HaMMR Digest

Stay current with economic and mortgage market trends.

September 21, 2026

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Ready, Set, Hike!

- **Key Takeaway:** Fed Chair Warsh followed through on his hawkish commentary, steering the committee to raise the policy rate by 25bps to 4.00%.
- **Macro Implications:** Fed projections show rising impatience with sticky inflation as growth risks fade, making another hike the path of least resistance.
- **Housing Implications:** Secondary (MBS) spreads have widened more than high-grade credit, further adding to mortgage rate pressure.

Macro: Just How Restrictive? We Will Find Out

- Financial conditions remain accommodative but borrowing costs keep rising.
- High frequency labor data remain healthy, supporting incomes and spending.
- Nonfuel import prices hit a multi-year high in August, adding to inflation angst.

Rates: One and Unlikely Done

- Fed's recent hawkish leanings confirmed with a rate hike, with more to follow.
- 10y UST holding at ~5% as front-end yields rose ~15bps, flattening the curve.
- 1yr1yr OIS hit a new cycle high, with more than three hikes priced by end '27.

Housing Market: Frustration Sets In

- With every move higher in mortgage rates (now ~7%), more buyers are priced out.
- Pending sales growth continues to slide while new listings growth lags.
- Seller frustration evident as share of delisted homes hits a multi-year high.

Home Construction: How Low Can You Go?

- Single-family housing starts down -19% annualized over prior three months.
- Permitting activity has been slightly more positive, but up just 1.3% y/y.
- Completions sank to multi-year low with builders cognizant of weak demand.

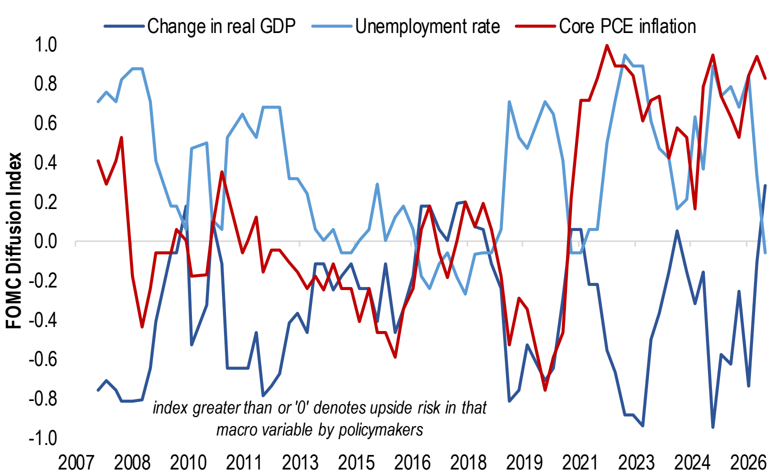
Retail Sales: And We're Back!

- August sales rebounded rising 1.2% m/m, the strongest growth since 2023.
- After the Prime Day adjustment, online sales rose a strong 2.6%.
- Excluding gas, sales were broad based and point to a resilient consumer.

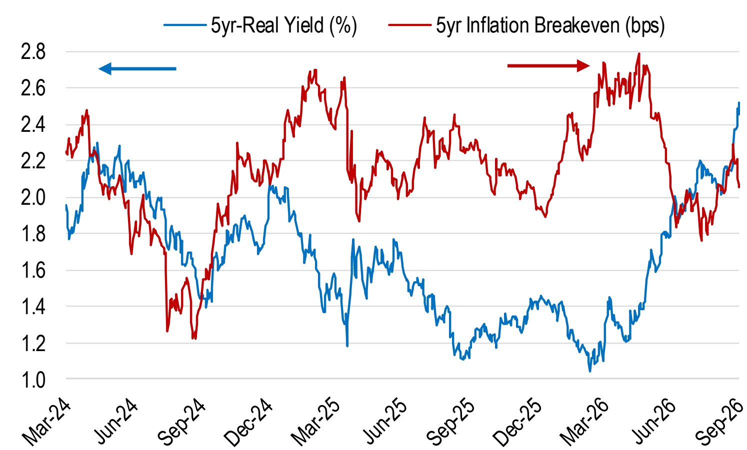
Industrial Production: Taking a Breather

- Industrial production took a step back in August led by autos and defense.
- Tech sector strength remains with tangential gains in metals, machinery.
- Surveys show momentum remains firm despite rates and energy costs.

Fed's Hawkish Pivot Crystallized by How They View Inflation, Growth and Unemployment Risks Evolving

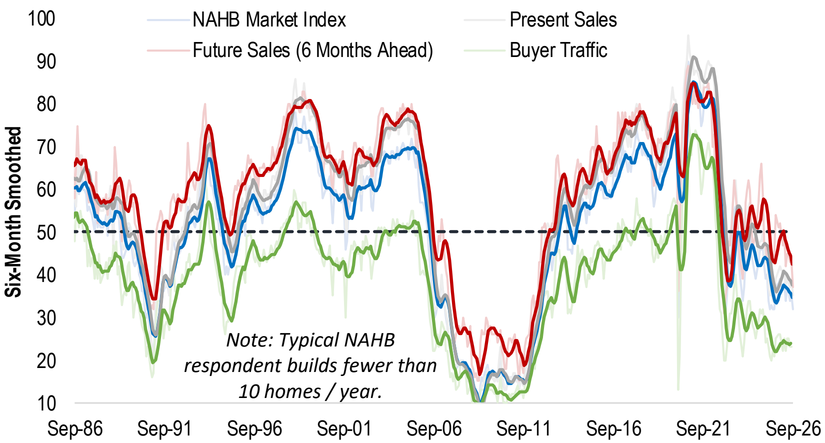


Intermediate Real Yields at Highest Level Since 2023 as Markets Price Further Fed Action to Contain Inflation

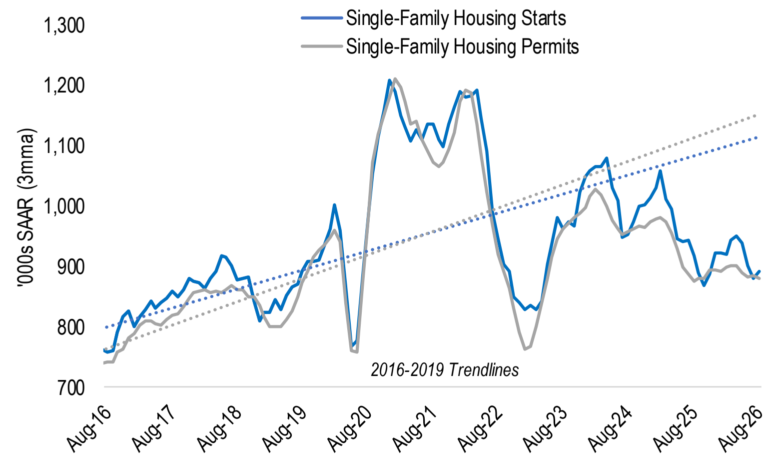


Sources: FRB, Bloomberg, Arch Global Economics

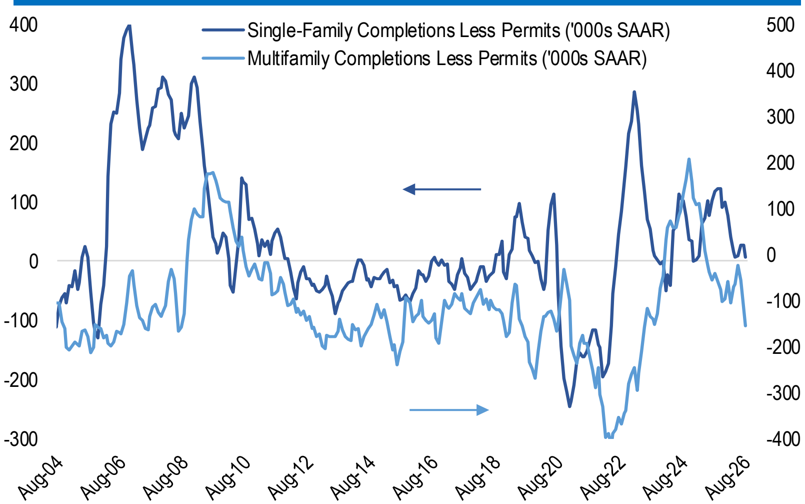
Builder Optimism Sunk to the Lowest Since December 2022 Driven by Weakening Future Sales Prospects



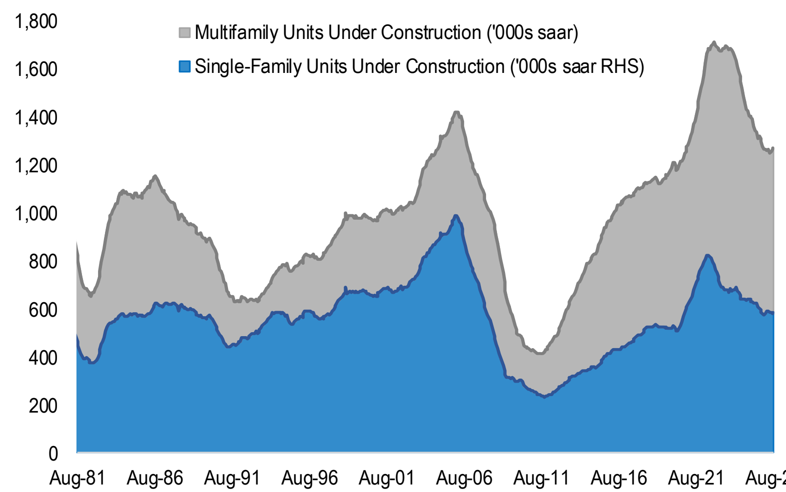
Single-Family Starts and Permits Both Reflecting Deep Freeze Compared to Pre-Pandemic Trends



Single-Family Completions Also Softening with Most Construction Pivoting toward Multifamily

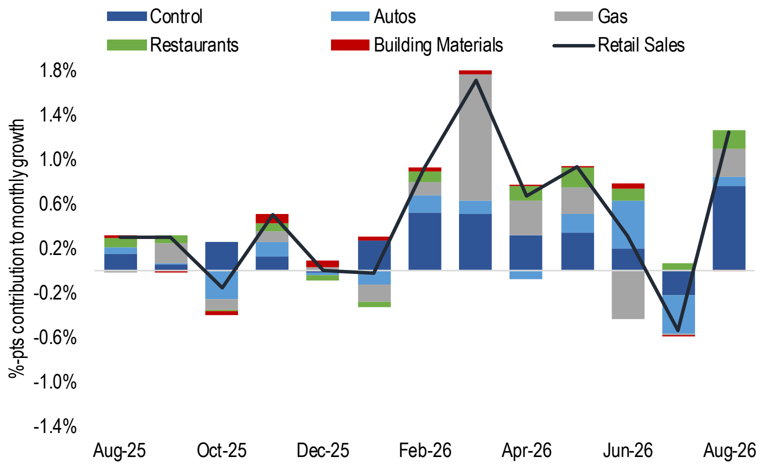


Under Construction Units Have Bottomed with Builders Not Rushing to Add Completed Units to Market

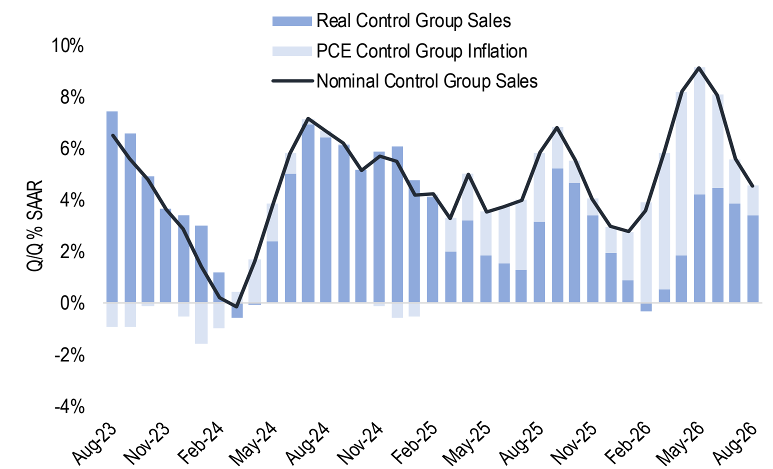


Sources: U.S. Census Bureau, National Association of Home Builders (NAHB), Arch Global Economics

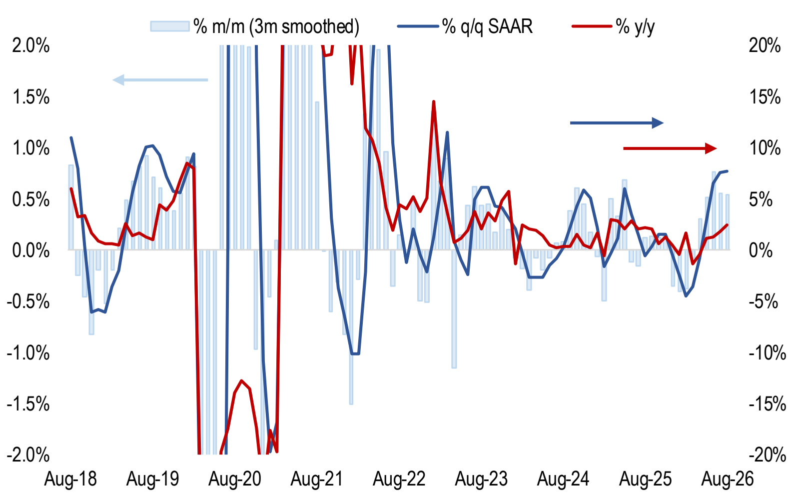
August Retail Sales Reversed July's Weak Auto and Nonstore Gains



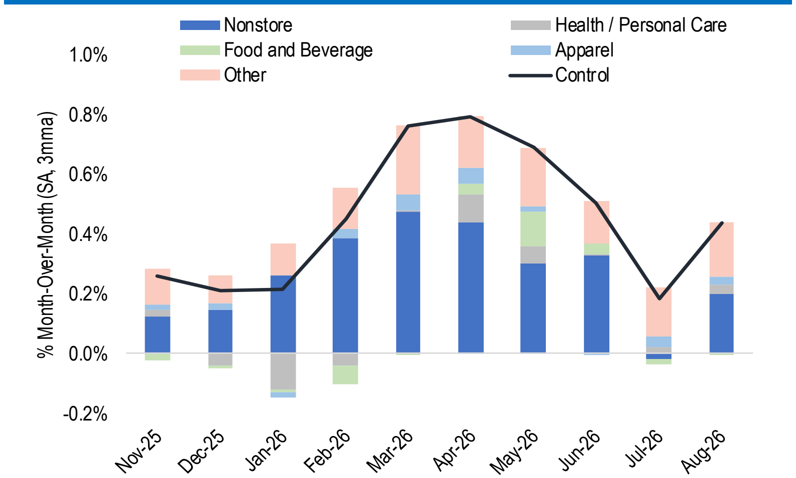
Real (Inflation-Adjusted) Control Group Sales Slowed, but Underlying Trend Remains Solid



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



Within Control Group Spending, Spending Gains Were Broad Based, Including Strength in Home Stores

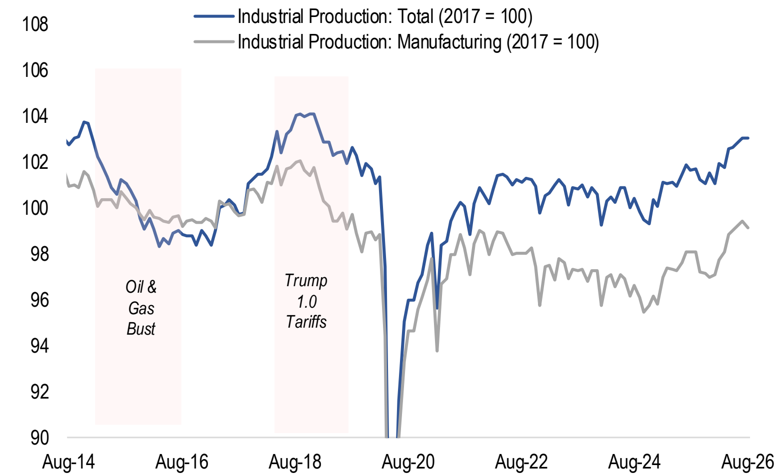


"Control Group" = Retail sales excluding autos, gas, building materials and restaurants.

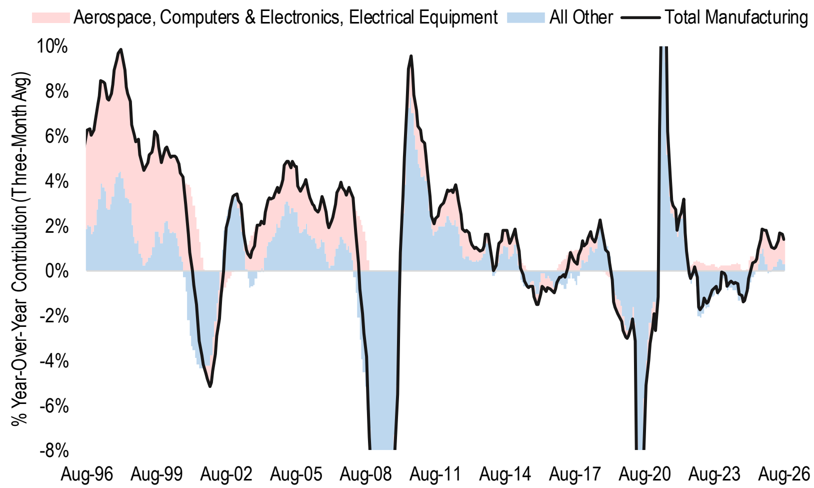
Note: SA = Seasonally Adjusted

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

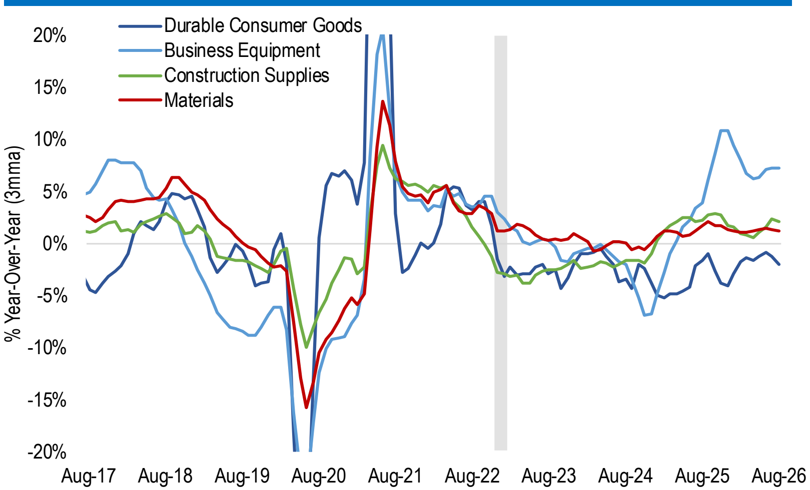
Industrial Production Cooled in August after a Multi-Month Stretch of Gains



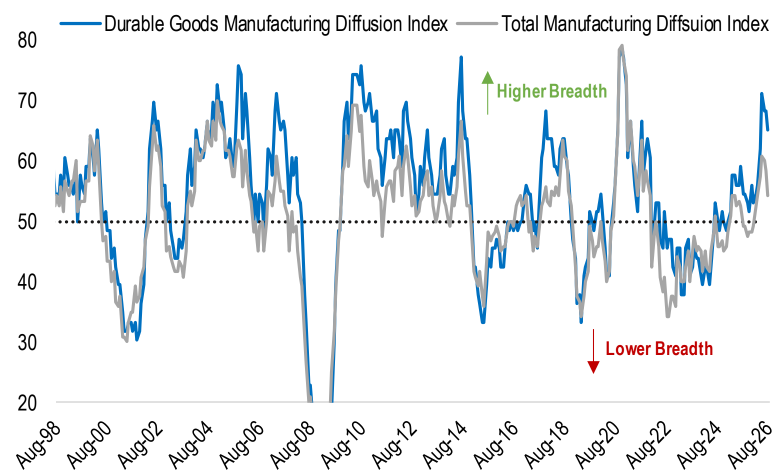
Latest Pullback Was Broad Based, Led by Autos, Aerospace and Defense, Which Will Unlikely Continue



Durable Goods Output Remains Underpinned by Tech and Electrical Equipment Production



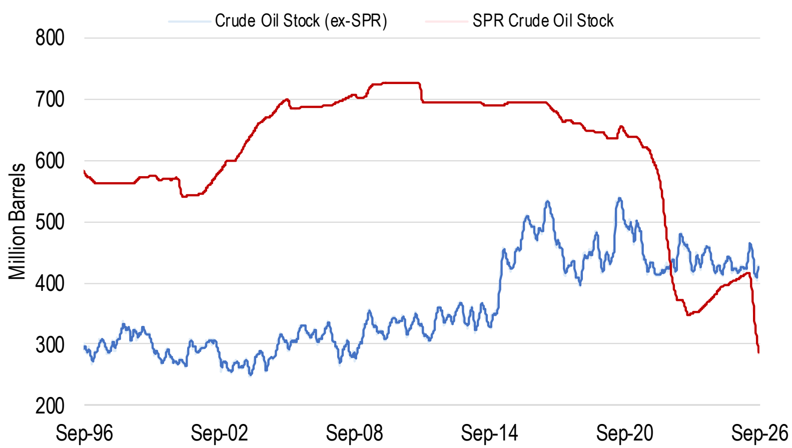
Breadth of Manufacturing Receded, but More Timely Business Survey Data Points to a Blip, Not a New Trend



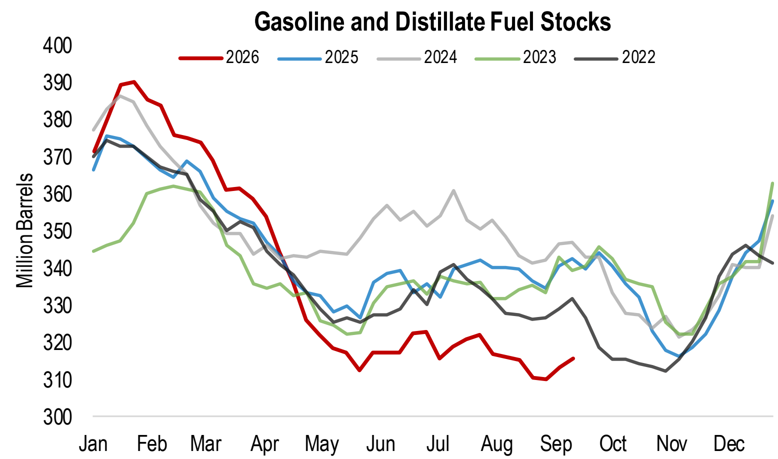
Durable goods are products that can be inventoried and have an average life of at least 3 years

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

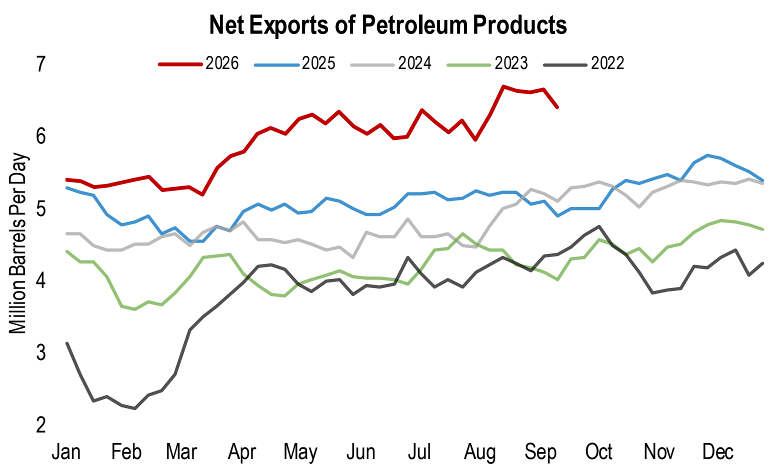
SPR's Weakest Draw Since Iran Conflict Began Signals Limits near to Further Global Inventory Cushion



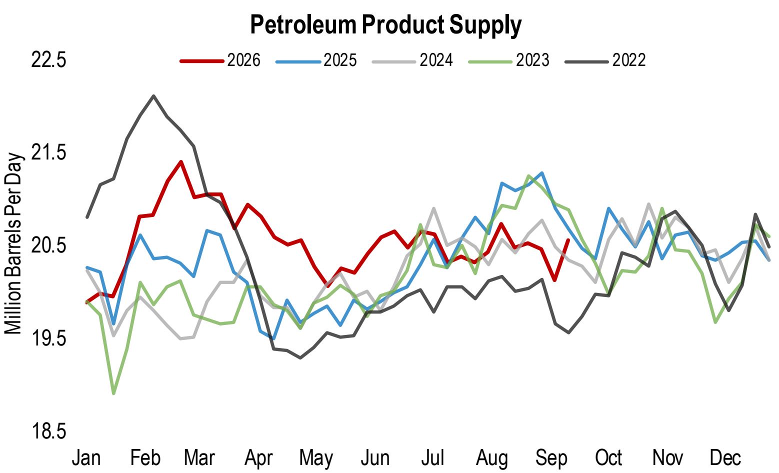
Gasoline Stocks Edge Slightly Higher While Distillates Remain near Record Lows



U.S. Petroleum Product Net Exports Remain Elevated above 6mb/d



Petroleum Product Demand Firmed Slightly Largely on the Back of Distillate Demand in the U.S.



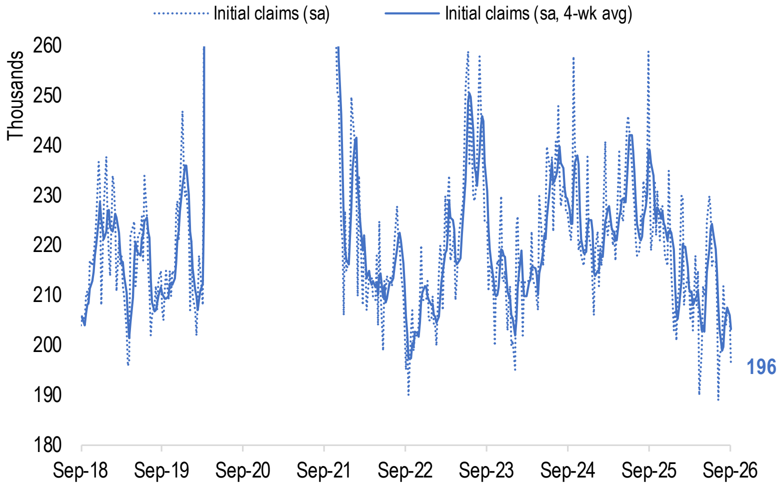
SPR = Strategic Petroleum Reserve
mb/d = million barrels / day

Sources: Energy Information Administration, Arch Global Economics

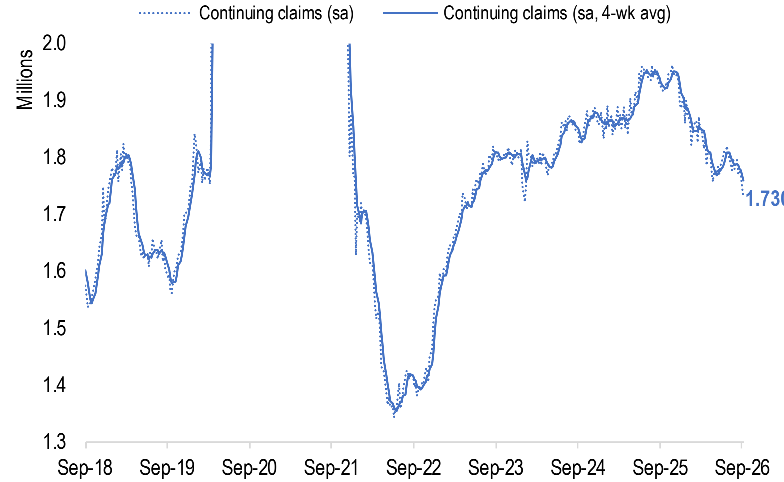
Last Week's Data in Charts

Jobless Claims

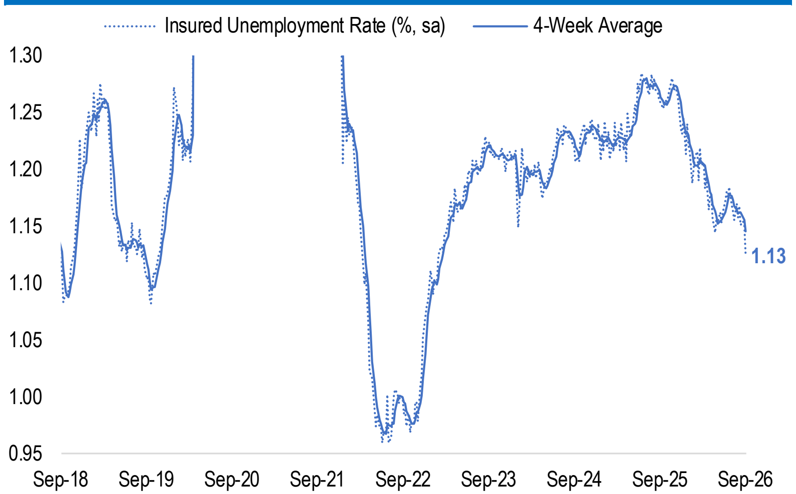
Initial Claims Moved Down to 196k (SA) in Week Ending Sept. 12, Just Above Multi-Year Low



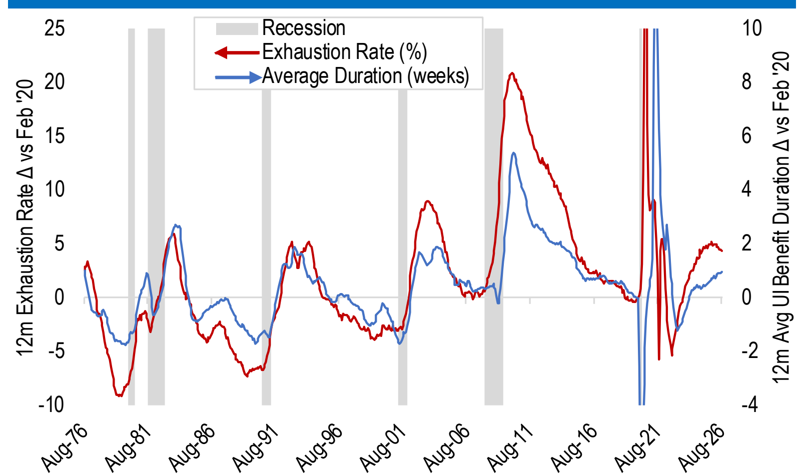
Continuing Claims Cooled to 1,730k (SA) in Week Ending Sept. 5, Reaching Lowest Level since Jan. '24



Insured Unemployment Rate Ticked Down to 1.15% in Week Ending Sept. 5, Lowest since Feb. '23



Share of Unemployed Workers Exhausting Benefits Continued to Ease through August



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

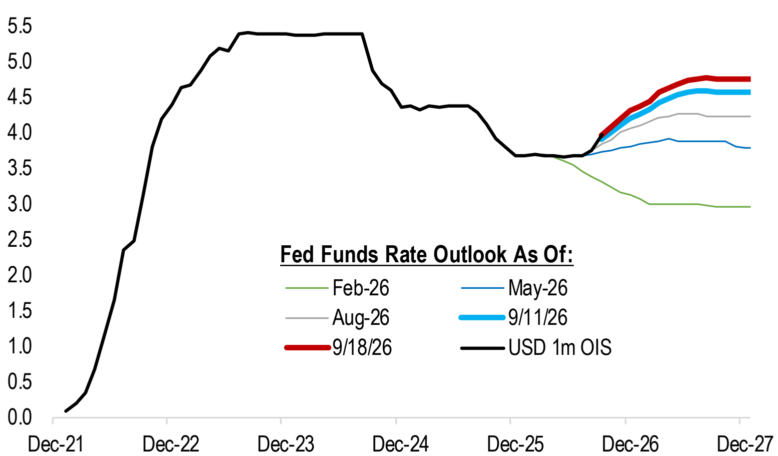
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

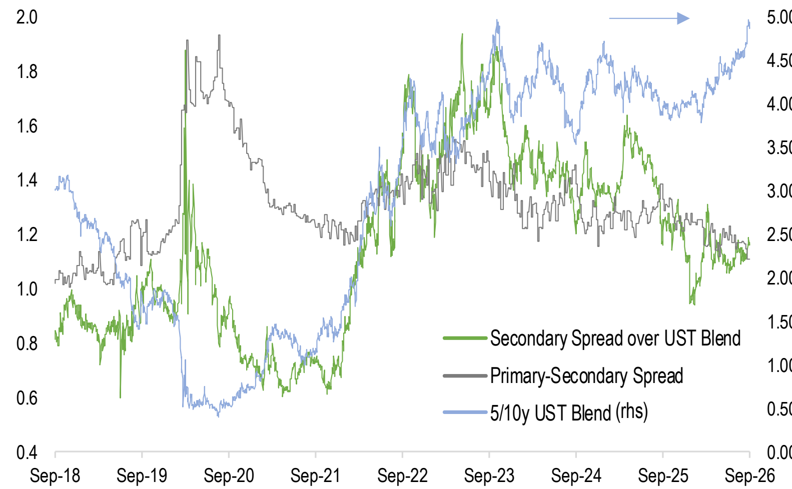
Last Week's Data in Charts

Interest Rates and Mortgage Market

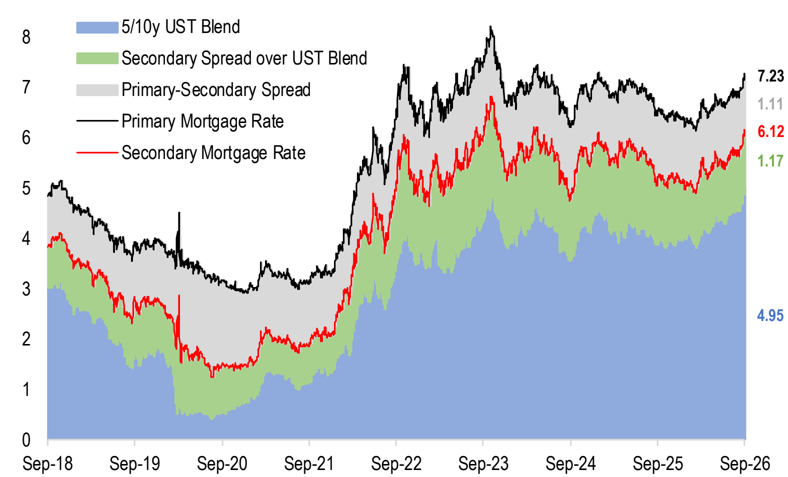
Sept. Rate Hike Odds Surged to > 90% in Response to Hotter-Than-Expected Aug. Core CPI Inflation



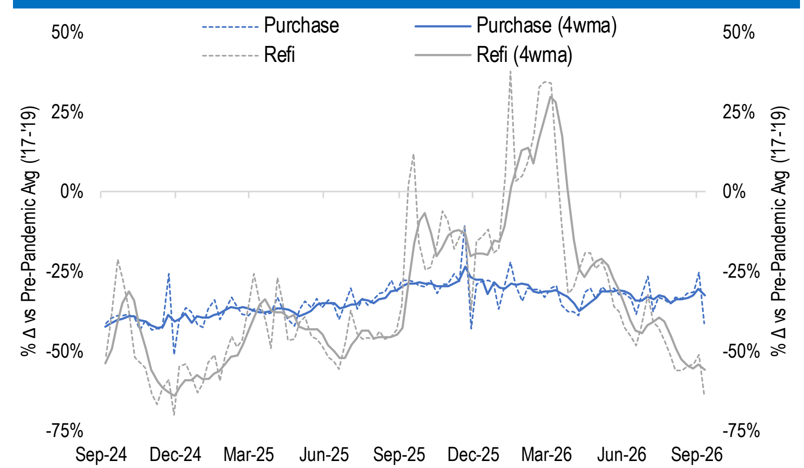
Mortgage Spreads Roughly Unchanged on the Week While Blended 5/10y UST Yield Rose 4bps …



… Nudging Mortgage Rates Modestly Further Above 7% to the Highest Level since Jan. 2025



Mortgage Apps Plunged during Week Ending Sept. 11 in Response to Spike in Mortgage Rates

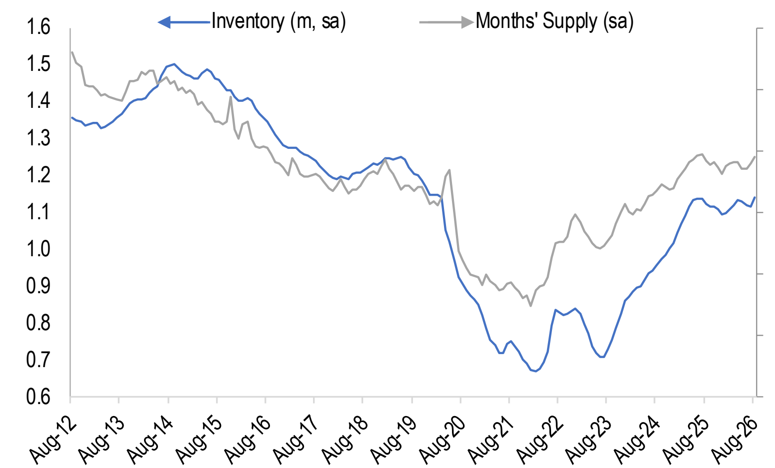


Secondary Spread: Current Coupon Option-Adjusted Spread over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate - Secondary Mortgage Rate

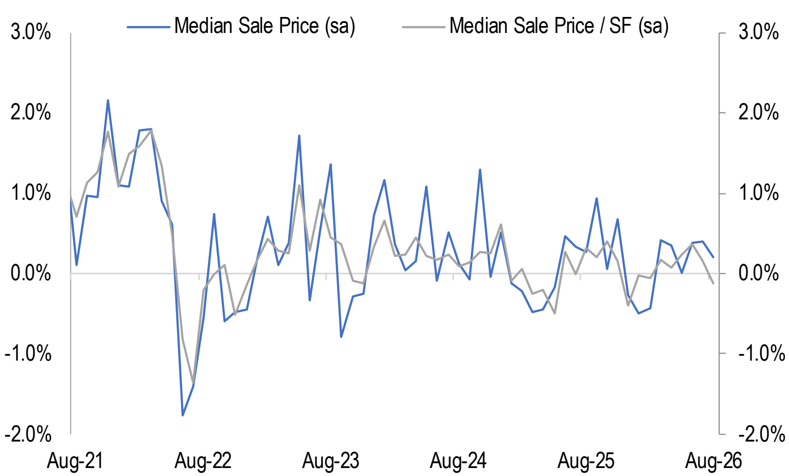
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

Pending Sales Have Cooled Since Mortgage Rates Spiked, but New Listings Have Also Slowed …

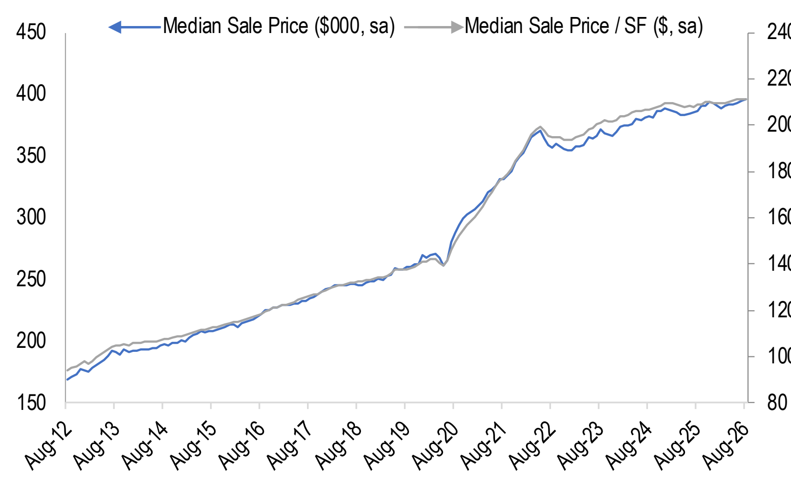
… Which Has Kept Inventory and Months' Supply in Check



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



National Median Home Sale Price Climbed to a New Record High in July



Sources: Redfin, Arch Global Economics

SA = Seasonally Adjusted
SF = Square Foot

Monthly data as of Sep. 3, 2026

Location Matters: Some Markets Remain Tight with Solid HPA, While Others Have Seen Outright Price Declines

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	**1.1%**	**-0.1%**	**0.5%**	**-0.4%**	**20.8%**	**0.8%**	**98.7%**	**0.2%**	**-3.0**	**-3.3**	**2%**	**21%**	**15%**
Atlanta	-0.8%	-0.4%	0.1%	*-1.4%*	22.5%	0.5%	*97.9%*	0.2%	*24.5*	*25.8*	2%	54%	56%
Austin	**-4.7%**	*-1.6%*	*-1.4%*	**3.0%**	**26.2%**	*-0.1%*	**97.2%**	*0.4%*	**45.8**	**49.5**	-1%	**149%**	**142%**
Baltimore	*0.6%*	-1.4%	0.6%	**2.3%**	21.7%	1.4%	**100.5%**	0.1%	*0.0*	*-2.8*	**9%**	*8%*	**-10%**
Boston	**1.8%**	*1.1%*	-0.4%	*-1.1%*	*16.9%*	*1.6%*	**100.5%**	**-0.2%**	1.5	*-1.3*	**15%**	*19%*	*-1%*
Chicago	**3.6%**	*-1.7%*	**4.7%**	0.3%	**12.9%**	**-0.5%**	**100.1%**	*0.3%*	**-14.0**	**-15.0**	-1%	**-34%**	**-32%**
Dallas	**-2.6%**	-0.8%	0.6%	**2.6%**	**26.9%**	1.1%	**97.3%**	*-0.1%*	*19.0*	18.3	*-6%*	60%	60%
Denver	**-3.4%**	**-4.9%**	-0.7%	1.0%	**30.0%**	1.4%	98.5%	*0.0%*	15.5	*19.3*	-2%	**124%**	**99%**
Houston	*-2.1%*	0.5%	*-1.1%*	0.1%	*25.5%*	0.5%	**97.2%**	**0.9%**	16.3	16.0	0%	62%	44%
Los Angeles	-0.7%	*0.6%*	**-2.2%**	-0.6%	**16.1%**	0.7%	*99.5%*	0.1%	2.0	3.5	-1%	42%	42%
Miami	**2.2%**	**2.3%**	**2.1%**	**4.8%**	**13.3%**	**-0.8%**	**95.5%**	0.2%	*23.0*	*25.0*	**-14%**	*16%*	34%
Minneapolis	*0.5%*	-0.6%	*1.2%*	-0.4%	*24.2%*	**3.1%**	*99.7%*	**-0.2%**	4.0	3.0	*9%*	*21%*	*11%*
Nashville	-0.5%	-0.7%	0.0%	**-1.9%**	20.4%	1.4%	*97.9%*	0.0%	7.5	7.5	*6%*	65%	46%
New York	**5.2%**	*0.9%*	0.3%	**-2.7%**	**12.9%**	1.3%	**100.7%**	0.3%	**-42.5**	**-39.0**	-2%	**-31%**	**-27%**
Phoenix	-0.9%	0.1%	*1.0%*	1.2%	22.1%	*1.7%*	*97.9%*	0.0%	**28.0**	**31.0**	-2%	**120%**	**111%**
Portland	0.3%	*1.0%*	0.9%	0.6%	**26.4%**	1.2%	*99.4%*	0.3%	5.5	14.0	-2%	54%	49%
Riverside	0.1%	0.4%	*1.2%*	**2.8%**	*17.8%*	0.7%	98.9%	0.1%	0.8	7.5	**-8%**	28%	38%
San Diego	*0.7%*	**3.8%**	*-1.0%*	0.4%	21.2%	1.2%	99.1%	**0.5%**	2.5	12.5	*-5%*	28%	28%
Seattle	**-5.9%**	**-3.8%**	**-4.9%**	*-1.3%*	*23.8%*	**2.6%**	98.7%	**-0.4%**	7.5	4.0	**20%**	**103%**	43%
Tampa	0.0%	-1.0%	*-1.9%*	**-2.3%**	*23.7%*	**-2.4%**	**97.1%**	**0.5%**	**34.3**	*19.3*	3%	**109%**	*84%*
Washington DC	-0.6%	**-2.9%**	-0.3%	-0.4%	18.9%	1.3%	*99.5%*	0.1%	14.5	11.0	*8%*	59%	35%

Data as of Sep. 13, 2026, and reflect 4-week averages.

Sources: Redfin, 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
9/15/26	8:30 AM	Empire Manufacturing	Sep	**7.6**	15.0	--	20.6	index, sa
9/16/26	7:00 AM	MBA Mortgage Applications w/w	Sep 11	**-4.1**	--	--	-2.7	%, sa
9/16/26	8:30 AM	Advance Retail Sales m/m	Aug	**1.2**	0.8	-0.5	-0.6	%, sa
9/16/26	8:30 AM	Retail Sales Control Group m/m	Aug	**1.4**	0.5	--	-0.4	%, sa
9/16/26	8:30 AM	Import Price Index m/m	Aug	**0.7**	0.5	-0.3	-0.4	%, nsa
9/16/26	8:30 AM	Import Price Index y/y	Aug	**7.0**	6.6	6.1	5.9	%, nsa
9/16/26	10:00 AM	Business Inventories m/m	Jul	**0.8**	0.8	0.1	0.0	%, sa
9/16/26	10:00 AM	NAHB Housing Market Index	Sep	**32**	34	--	35	index, sa
9/16/26	2:00 PM	FOMC Rate Decision (Upper Bound)	Sep 16	**4.00**	4.00	--	3.75	%
9/17/26	8:30 AM	Philadelphia Fed Business Outlook	Sep	**37.8**	32.1	--	47.4	index, sa
9/17/26	8:30 AM	Initial Jobless Claims	Sep 12	**196**	207	--	206	k, sa
9/17/26	8:30 AM	Continuing Claims	Sep 5	**1,730**	1,779	1,769	1,774	k, sa
9/17/26	8:30 AM	Housing Starts	Aug	**1,275**	1,320	1,309	1,239	k, saar
9/17/26	8:30 AM	Housing Starts m/m	Aug	**-2.6**	6.7	-9.0	-12.4	%, sa
9/17/26	8:30 AM	Building Permits	Aug P	**1,394**	1,408	--	1,433	k, saar
9/17/26	8:30 AM	Building Permits m/m	Aug P	**-2.7**	-1.5	--	4.3	%, sa
9/17/26	10:00 AM	Pending Home Sales m/m	Aug	**0.3**	-0.1	-2.6	-2.3	%, sa
9/17/26	10:00 AM	Pending Home Sales y/y	Aug	**-4.9**	-3.9	-2.9	-2.5	%, nsa
9/18/26	9:15 AM	Industrial Production m/m	Aug	**0.0**	0.3	--	0.2	%, sa
9/18/26	9:15 AM	Capacity Utilization	Aug	**76.3**	76.4	--	76.3	sa
9/18/26	10:00 AM	Conference Board Leading Index m/m	Aug	**-0.1**	0.1	--	0.2	%, sa

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

Sources: Bloomberg Consensus Survey of Economists, 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
9/21/26	8:30 AM	Chicago Fed Nat Activity Index	Aug	--	0.0	--	-0.1	index, nsa
9/22/26	10:00 AM	Richmond Fed Manufact. Index	Sep	--	1.5	--	4.0	index, sa
9/23/26	7:00 AM	MBA Mortgage Applications w/w	Sep 18	--	--	--	-4.1	%, sa
9/23/26	9:45 AM	S&P Global US Manufacturing PMI	Sep P	--	53.5	--	53.9	index, sa
9/23/26	9:45 AM	S&P Global US Services PMI	Sep P	--	55.8	--	56.5	index, sa
9/23/26	9:45 AM	S&P Global US Composite PMI	Sep P	--	--	--	56.0	index, sa
9/24/26	-	Building Permits	Aug F	--	--	--	1,394	k, saar
9/24/26	-	Building Permits m/m	Aug F	--	--	--	-2.7	%, sa
9/24/26	8:30 AM	Initial Jobless Claims	Sep 19	--	200	--	196	k, sa
9/24/26	8:30 AM	Continuing Claims	Sep 12	--	1,750	--	1,730	k, sa
9/24/26	10:00 AM	New Home Sales	Aug	--	616	--	607	k, saar
9/24/26	10:00 AM	New Home Sales m/m	Aug	--	1.4	--	-10.5	%, sa
9/24/26	11:00 AM	Kansas City Fed Manf. Activity	Sep	--	8.5	--	10.0	sa, index
9/25/26	8:30 AM	Durable Goods Orders m/m	Aug P	--	-0.3	--	1.1	%, sa
9/25/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Aug P	--	0.7	--	0.0	%, sa
9/25/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Aug P	--	0.7	--	1.2	%, sa
9/25/26	10:00 AM	U. of Mich. Sentiment	Sep F	--	47.5	--	47.8	index, nsa
9/25/26	10:00 AM	U. of Mich. 1 Yr Inflation	Sep F	--	--	--	4.6	nsa
9/25/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Sep F	--	--	--	3.4	nsa

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

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics