

HaMMR Digest

Stay current with economic and mortgage market trends.

October 20, 2026

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No Reassurances

- **Key Takeaway:** Energy drove the rise in headline inflation in September, but firmness in core prices gives no reassurance against broadening cost pressures.
- **Macro Implications:** Rising business input costs alongside sturdy economic growth will keep the Fed in a tightening posture until data turns around.
- **Housing Implications:** Retrenchment in 10y UST yields provided relief for mortgage rates, which remain prohibitively elevated and will weigh on demand.

Macro: So, It Was All AI?

- Global bond yields took a breather on rising angst over fading AI-growth impulse.
- Tightening financial conditions are producing dispersion across asset classes.
- Fed's private activity survey shows businesses are facing higher non-energy costs.

Rates: Whoa, Nelly!

- 10y UST -25bps w/w, largest weekly fall since Feb. despite hot inflation data.
- Curve twist flattened as front-end yields remained relatively steady.
- Markets coalesce around a Dec. Fed hike with the terminal rate also priced lower.

Housing Market: Don't Get Too Excited

- Mortgage rate ascent takes a breather, but don't expect a large drawdown.
- Home prices declined over the last four weeks in roughly 50% of metros.
- Transaction activity still pulling back as share of canceled sales rises further.

Consumer Inflation: A Little Bit Hotter

- Sept. CPI accelerated to 3.7% y/y amid energy, transport and shelter costs.
- Broad-based strength evident within core, hinting at energy pass through.
- Underlying producer costs firmed with big lift in non-energy and services.

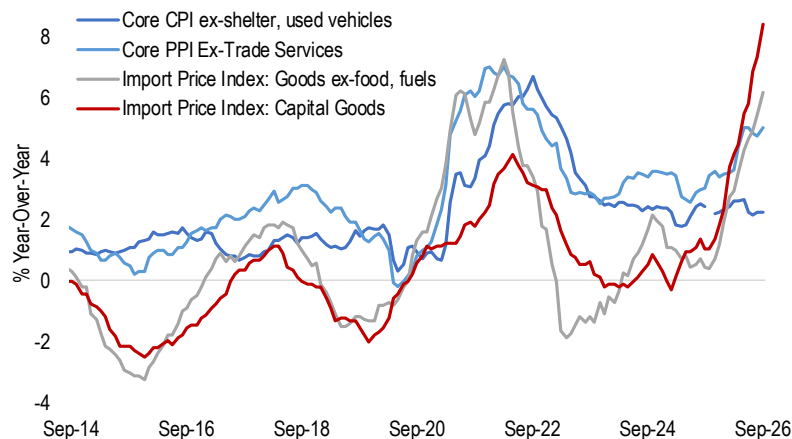
Retail Sales: Strong Q3 despite Moderation in September

- Real retail sales rose a solid 3.1% SAAR in Q3, cooling from 5.1% in Q2.
- Households rationing gas consumption given the pickup in pump prices.
- Gains in other categories apparent, led by apparel, online and restaurants.

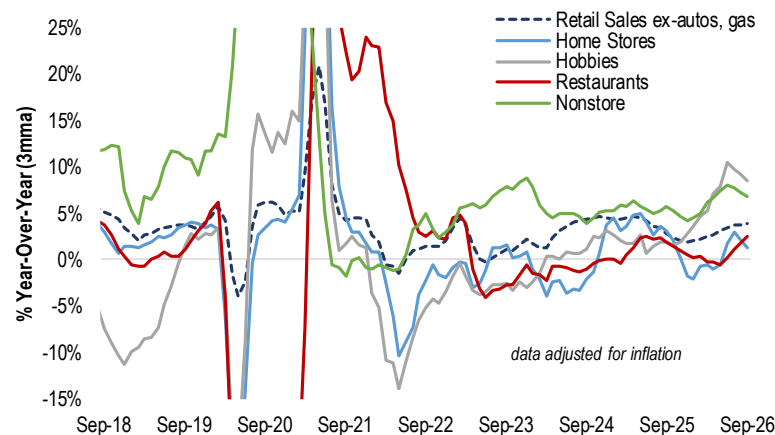
Existing Home Sales: Low and Bumpy

- Sales pace continues to bounce along 3-year average annualized pace (~4m).
- Inventory pulled back again and is down -15% SAAR over prior three months.
- Single-family months' supply inched up to 4.26 (SA), the highest since April.

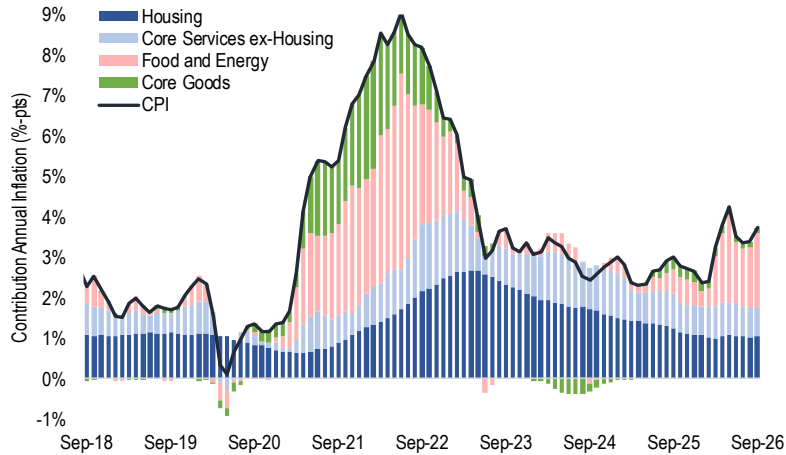
Core Consumer Inflation Strengthened in Sept. with Producer Side of Economy Showing Further Pressure



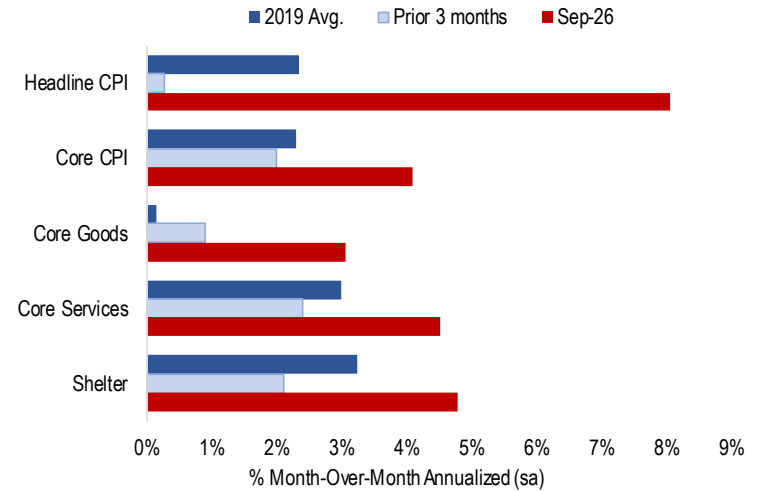
Consumer Spending Eased in September, but Trend Remains Healthy



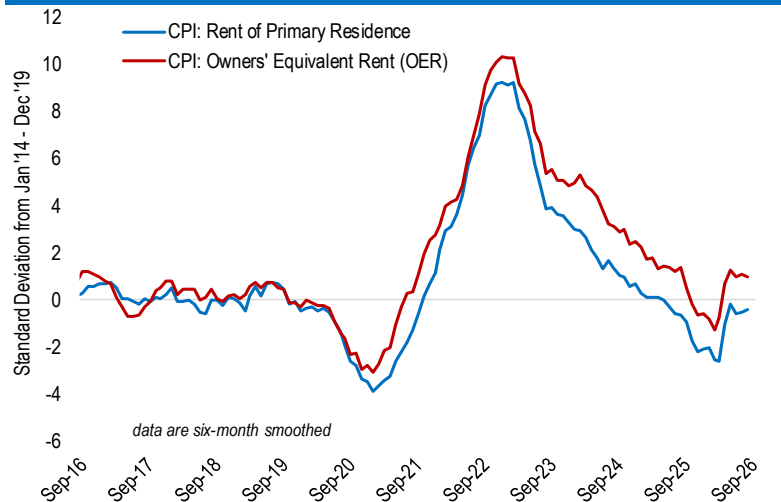
Annual Consumer Inflation Rose to 3.74% in September amid Firmer Energy, Transport and Shelter Costs



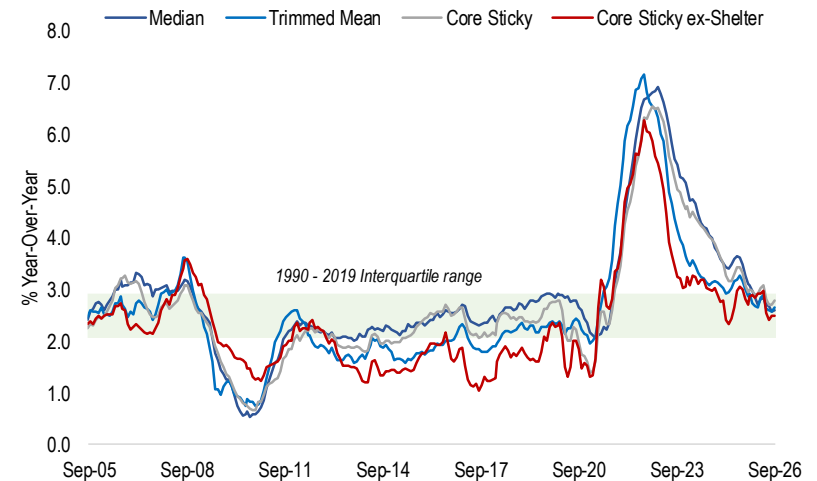
Inflation Showed Broad-Based Strength across Core Goods and Services



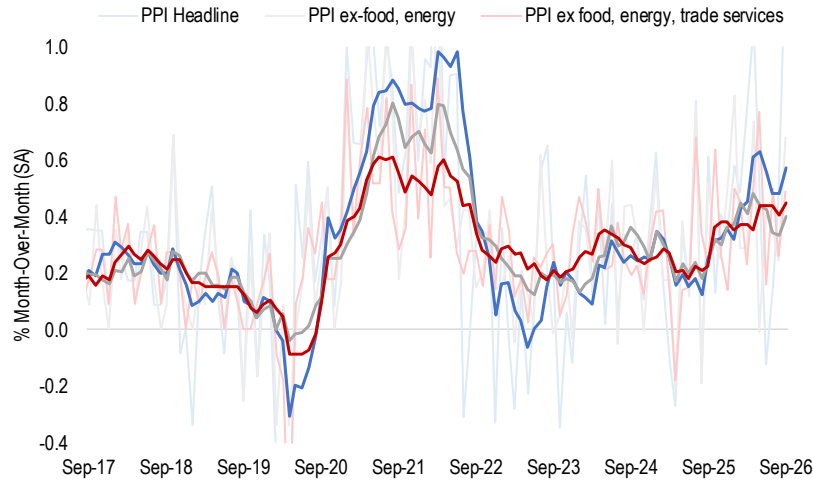
Shelter Inflation (~35% of CPI) Showing Signs of Strength, Led by the Midwest and Northeast Regions



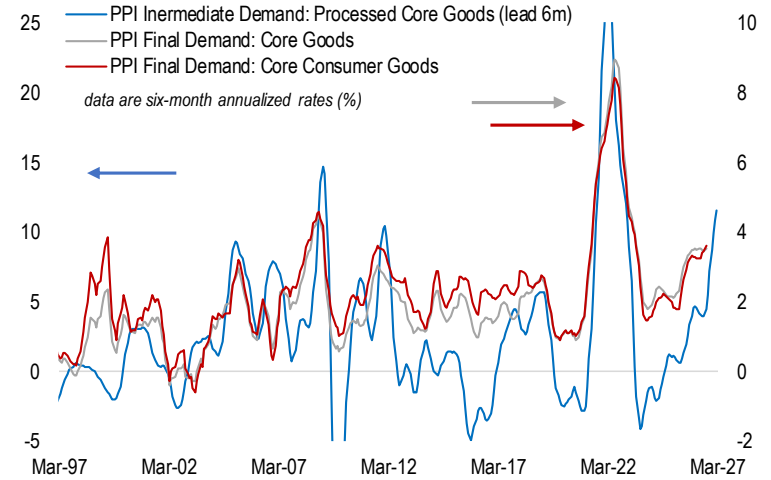
Underlying Inflation Measures Firm but Remain within Historical Range



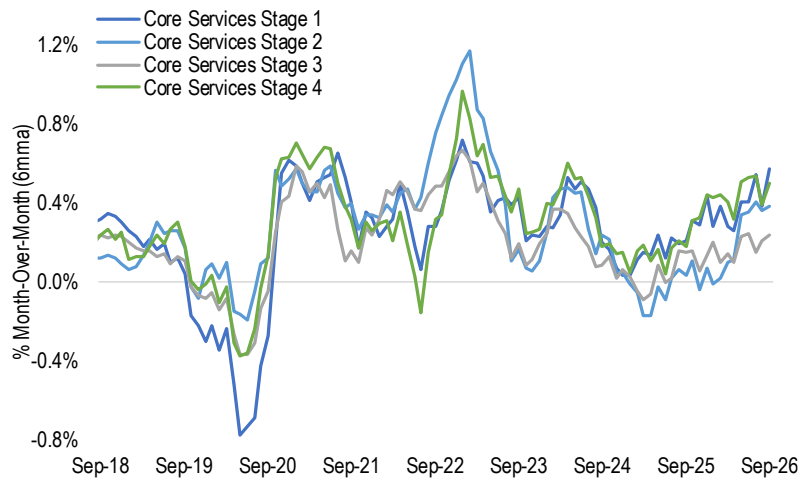
Energy Propelled Headline Producer Price Inflation Higher, but Underlying Strength Apparent



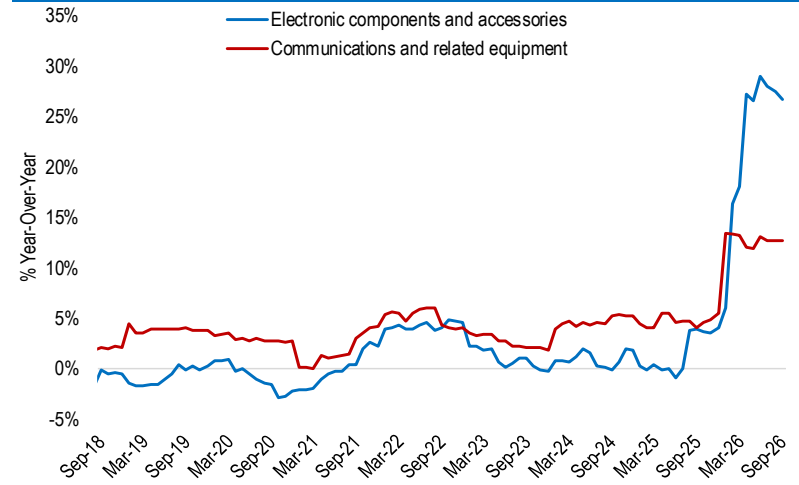
Goods Prices Unlikely to Ease Near Term as Firms Face Higher Energy Costs and Tighter Supply Chains



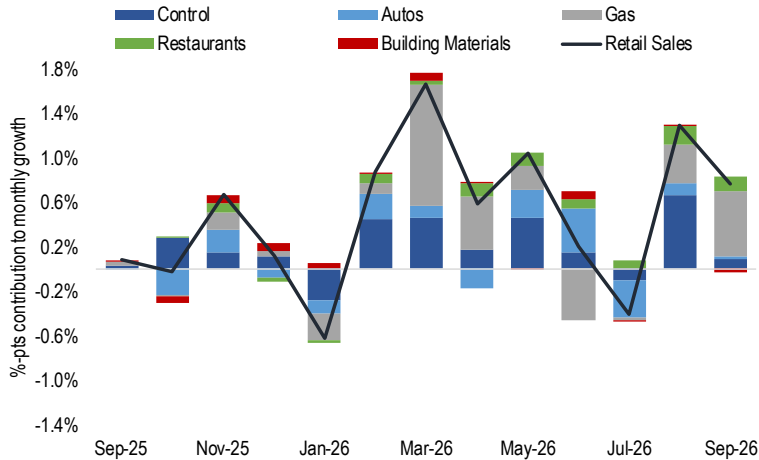
Core PPI Services Inflation Elevated (and Rising) across Intermediate-Demand Stages



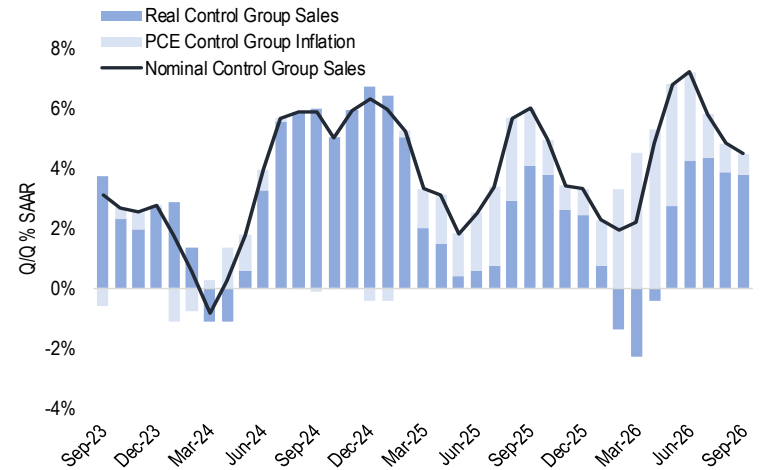
AI-Capex-Linked Equipment Prices Have Eased Slightly but Remain Elevated



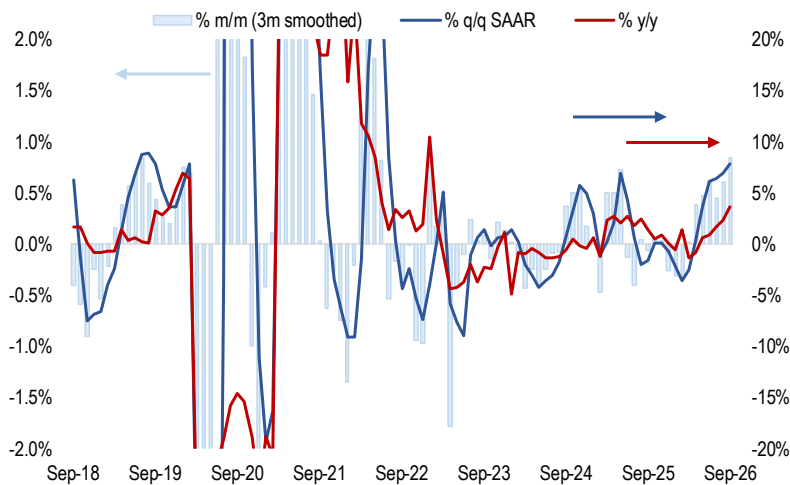
September Retail Sales Got a Big Lift from Gasoline amid Higher Prices at the Pump



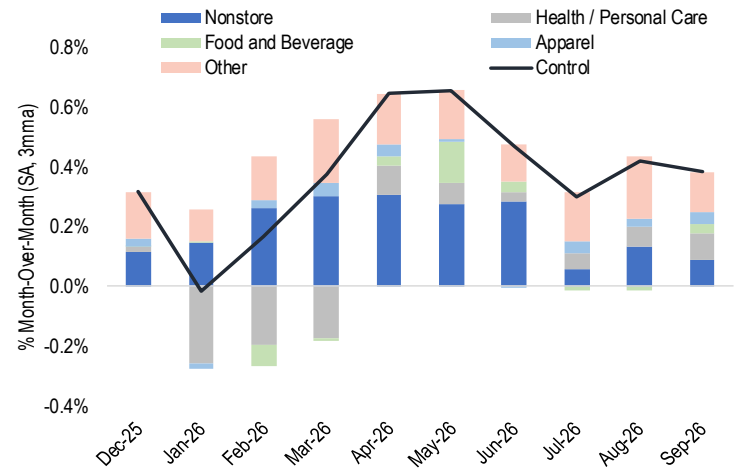
Real (Inflation-Adjusted) Control Group Sales Slowed, but Underlying Trend Remains Solid



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



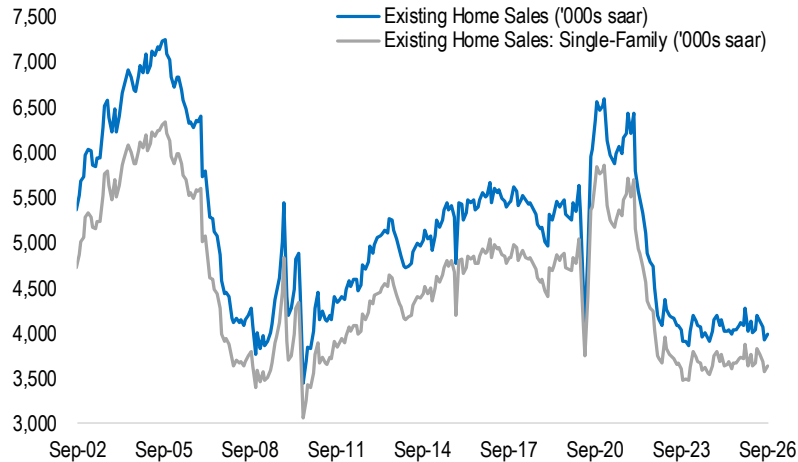
Within Control Group Spending, Decent Gains Were Made in Apparel, General Merchandise and Health



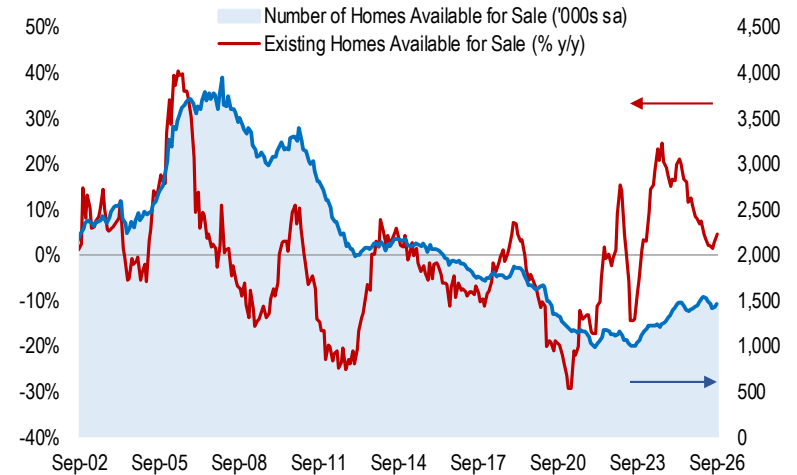
Note: SA = Seasonally Adjusted
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

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

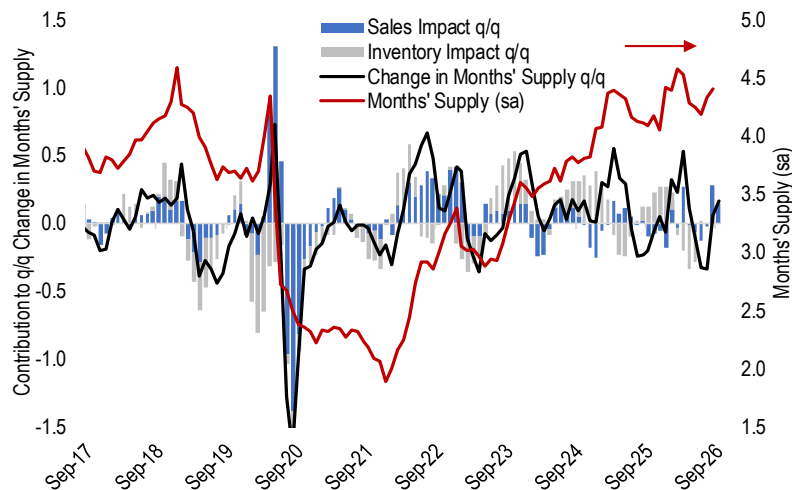
Home Sales Remain Stuck near Multi-Year Lows after a -12% Annualized Decline in 3Q26



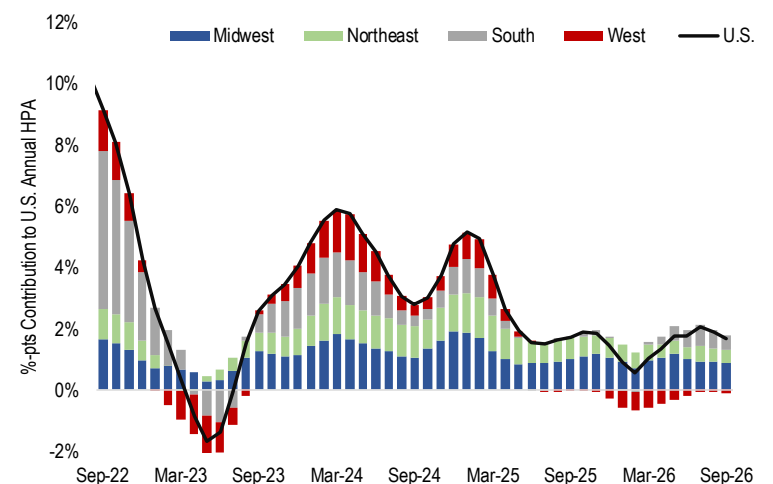
Annual Inventory Growth Has Slowed Significantly, with the Level of Homes for Sale Now -19% below 2019



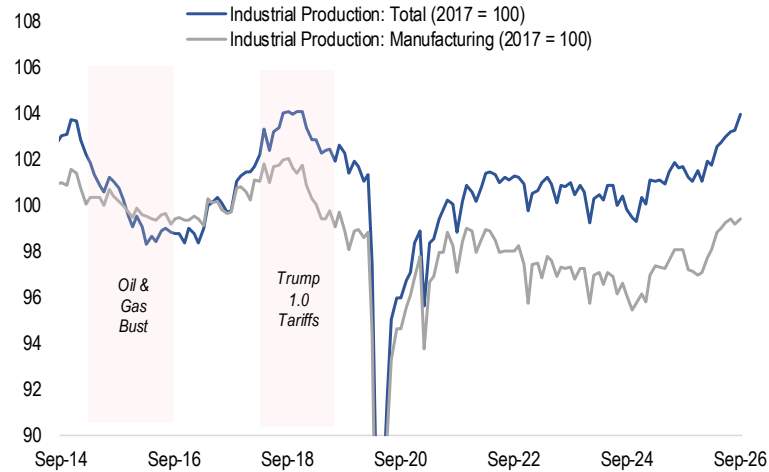
Months' Supply Continued to Trend Higher as Weak Sales Overwhelmed the Pace of Delistings



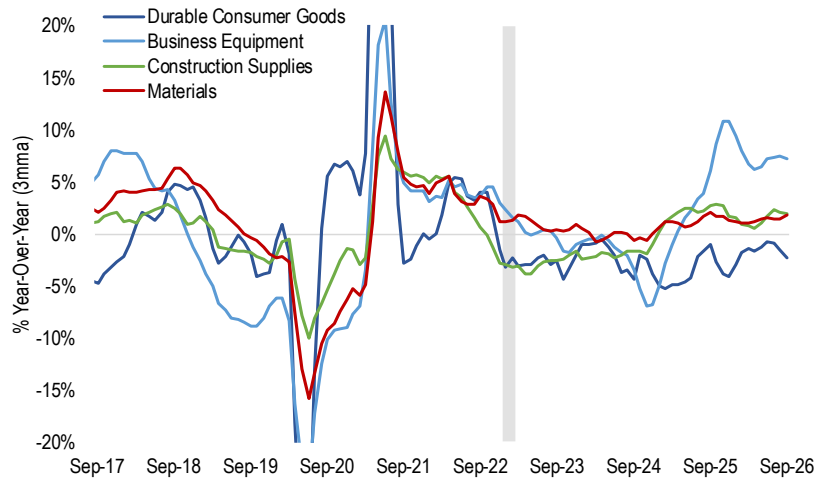
Overall Inventory Remains Tight, but Remaining Sellers Will Need Lower Prices to Cajole Buyers



Industrial Production Surprised to the Upside in September Led by Utilities and Ex-Autos Manufacturing



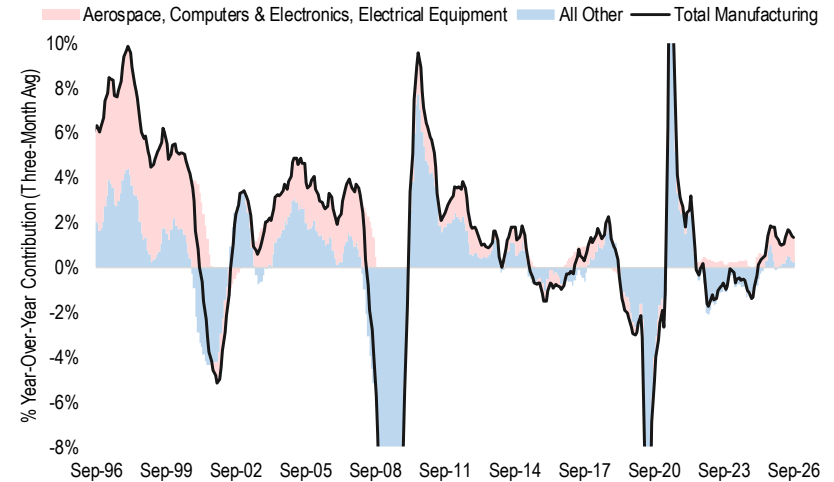
Durable Goods Production Still Strong, Carried by Robust Business Equipment Output



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

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

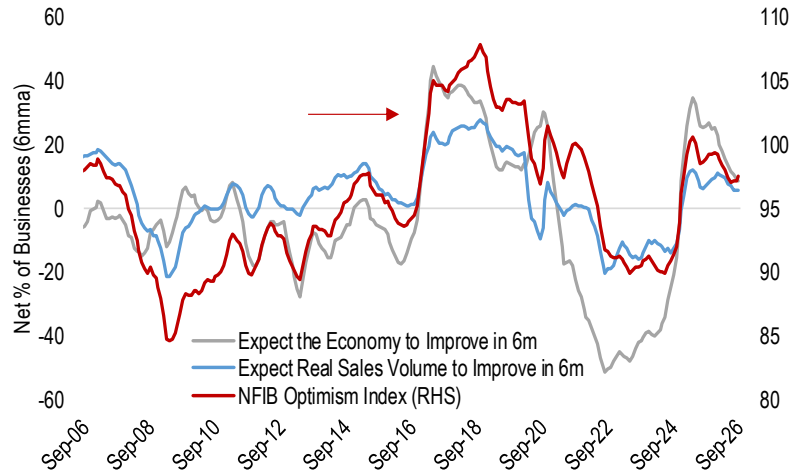
Surge in Tech, Aerospace, Defense and Energy Production Providing Support to Other Sectors



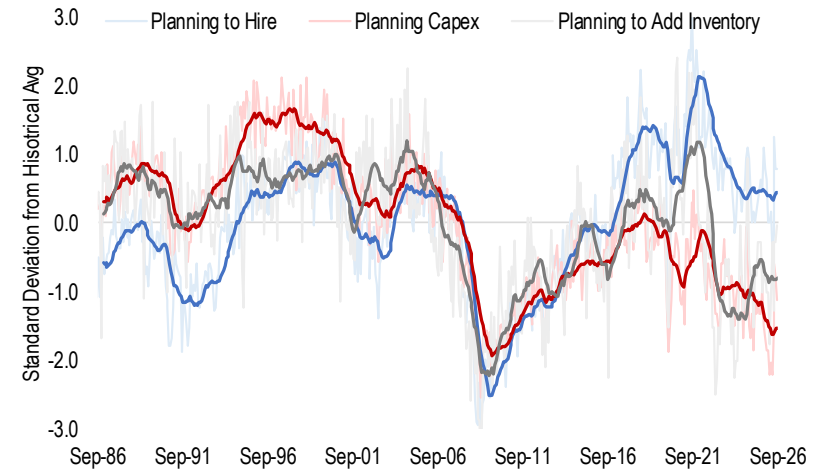
Durable Goods Breadth Rose to a Multi-Year High with Strong Gains in Machinery and Electrical Equipment



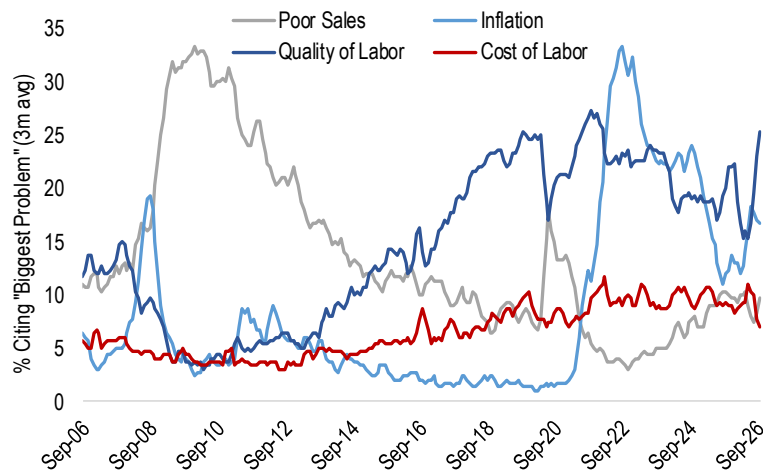
Small Business Sentiment Has Been Trending Sideways with Businesses Holding a Sanguine Outlook



Importantly, Expansion Plans Have Stabilized with Recent Improvement in Plans to Hire



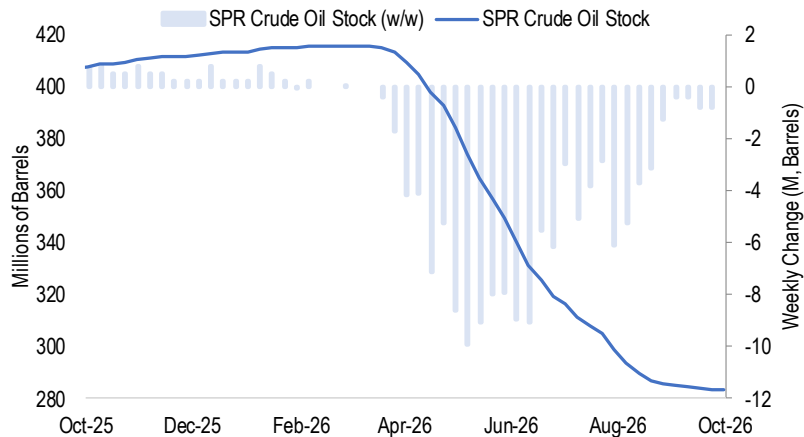
Quality of Labor Cited as "Biggest Problem" While Cost of Labor Was Overtaken by Poor Sales



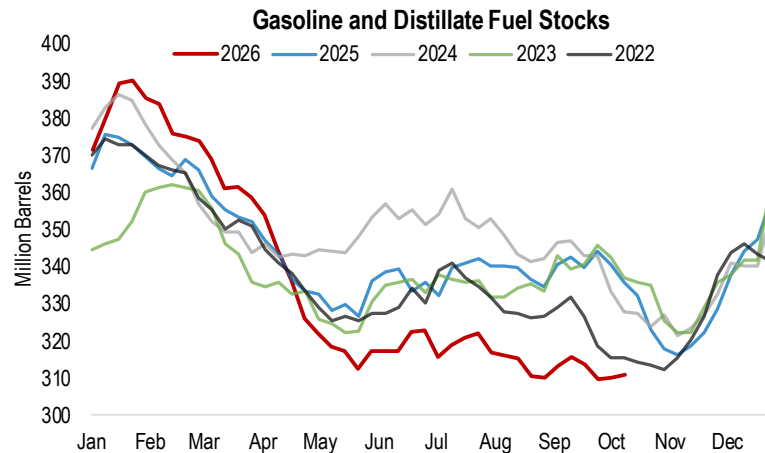
More Firms Are Raising Prices and Increasingly Have Intentions to Continue Doing So in the Months Ahead



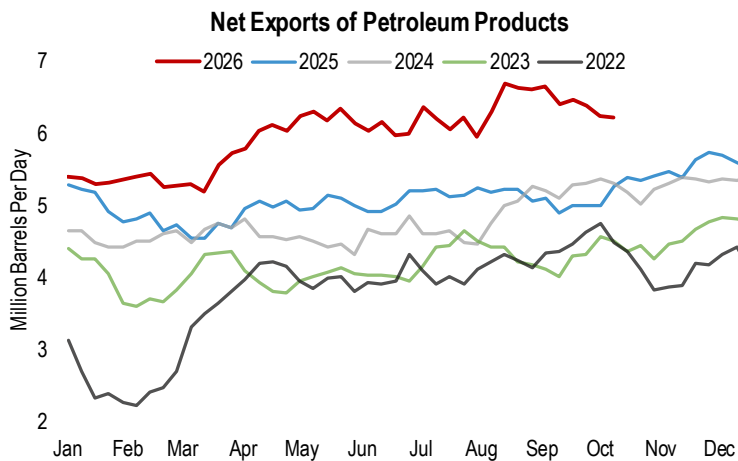
Pace of SPR Inventory Drawdown Slowing to a Crawl as Limits to Further Draws Are Near



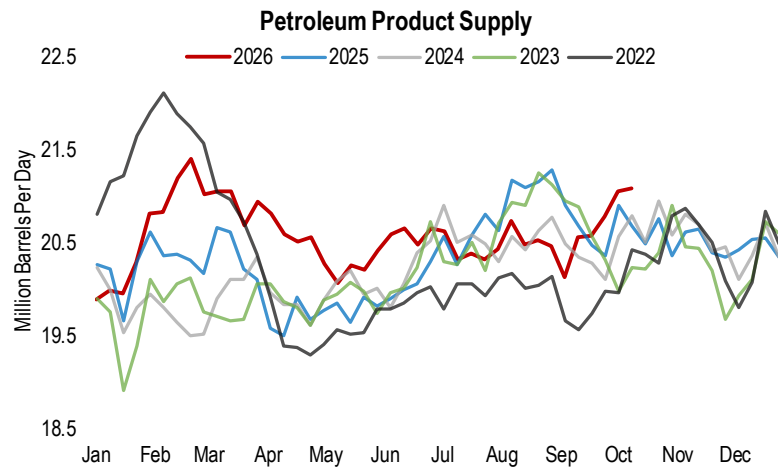
Gasoline and Distillate Stocks Hover near Multi-Year Seasonal Lows



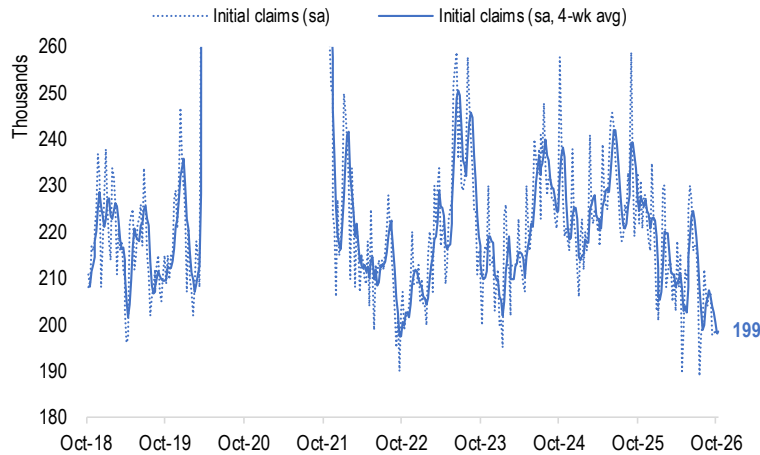
Strong U.S. Petroleum Exports Are Met by Stronger Imports as Refinery Demand for Inputs Remains Robust



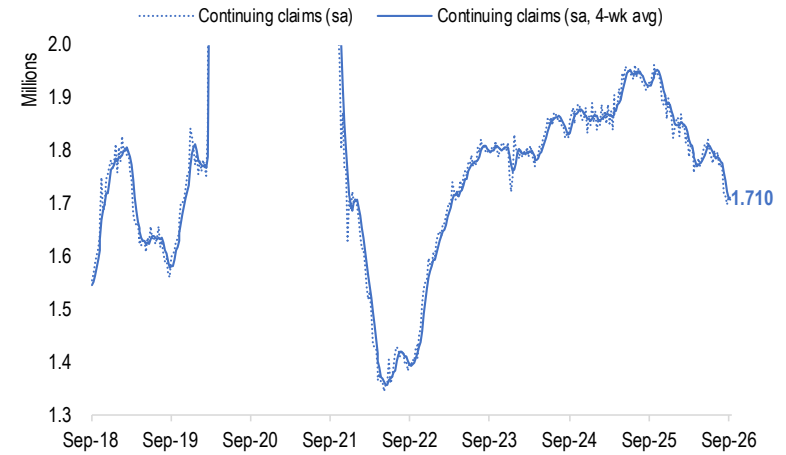
Petroleum Product Demand Firmed, Led by a Rapidly Tightening Distillate Market While Gas Demand Cools



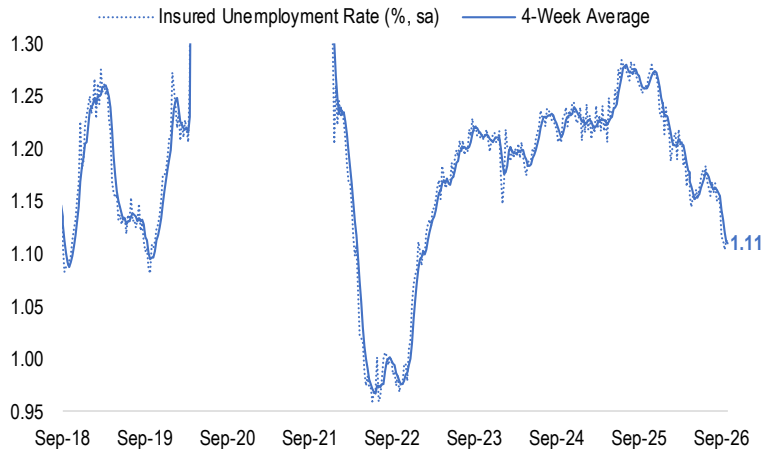
Initial Claims Inched Up to 199k (SA) in Week Ending Oct. 10, Just Above Multi-Year Low



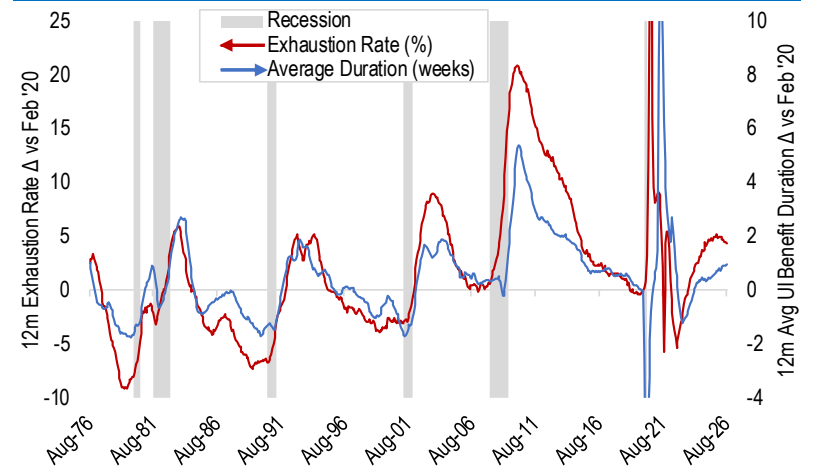
Continuing Claims Ticked Down to 1,710k (SA) in Week Ending Oct. 3, Just Above Lowest Level since Mar. '23



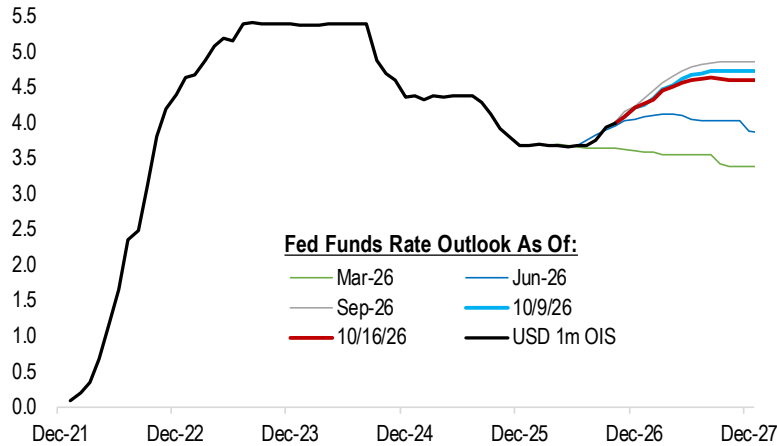
Insured Unemployment Cooled to 1.11% in Week Ending Sept. 26, Just Above Lowest Level since Jan. '23



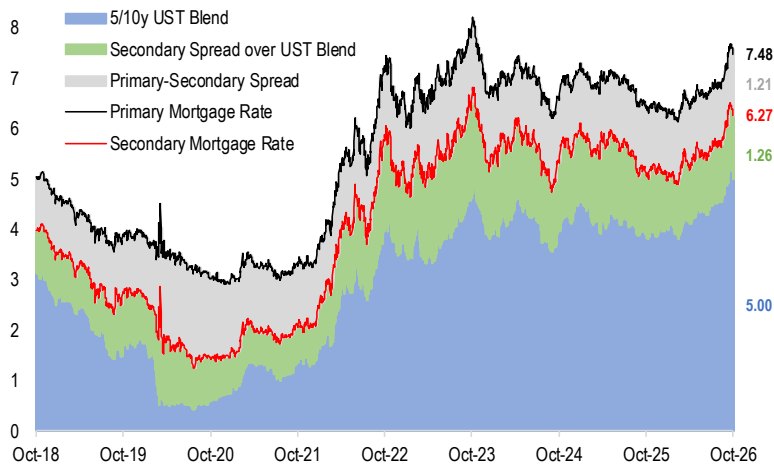
Share of Unemployed Workers Exhausting Benefits Continued to Ease through August



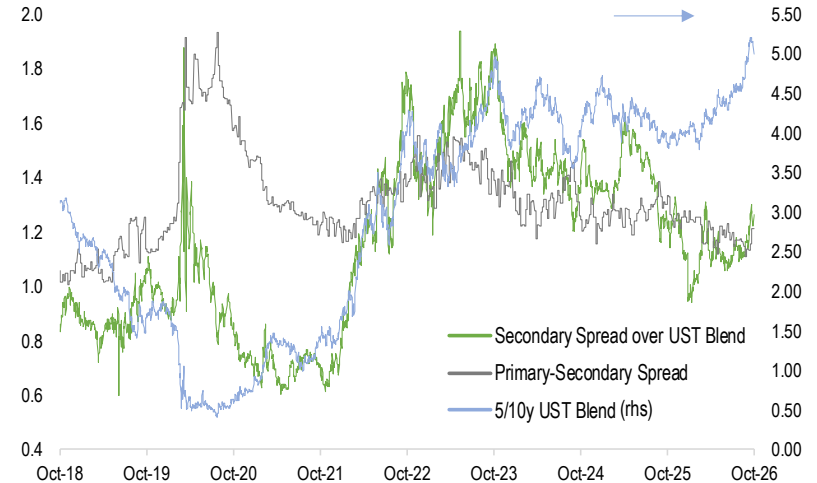
October Rate Hike Looks Increasingly Like a Long Shot and Only Three Rate Hikes Priced, Down from 4 Prior



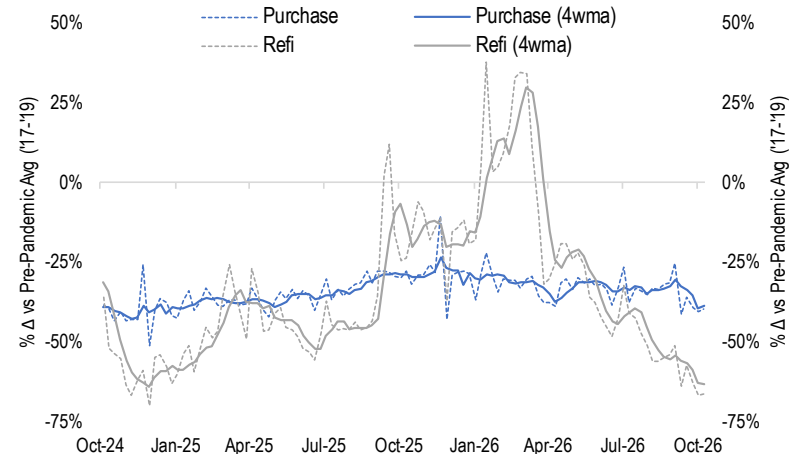
... Bringing Mortgage Rates Back below 7.5% for the First Time since Sept. 25



Blended 5/10y UST Yield Dropped -16bps on the Week While Mortgage Spreads Widened 4bps ...



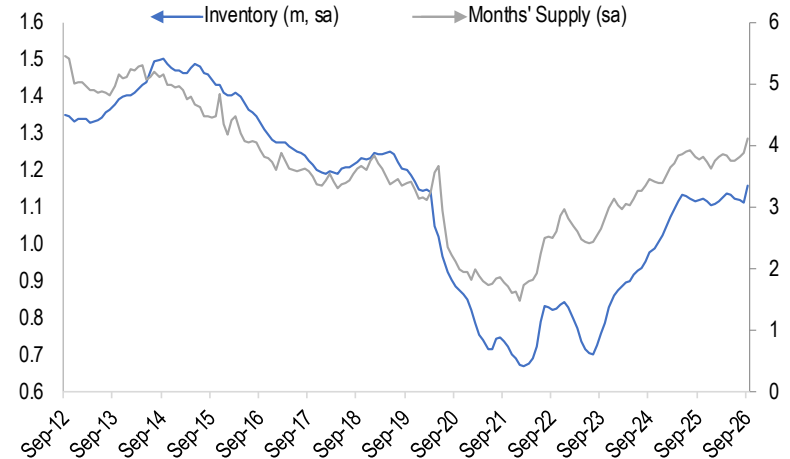
Mortgage Apps Downtrend Paused during Week Ending Oct. 9 as Rise in Mortgage Rates Abated



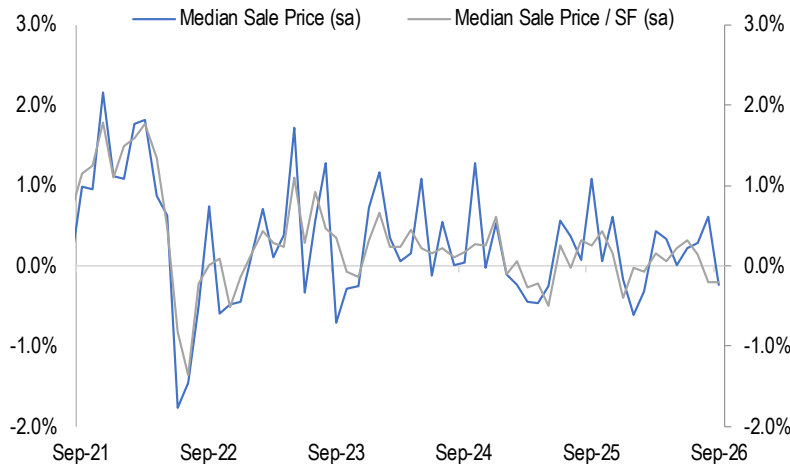
Pending Sales Have Cooled Rapidly Since Mortgage Rates Spiked, but New Listings Have Held Steady



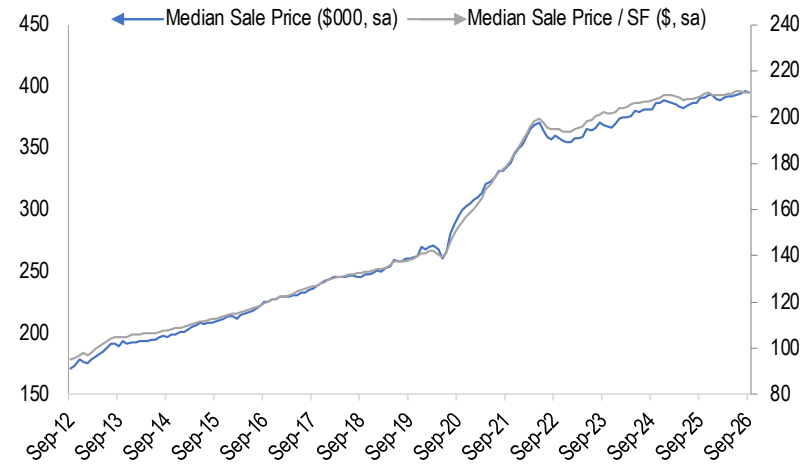
... Which Has Started to Lift Months' Supply Again after More Than a Year of Relative Stability



Pace of Seasonally Adjusted Home-Price Growth Cooled Further and Turned Slightly Negative in September



National Median Home Sale Price Hovering near Record High in September as Momentum Wanes



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	0.6%	-0.9%	1.4%	0.4%	21.7%	1.2%	98.5%	0.1%	-2.0	-2.8	2%	23%	14%
Atlanta	0.1%	1.1%	-0.6%	-1.4%	22.7%	0.6%	97.8%	0.2%	26	27	0%	54%	51%
Austin	-2.7%	-0.2%	-1.3%	3.5%	27.5%	0.5%	97.3%	0.6%	53	57	0%	155%	136%
Baltimore	-1.2%	-1.7%	-0.8%	0.0%	23.2%	2.2%	100.0%	-0.1%	-1	-4	8%	12%	-8%
Boston	0.8%	0.1%	0.4%	-2.4%	20.1%	1.9%	99.9%	-0.1%	1	-2	16%	19%	-4%
Chicago	4.2%	-0.8%	4.2%	-1.4%	13.7%	-0.2%	99.7%	0.2%	-19	-18	-2%	-35%	-33%
Dallas	-1.6%	1.8%	-0.6%	0.6%	27.2%	0.9%	97.1%	0.0%	20	20	-5%	60%	53%
Denver	-1.4%	-0.2%	-1.0%	0.3%	31.1%	1.8%	98.4%	0.1%	19	23	1%	134%	95%
Houston	-1.8%	0.2%	-2.9%	-1.4%	24.3%	-0.3%	96.9%	0.7%	19	15	2%	55%	38%
Los Angeles	-1.6%	-0.7%	-1.2%	0.7%	17.0%	2.1%	99.2%	0.0%	3	5	0%	50%	37%
Miami	0.8%	-1.2%	1.7%	1.4%	14.6%	0.8%	95.5%	0.3%	21	27	-13%	20%	31%
Minneapolis	-0.3%	-1.5%	-0.8%	-1.8%	26.9%	4.1%	99.3%	-0.4%	4	2	9%	30%	14%
Nashville	-0.8%	-1.0%	-0.5%	-0.2%	21.1%	1.2%	97.8%	-0.2%	9	10	6%	61%	44%
New York	4.8%	0.6%	3.8%	0.6%	14.7%	0.9%	100.1%	0.1%	-41	-38	0%	-26%	-28%
Phoenix	-0.2%	-0.5%	-0.4%	-0.9%	23.9%	2.7%	98.0%	0.1%	29	33	0%	124%	108%
Portland	-0.5%	-0.1%	-1.7%	-2.1%	27.0%	1.3%	99.2%	-0.1%	12	11	1%	58%	46%
Riverside	0.7%	2.3%	-0.8%	0.6%	18.2%	1.7%	98.9%	0.0%	-1	5	-5%	36%	32%
San Diego	-0.3%	1.7%	-0.4%	-0.1%	21.3%	1.6%	99.0%	0.1%	4	8	-3%	34%	21%
Seattle	-5.1%	-0.6%	-4.1%	-0.8%	25.9%	3.9%	98.4%	-0.7%	10	6	21%	103%	39%
Tampa	0.3%	-2.2%	-0.9%	0.5%	23.9%	-2.0%	97.0%	0.3%	38	21	5%	104%	80%
Washington DC	-0.2%	0.3%	0.6%	1.0%	20.9%	2.1%	99.2%	-0.2%	15	12	10%	68%	38%

Data as of Oct. 11, 2026, reflecting 4-week averages.

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
10/13/26	6:00 AM	NFIB Small Business Optimism	Sep	97.9	98.2	--	98.7	index, sa
10/13/26	10:00 AM	Existing Home Sales	Sep	4.0	4.0	3.9	4.0	m, saar
10/13/26	10:00 AM	Existing Home Sales m/m	Sep	1.5	-0.8	-3.2	-2.0	%, sa
10/14/26	7:00 AM	MBA Mortgage Applications w/w	Oct 9	-2.7	--	--	-4.2	%, sa
10/14/26	8:30 AM	CPI m/m	Sep	0.6	0.6	--	0.4	%, sa
10/14/26	8:30 AM	CPI Core (ex Food and Energy) m/m	Sep	0.3	0.2	--	0.3	%, sa
10/14/26	8:30 AM	CPI y/y	Sep	3.7	3.6	--	3.4	%, nsa
10/14/26	8:30 AM	CPI Core (ex Food and Energy) y/y	Sep	2.6	2.5	--	2.4	%, nsa
10/15/26	8:30 AM	Advance Retail Sales m/m	Sep	0.8	0.3	1.3	1.2	%, sa
10/15/26	8:30 AM	Retail Sales Control Group m/m	Sep	0.1	0.3	1.2	1.4	%, sa
10/15/26	8:30 AM	Empire Manufacturing	Oct	25.5	12.0	--	7.6	index, sa
10/15/26	8:30 AM	Philadelphia Fed Business Outlook	Oct	20.9	28.0	--	37.8	index, sa
10/15/26	8:30 AM	Initial Jobless Claims	Oct 10	199	200	198	197	k, sa
10/15/26	8:30 AM	Continuing Claims	Oct 3	1,710	1,709	1,714	1,716	k, sa
10/15/26	8:30 AM	PPI Final Demand m/m	Sep	1.3	0.6	0.5	0.4	%, sa
10/15/26	8:30 AM	PPI Core (ex Food and Energy) m/m	Sep	0.7	0.3	--	0.2	%, sa
10/15/26	8:30 AM	PPI Final Demand y/y	Sep	6.3	5.4	5.6	5.4	%, nsa
10/15/26	8:30 AM	PPI Core (ex Food and Energy) y/y	Sep	5.0	4.4	4.8	4.6	%, nsa
10/15/26	10:00 AM	Business Inventories m/m	Aug	0.4	0.4	0.9	0.8	%, sa
10/16/26	8:30 AM	Import Price Index m/m	Sep	1.1	1.0	0.5	0.7	%, nsa
10/16/26	8:30 AM	Import Price Index y/y	Sep	8.1	8.2	6.7	7.0	%, nsa
10/16/26	9:15 AM	Industrial Production m/m	Sep	0.7	0.4	0.1	0.0	%, sa
10/16/26	9:15 AM	Capacity Utilization	Sep	76.9	76.5	76.4	76.3	sa

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

Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
10/19/26	10:00 AM	NAHB Housing Market Index	Oct	29	31	--	32	index, sa
10/20/26	8:30 AM	Housing Starts	Sep	1,221	1,305	--	1,275	k, saar
10/20/26	8:30 AM	Housing Starts m/m	Sep	-5.2	1.9	--	-2.6	%, sa
10/20/26	8:30 AM	Building Permits	Sep P	1,400	1,385	--	1,403	k, saar
10/20/26	8:30 AM	Building Permits m/m	Sep P	-0.2	-1.3	--	-2.1	%, sa
10/20/26	10:00 AM	Pending Home Sales m/m	Sep	-7.3	-0.5	--	0.3	%, sa
10/20/26	10:00 AM	Pending Home Sales y/y	Sep	-12.6	-3.9	--	-4.9	%, nsa
10/21/26	7:00 AM	MBA Mortgage Applications w/w	Oct 16	--	--	--	-2.7	%, sa
10/22/26	8:30 AM	Initial Jobless Claims	Oct 17	--	200	--	199	k, sa
10/22/26	8:30 AM	Continuing Claims	Oct 10	--	1,710	--	1,710	k, sa
10/22/26	10:00 AM	Conference Board Leading Index m/m	Sep	--	-0.1	--	-0.1	%, sa
10/22/26	11:00 AM	Kansas City Fed Manf. Activity	Oct	--	12.0	--	14.0	sa, index
10/23/26	9:45 AM	S&P Global US Manufacturing PMI	Oct P	--	56	--	56	index, sa
10/23/26	9:45 AM	S&P Global US Services PMI	Oct P	--	58	--	59	index, sa
10/23/26	9:45 AM	S&P Global US Composite PMI	Oct P	--	57.1	--	58.4	index, sa
10/23/26	10:00 AM	U. of Mich. Sentiment	Oct F	--	46.3	--	46.3	index, nsa
10/23/26	10:00 AM	U. of Mich. 1 Yr Inflation	Oct F	--	--	--	4.7	nsa
10/23/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Oct F	--	--	--	3.5	nsa

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