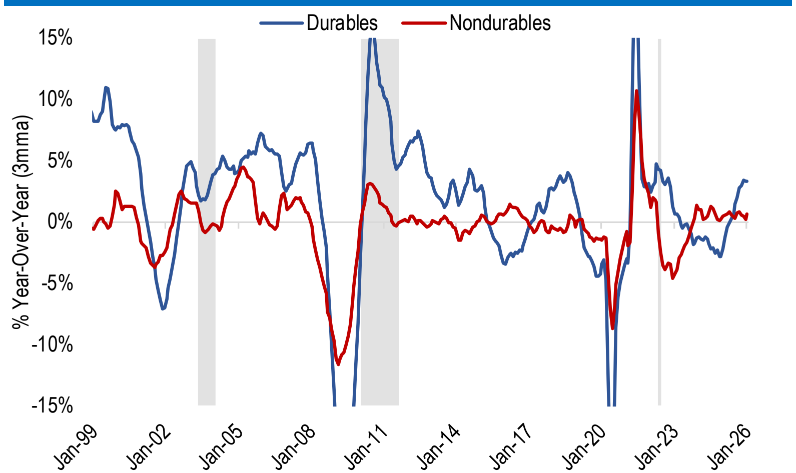
Industrial Production Has Strengthened Further with Autos Output Rising for First Time in Five Months



Production in Tech and Information Processing Remained Firm with Signs of Growth Broadening

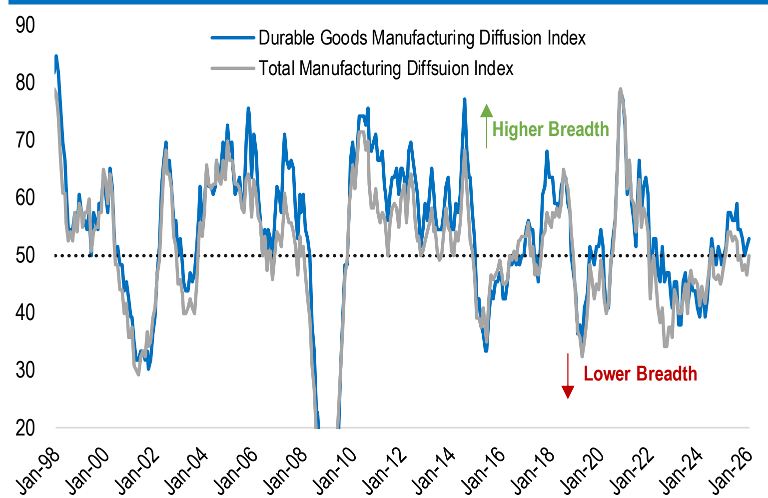


Durable Goods Production Still Strong, Carried by Robust Business Equipment Output



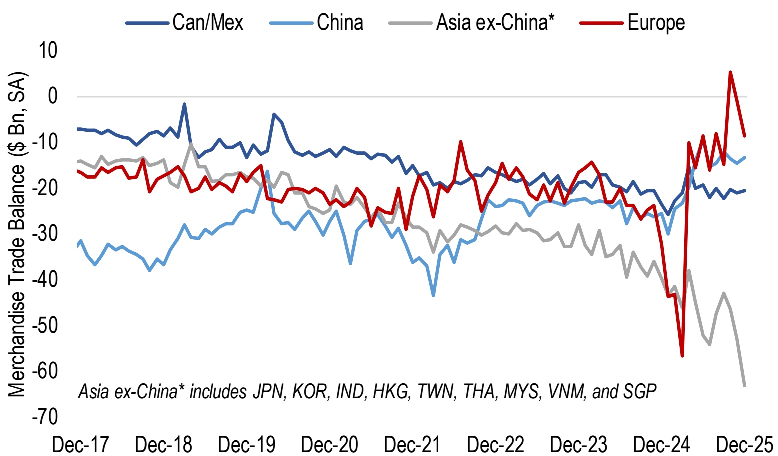
Durable goods are products that can be inventoried and have an average life of at least 3 years

Durable Goods Breadth Rose with Notable Strength in Machinery, Metals and Electrical Components

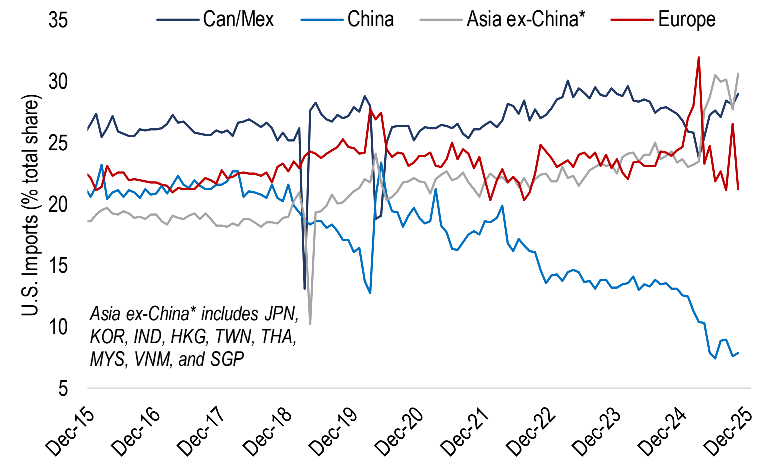


Sources: Federal Reserve Board (FRB), Conference Board, Arch Global Economics

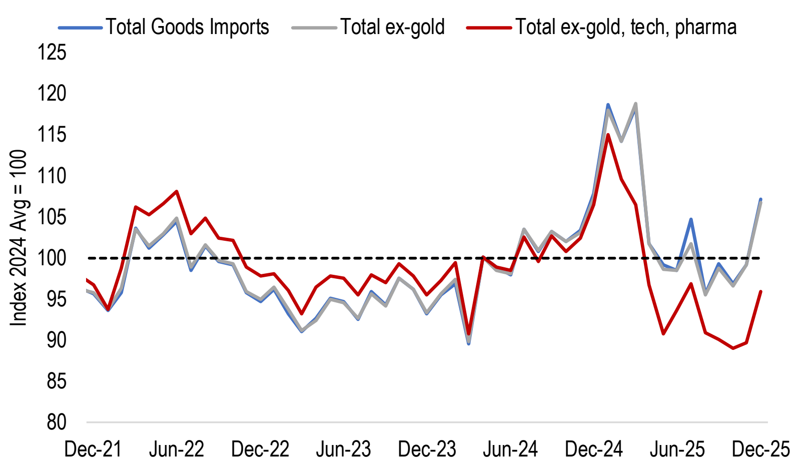
Whipsaw from Trade Policies Still Lingering as Overall Trade Balance Mix Finds New Normal



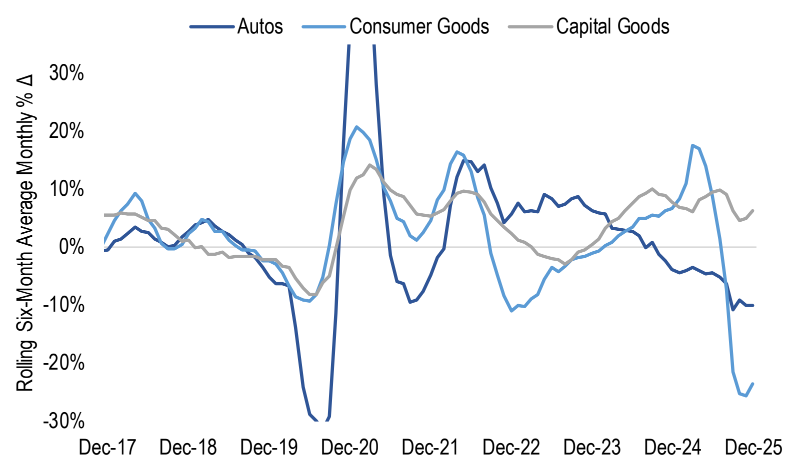
Merchandise Import Share for Asia ex-China Elevated as Europe Corrects from Early-2025 Pharma Surge



U.S. Imports Are above the 2024 Average despite Ex-Gold, Tech and Pharma Running Well Below…

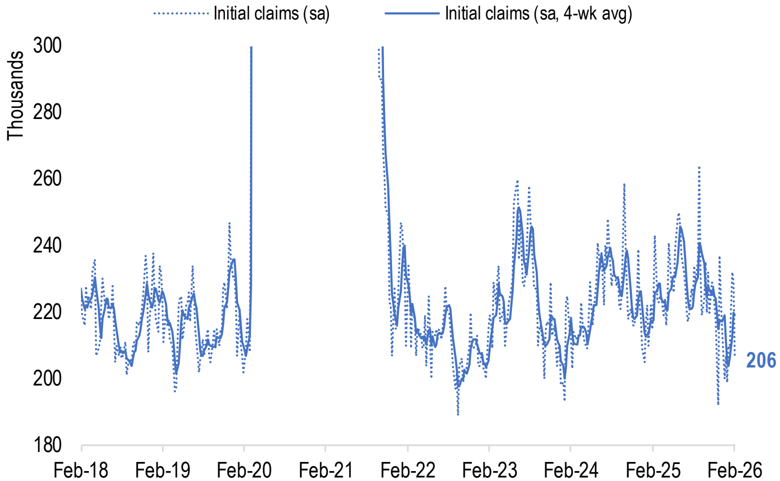


… Which Is Driven Primarily by Consumer Goods and Autos, Byproduct Primarily of Inventory Drawdowns

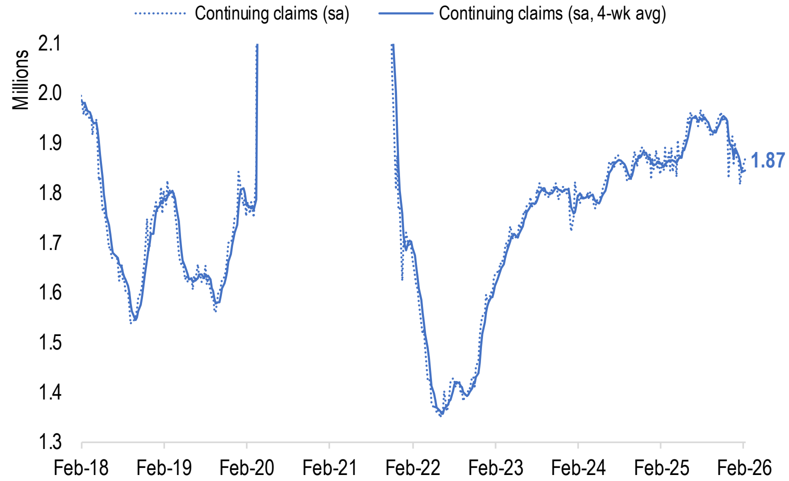


Sources: Census Bureau, Arch Global Economics

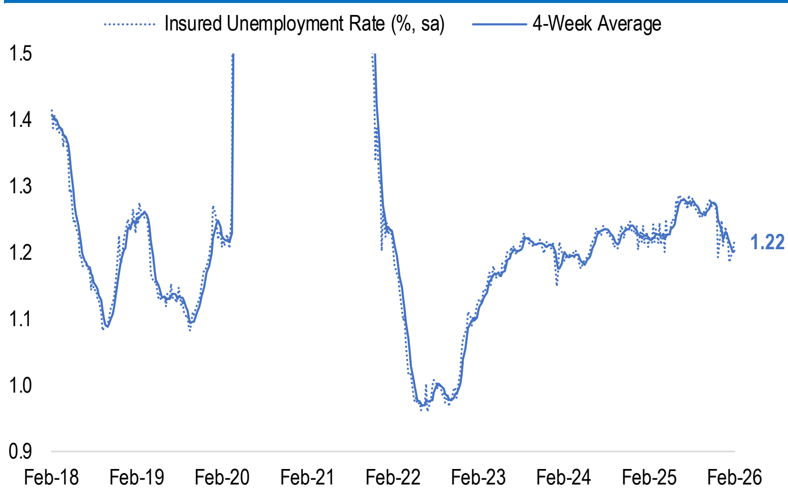
Initial Claims Ticked Back Down to 206k (sa) in Week Ending Feb. 14, Back Near Multi-Year Low



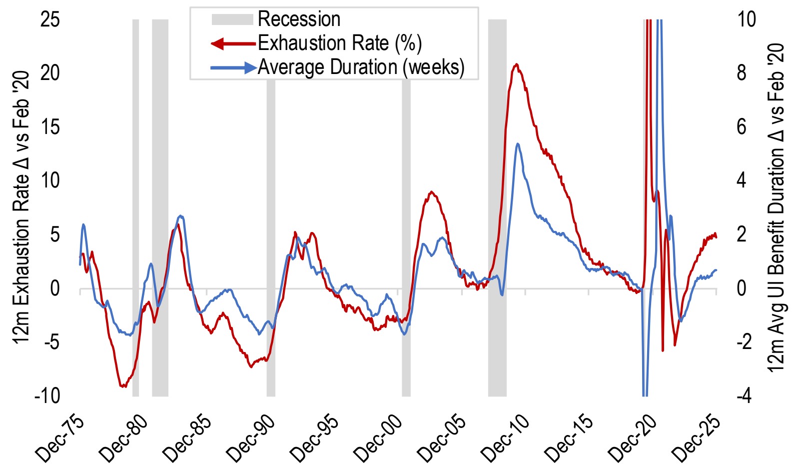
Continuing Claims Continued to Rebound from 2-Year Low, up to 1,869k sa during Week Ending Feb. 7



Insured Unemployment Rate Also Inched Higher to 1.22%, Also Just Above Lowest Level Since 2024



Claims Data Would Look Worse, If Not for Multi-Year High Exhaustion Rate and Duration of Unemployment

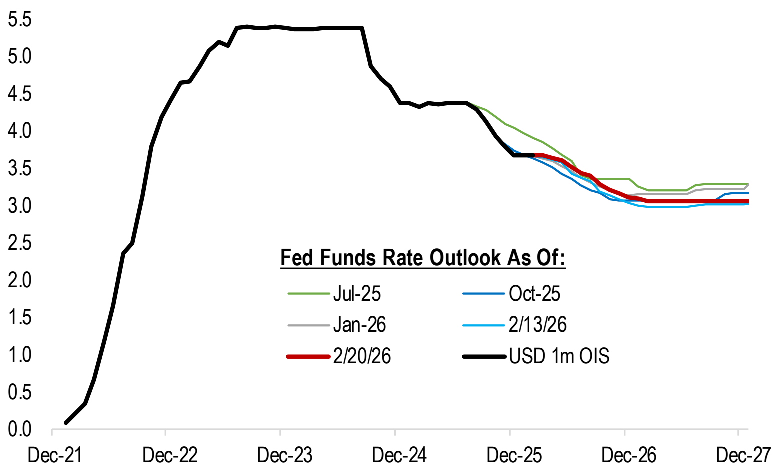


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

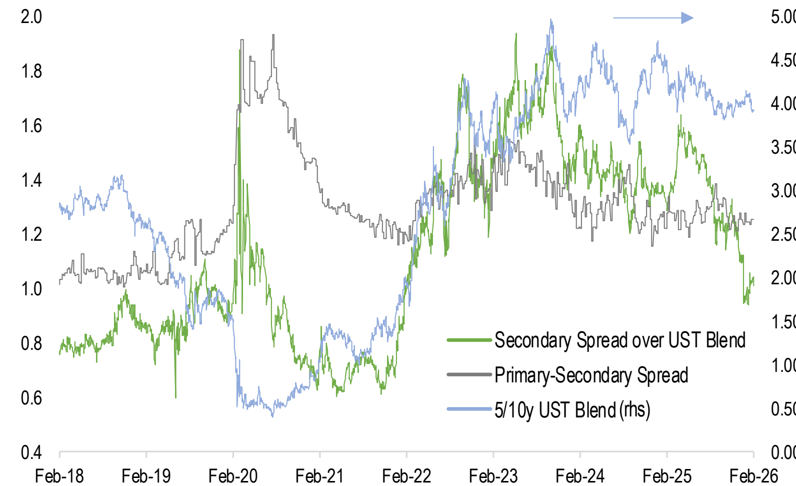
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

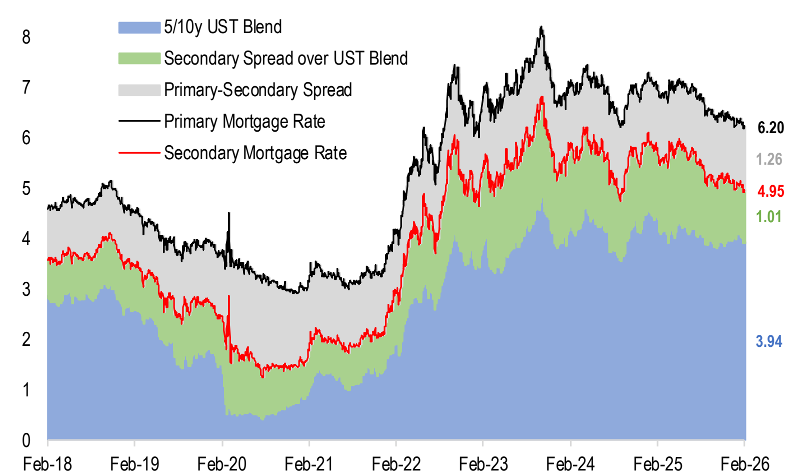
Market Odds Coalescing around Two 25bps Rate Cuts in '26 after Being Closer to a Toss-Up Last Week



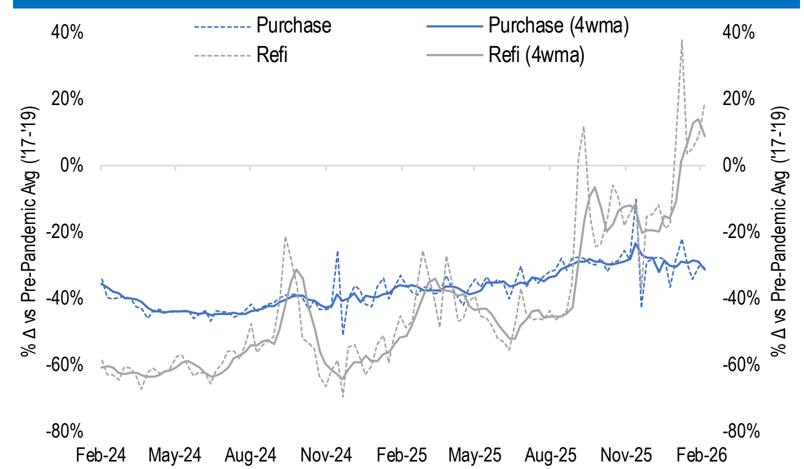
Mortgage Spreads Held Steady Again Last Week While UST Yields Inched Higher …



… Which Kept Mortgage Just Above 6%, Still In Line with Gradual Downtrend



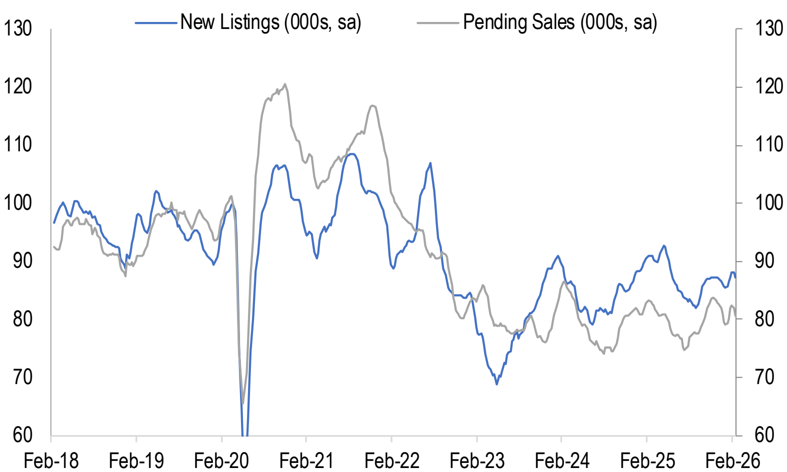
Mortgage Purchase Apps Yet to Perk Up despite Still Elevated Refi Applications



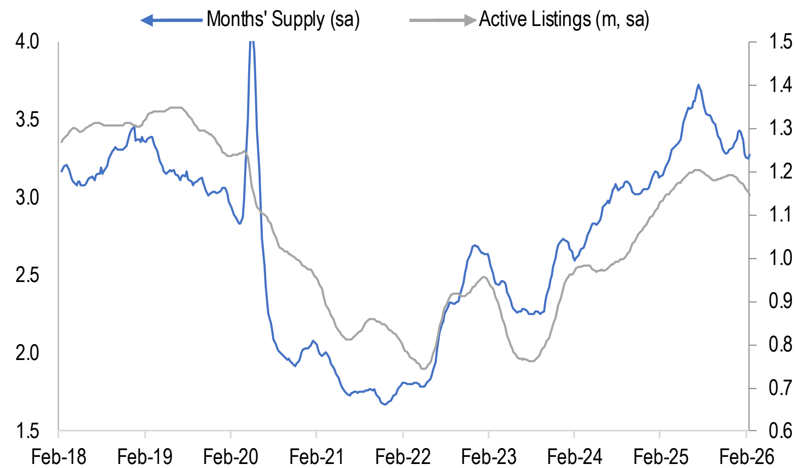
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

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

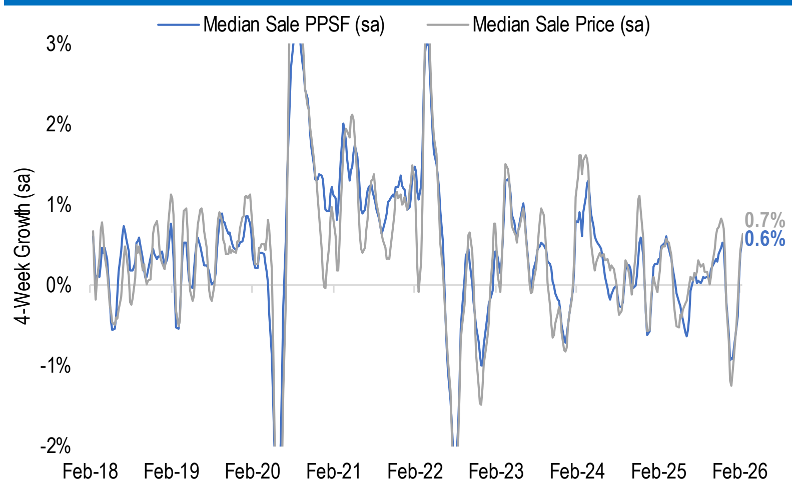
Tentatively Rebound in Pending Home Sales Has Cooled in Recent Weeks through Mid-Feb …



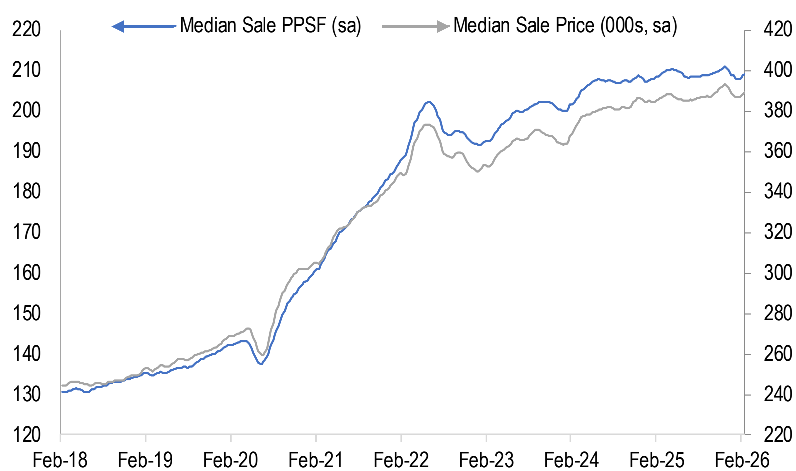
… Which Is Possibly Turning the Tide for Months' Supply after Tightening over the Course of January



Pace of Seasonally Adjusted Home-Price Growth Has Rebounded Sharply after Falling through Year-End



Prior Downshift in Home Prices Appears to Be Cooling and Turning into a Potential Rebound in Feb.



Sources: Redfin, Arch Global Economics

SA = Seasonally Adjusted
PPSF = Price Per Square Foot

Data as of Feb. 15, 2026, and reflects 4-week averages.

Annual Home-Price Declines Becoming More Widespread as Many Markets Have Softened

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	**0.2%**	**-1.0%**	**2.8%**	**1.9%**	**5.4%**	**0.7%**	**97.8%**	**-0.2%**	**-3.2**	**-10.4**	**-1%**	**5%**	**-2%**
Atlanta	-2.2%	-0.3%	4.0%	3.8%	5.4%	0.9%	97.5%	-0.2%	23.6	13.7	-2%	28%	17%
Austin	-4.6%	-4.3%	-2.2%	0.5%	6.9%	1.1%	96.7%	-0.4%	60.0	49.8	2%	95%	72%
Baltimore	2.4%	0.6%	-0.2%	-0.8%	4.7%	-0.1%	99.8%	-0.4%	-3.8	-18.1	14%	-17%	-32%
Boston	2.3%	1.4%	3.5%	1.8%	3.3%	0.4%	99.5%	-0.8%	6.8	-3.6	7%	5%	-6%
Chicago	2.2%	-3.1%	5.0%	-0.2%	2.9%	0.6%	98.6%	-0.2%	-0.1	-0.7	-8%	-18%	-26%
Dallas	-3.8%	1.4%	-0.6%	2.2%	6.8%	0.6%	97.2%	0.0%	40.2	27.3	-5%	55%	48%
Denver	0.7%	2.8%	4.7%	3.8%	7.1%	0.0%	98.4%	-0.3%	37.5	30.6	3%	91%	70%
Houston	-2.2%	0.2%	0.7%	1.2%	7.4%	2.0%	96.1%	-0.5%	22.8	4.4	0%	32%	25%
Los Angeles	-2.7%	-1.9%	-4.1%	-6.7%	4.0%	1.3%	98.9%	-0.6%	15.3	6.8	-4%	28%	16%
Miami	-1.4%	-1.2%	1.1%	2.2%	4.3%	0.5%	94.9%	-0.5%	32.0	22.8	-6%	32%	26%
Minneapolis	2.0%	0.6%	2.5%	0.9%	5.3%	2.0%	98.8%	0.0%	6.3	2.3	-2%	12%	-5%
Nashville	1.2%	0.8%	0.8%	0.6%	3.3%	0.0%	97.4%	-0.5%	24.8	17.4	8%	44%	29%
New York	3.9%	-1.0%	6.6%	2.3%	3.1%	0.3%	99.1%	-0.3%	-54.5	-60.8	-4%	-24%	-30%
Phoenix	-2.3%	-0.2%	0.7%	2.4%	7.2%	0.0%	97.6%	-0.3%	20.3	15.9	2%	43%	42%
Portland	-1.8%	-1.0%	1.8%	1.7%	6.5%	1.3%	99.1%	-0.1%	25.4	18.3	-1%	56%	42%
Riverside	-0.4%	2.0%	0.1%	-0.2%	5.2%	1.3%	98.5%	-0.1%	2.8	-6.0	-9%	10%	15%
San Diego	-3.7%	0.4%	-0.7%	0.6%	5.2%	1.3%	98.6%	-0.5%	6.4	-0.9	-5%	7%	4%
Seattle	-3.1%	-1.5%	-1.8%	-1.4%	5.2%	1.2%	99.2%	-0.9%	14.4	-1.3	18%	77%	22%
Tampa	2.2%	2.1%	1.8%	1.9%	8.0%	0.1%	96.5%	-0.1%	12.8	6.8	-6%	47%	37%
Washington DC	-3.5%	-3.6%	-2.5%	-2.5%	3.5%	0.1%	99.3%	-0.6%	12.2	-7.2	11%	18%	-6%

Data as of Feb. 15, 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
2/23/26	8:30 AM	Chicago Fed Nat Activity Index	Jan	0	0	--	0	index, nsa
2/23/26	10:00 AM	Durable Goods Orders m/m	Dec F	-1.4	-1.4	--	-1.4	%, sa
2/23/26	10:00 AM	Cap Goods Orders Nondef Ex Air m/m	Dec F	0.8	0.6	--	0.6	%, sa
2/23/26	10:00 AM	Cap Goods Ship Nondef Ex Air m/m	Dec F	1.0	0.9	--	0.9	%, sa
2/24/26	9:00 AM	FHFA House Price Index m/m	Dec	--	0.3	--	0.6	%, sa
2/24/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Dec	--	0	--	0	%, sa
2/24/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Dec	--	1	--	1	%, nsa
2/24/26	10:00 AM	Richmond Fed Manufact. Index	Feb	--	-4.0	--	-6.0	index, sa
2/24/26	10:00 AM	Conf. Board Consumer Confidence	Feb	--	87.0	--	84.5	index, sa
2/24/26	10:00 AM	Wholesale Inventories m/m	Dec F	--	0.2	--	0.2	%, sa
2/24/26	10:00 AM	Wholesale Trade Sales m/m	Dec	--	0.2	--	1.3	%, sa
2/25/26	7:00 AM	MBA Mortgage Applications w/w	Feb 20	--	--	--	2.8	%, sa
2/26/26	8:30 AM	Initial Jobless Claims	Feb 21	--	216	--	206	k, sa
2/26/26	11:00 AM	Kansas City Fed Manf. Activity	Feb	--	2	--	0	sa, index
2/27/26	8:30 AM	PPI Final Demand m/m	Jan	--	0.3	--	0.5	%, sa
2/27/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Jan	--	0.3	--	0.7	%, 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
2/17/26	10:00 AM	NAHB Housing Market Index	Feb	36	38	--	37	index, sa
2/18/26	7:00 AM	MBA Mortgage Applications w/w	Feb 13	2.8	--	--	-0.3	%, sa
2/18/26	8:30 AM	Durable Goods Orders m/m	Dec P	-1.4	-2.0	5.4	5.3	%, sa
2/18/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Dec P	0.6	0.3	0.8	0.4	%, sa
2/18/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Dec P	0.9	0.3	--	0.2	%, sa
2/18/26	8:30 AM	Housing Starts	Dec	1,404	1,304	--	1,322	k, saar
2/18/26	8:30 AM	Housing Starts m/m	Dec	6.2	1.1	--	3.9	%, sa
2/18/26	9:15 AM	Industrial Production m/m	Jan	0.7	0.4	0.2	0.4	%, sa
2/18/26	9:15 AM	Capacity Utilization	Jan	76.2	76.5	75.7	76.3	sa
2/18/26	2:00 PM	FOMC Meeting Minutes	Jan 28	--	--	--	--	
2/19/26	8:30 AM	Initial Jobless Claims	Feb 14	206	225	229	227	k, sa
2/19/26	8:30 AM	Continuing Claims	Feb 7	1,869	1,860	1,852	1,862	k, sa
2/19/26	10:00 AM	Conference Board Leading Index m/m	Dec	-0.2	-0.2	--	-0.3	%, sa
2/19/26	10:00 AM	Pending Home Sales m/m	Jan	-0.8	2.0	-7.4	-9.3	%, sa
2/19/26	10:00 AM	Pending Home Sales y/y	Jan	-1.2	2.3	-1.1	-1.3	%, nsa
2/20/26	8:10 AM	Building Permits	Dec F	1,455	--	--	1,448	k, saar
2/20/26	8:10 AM	Building Permits m/m	Dec F	4.8	--	--	4.3	%, sa
2/20/26	8:30 AM	Personal Income m/m	Dec	0.3	0.3	0.4	0.3	%, sa
2/20/26	8:30 AM	Personal Spending m/m	Dec	0.4	0.3	0.4	0.5	%, sa
2/20/26	8:30 AM	Real Personal Spending m/m	Dec	0.1	0.1	0.2	0.3	%, sa
2/20/26	8:30 AM	PCE Inflation m/m	Dec	0.4	0.3	--	0.2	%, sa
2/20/26	8:30 AM	PCE Inflation y/y	Dec	2.9	2.8	--	2.8	%, nsa
2/20/26	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Dec	0.4	0.3	--	0.2	%, sa
2/20/26	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Dec	3.0	2.9	--	2.8	%, nsa
2/20/26	8:30 AM	GDP Annualized q/q	4Q A	1.4	2.8	--	4.4	%, saar
2/20/26	8:30 AM	Personal Consumption q/q	4Q A	2.4	2.4	--	3.5	%, saar
2/20/26	8:30 AM	Core PCE Deflator q/q	4Q A	2.7	2.6	--	2.9	%, saar
2/20/26	9:45 AM	S&P Global US Manufacturing PMI	Feb P	51.2	52.4	--	52.4	index, sa
2/20/26	9:45 AM	S&P Global US Services PMI	Feb P	52.3	53.0	--	52.7	index, sa
2/20/26	9:45 AM	S&P Global US Composite PMI	Feb P	52.3	53.1	--	53.0	index, sa
2/20/26	10:00 AM	U. of Mich. Sentiment	Feb F	56.6	57.3	--	57.3	index, nsa
2/20/26	10:00 AM	U. of Mich. 1 Yr Inflation	Feb F	3.4	3.5	--	3.5	nsa
2/20/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Feb F	3.3	3.4	--	3.4	nsa
2/20/26	10:00 AM	New Home Sales	Dec	745	730	--	758	k, saar
2/20/26	10:00 AM	New Home Sales m/m	Dec	-1.7	0.0	--	15.5	%, sa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics