HaMMR Digest

Stay current with economic and mortgage market trends.

October 26, 2026

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A Chill in the Air

- **Key Takeaway:** With a light data week, market volatility was driven by a focus on rising oil prices, AI-credit funding risks and European political uncertainty.
- **Macro Implications:** Incoming data could support a rate hike this week despite near-zero market implied odds, opening the door for a possible Fed surprise.
- **Housing Implications:** For-sale inventory is gradually building as buyers leave the market faster than sellers, but modest price impacts are expected.

Macro: Juxtaposition

- AI capex bust fears and rising oil prices fuel safe-haven U.S. Treasury flows.
- Macro spillover minimal with 3Q26 real GDP growth expected at 3.2% SAAR.
- Key GDP item to watch: Broadening non-residential private investment beyond tech.

Rates: Spooky Surprise Coming?

- 10y UST -8bps w/w and largest one-day plunge since 2024 on Thursday.
- Curve bull flattened as front-end yields remained relatively steady.
- Markets odds waning: No hike on Weds. and less than 75bps of hikes by YE '27.

Housing Market: An Early Freeze

- Mortgage rate ascent takes a breather, but don't expect a large drawdown.
- Sellers have taken notice of weaker demand, limiting pace of new listings.
- Buyers still pulling back harder, driving an incremental rise in total inventory.

Home Construction: Waving the White Flag?

- Single-family housing starts declined -11% saar in Q3, following -19% in Q2.
- Permitting activity has been slightly more positive but still down -6% y/y.
- Completions sank to multi-year low with builders cognizant of weak demand.

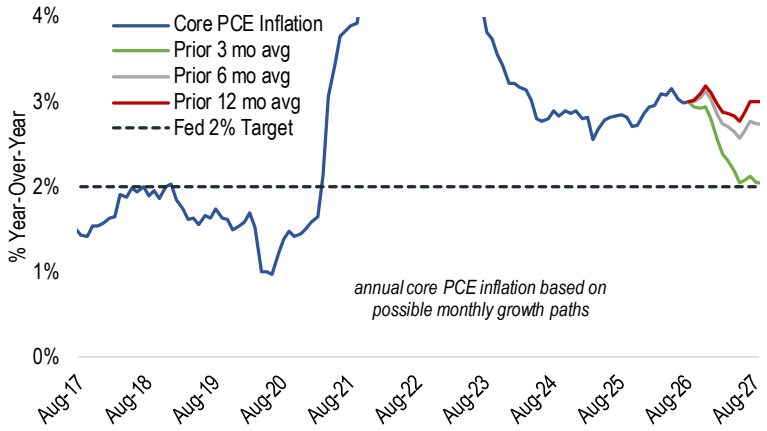
Regional Business Surveys: Momentum Eases

- Activity cooled in Oct. but goods sectors are still far outperforming services.
- Supplier deliveries and backlogs point to further capacity constraints.
- Cost pressures inched higher while employment intentions remained stable.

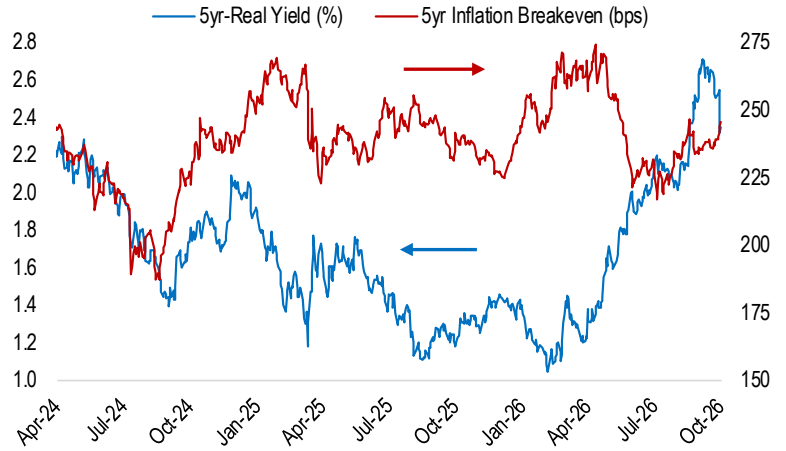
Housing Turnover Monitor: Buyer Pool Shrinking

- Pending-sale cancellation breadth rose as affordability squeezes out buyers.
- Delisting breadth normalizing across metros despite upturn in mortgage rates.
- Price-cut activity easing as transaction volumes absorb the rate pressure.

Inflation Has Been Stickier over the Past Year, but the Fed Will Be Watching If the Recent Trend Persists

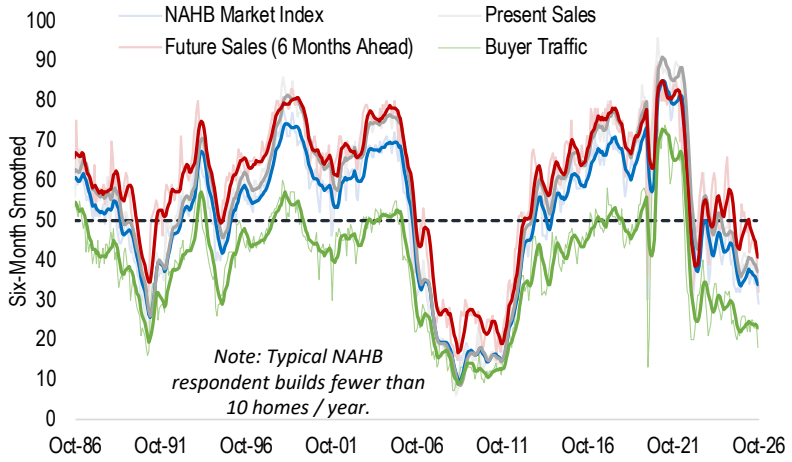


Real Yields Sank on Less Hawkish Fed While Energy Price Spike Lifted Inflation Expectations

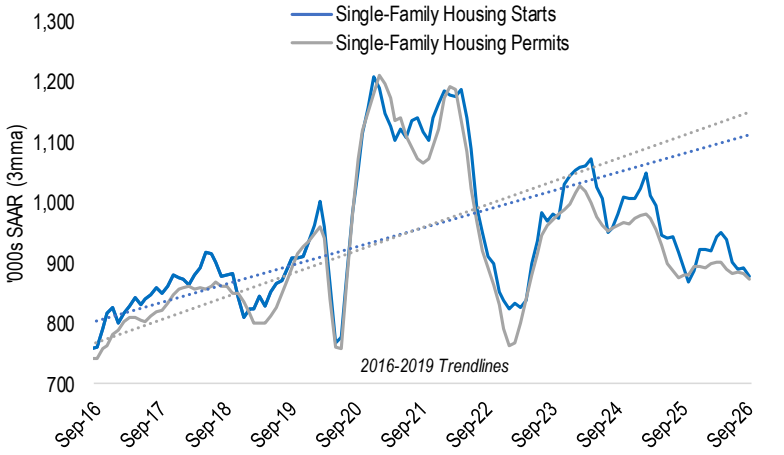


Sources: BEA, Census Bureau, Bloomberg, Arch Global Economics

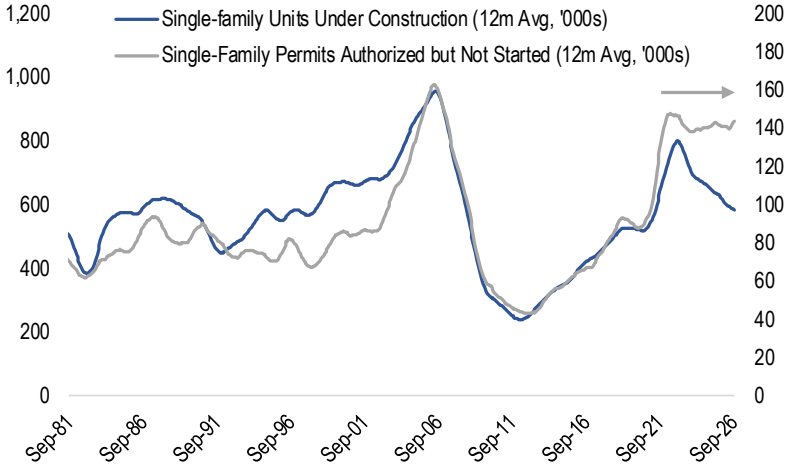
Builder Optimism Sinks to an Over-Decade Low with Buyer Traffic Approaching Pandemic-Era Lows



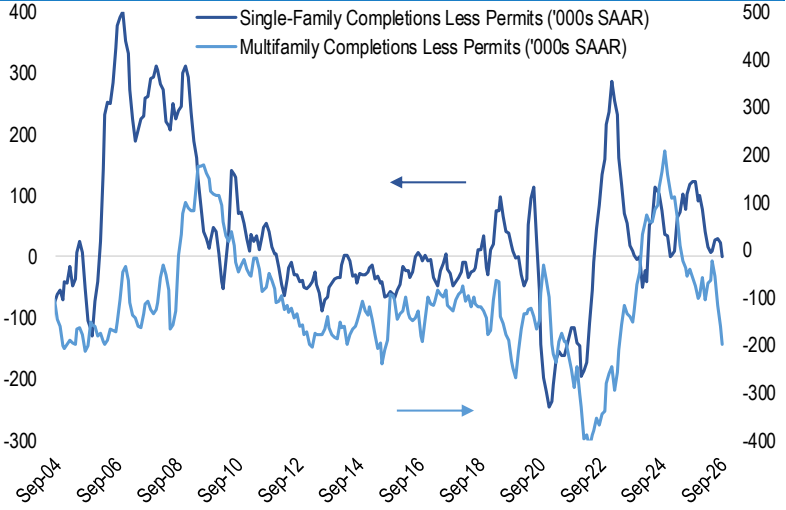
Single-Family Starts and Permits Both Reflect a Deep Construction Freeze Compared to Pre-Pandemic Trends



Backlog of Permitted-but-Not-Started Single-Family Homes Still Elevated, Even as Active Construction Fades

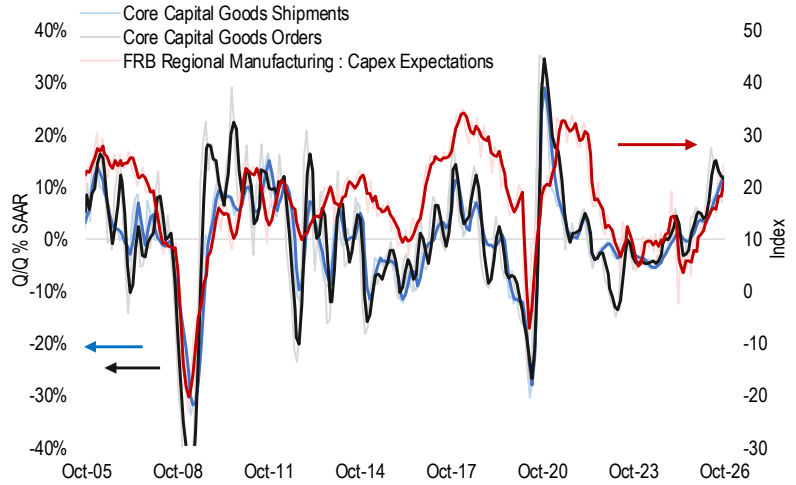


Single-Family Completions Back In-Line with Permits, but Multifamily Permitting Far Outpacing Completions

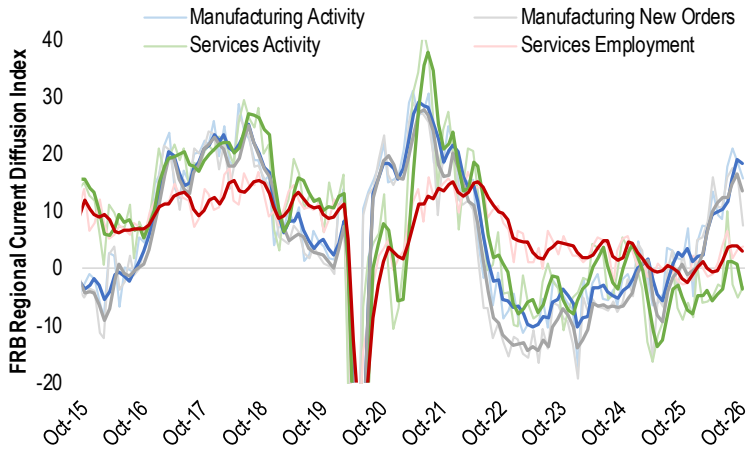


Sources: U.S. Census Bureau, National Association of Home Builders (NAHB), Arch Global Economics

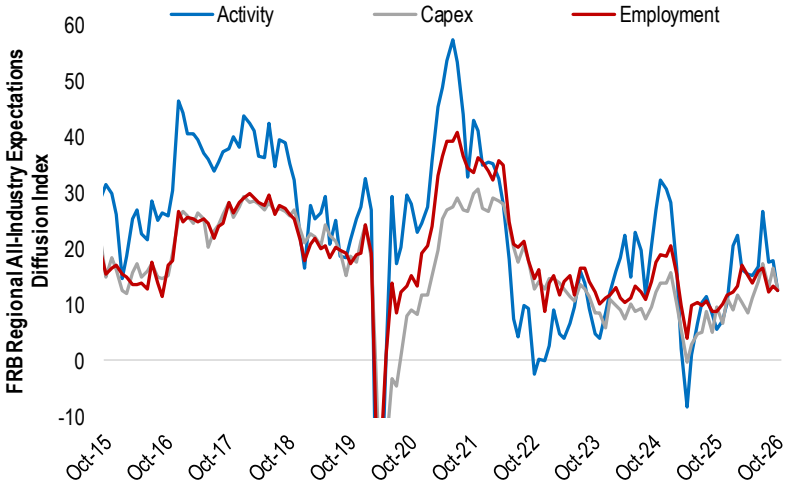
Goods Production Remained Firm, Driven by Tech, Electrical Components, Defense and Aerospace



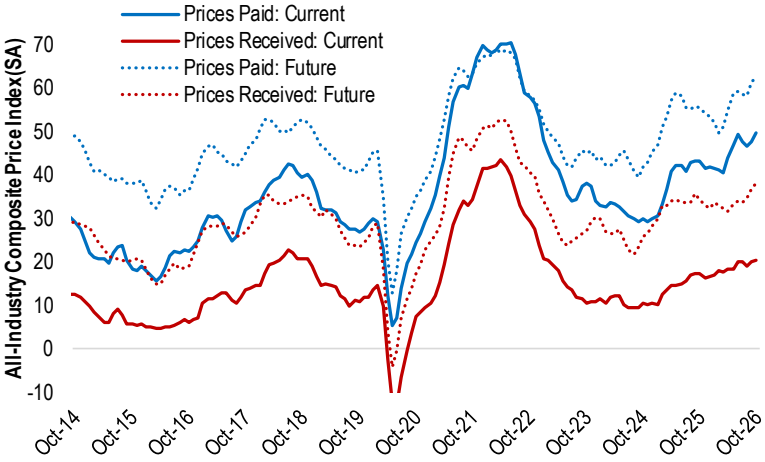
Services Industry Activity Softened, Driven by Northeast Region, While Employment Remained Positive



Business Expectations Have Moderated, Likely in Response to Recent Run-Up in Energy Prices

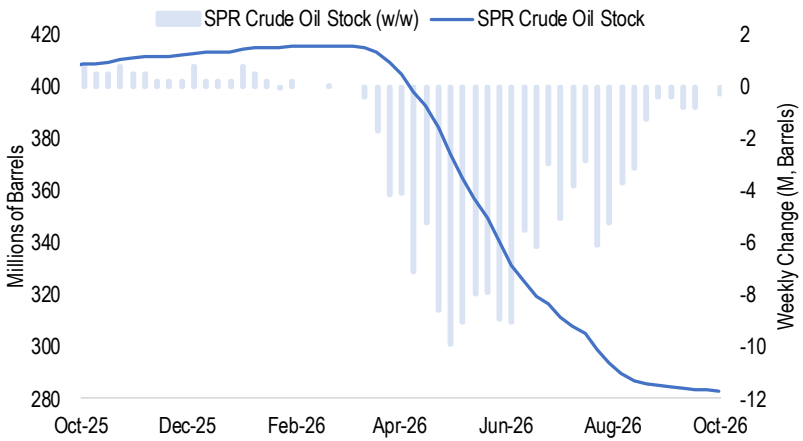


All-Industry Pricing Impulse Remains Elevated; Energy Driving Goods Side and Healthcare, Utilities for Services

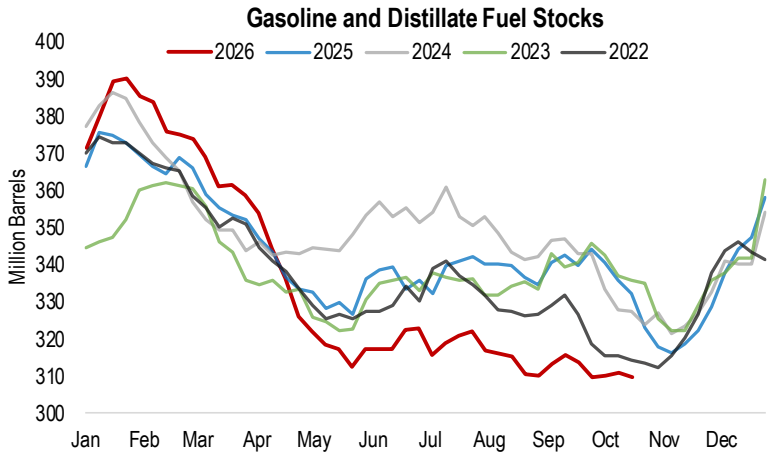


Sources: Federal Reserve Board, Regional Federal Reserve Banks, Arch Global Economics

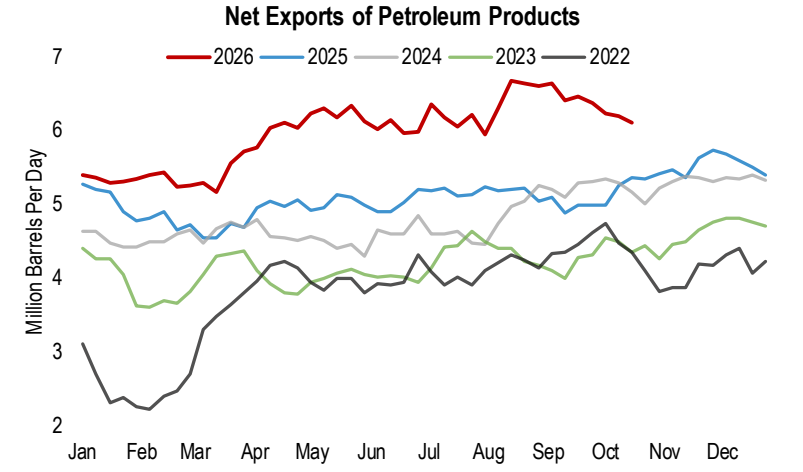
SPR Inventory Drawdown Has Effectively Slowed to a Crawl over Prior Month



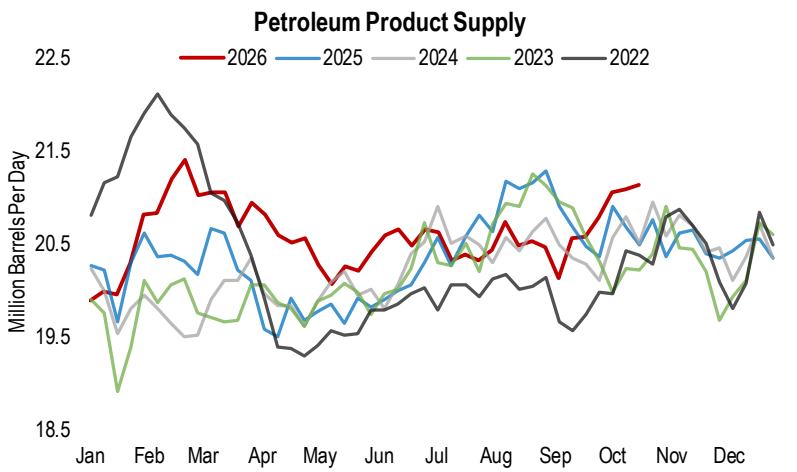
Gasoline and Distillate Stocks Hover near Multi-Year Seasonal Lows



U.S. Petroleum Net Exports Eased to 6.1mb/d as Crude Exports Fell to 3.4mb/d, a One-Month Low



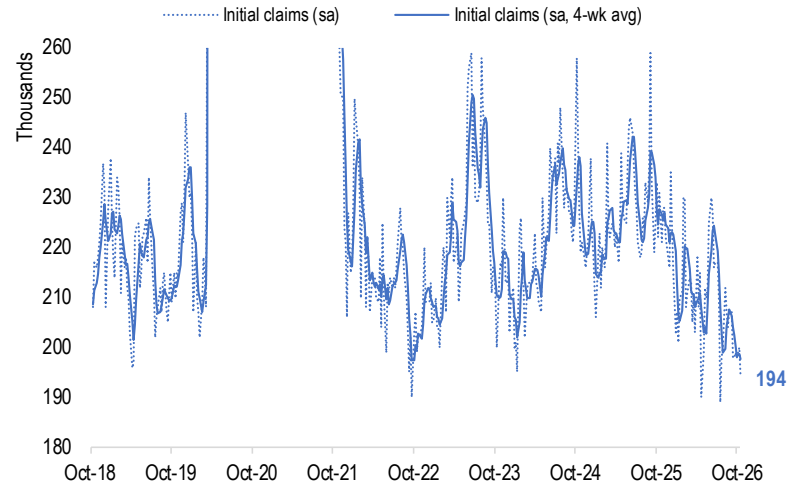
Petroleum Product Demand Firmed, Led by a Rapidly Tightening Distillate Market While Gas Demand Cools



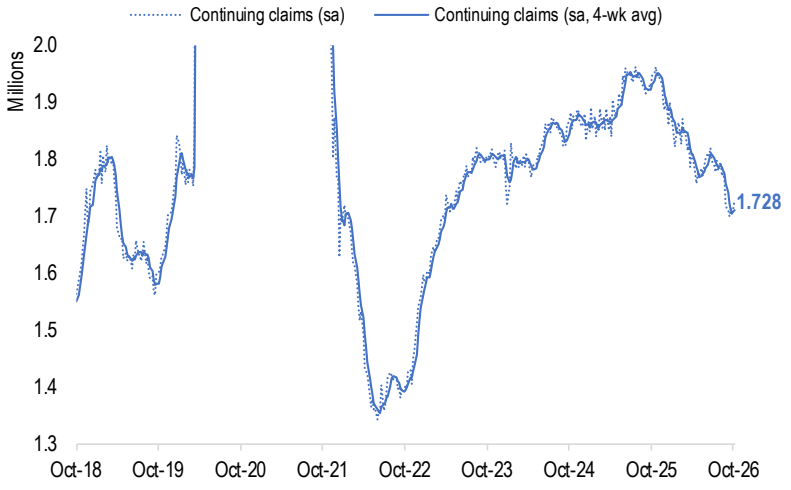
Sources: Energy Information Administration, Arch Global Economics

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

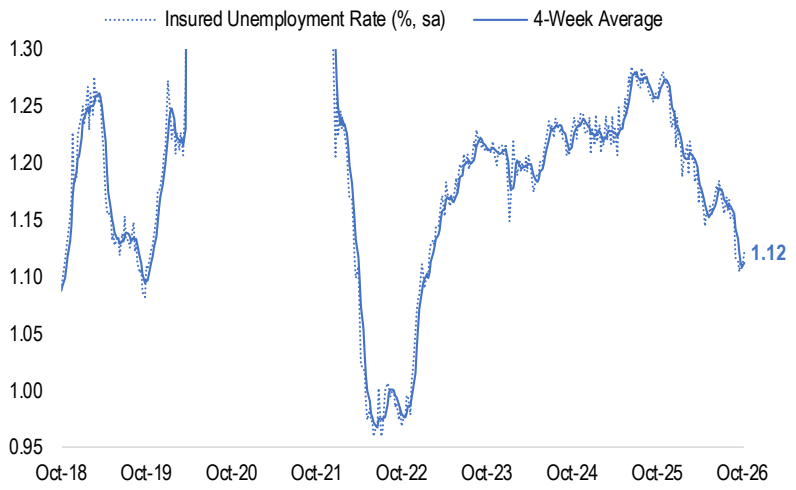
Initial Claims down to 194k (SA) in Week Ending Oct. 17, Just Above Recent Multi-Year Low



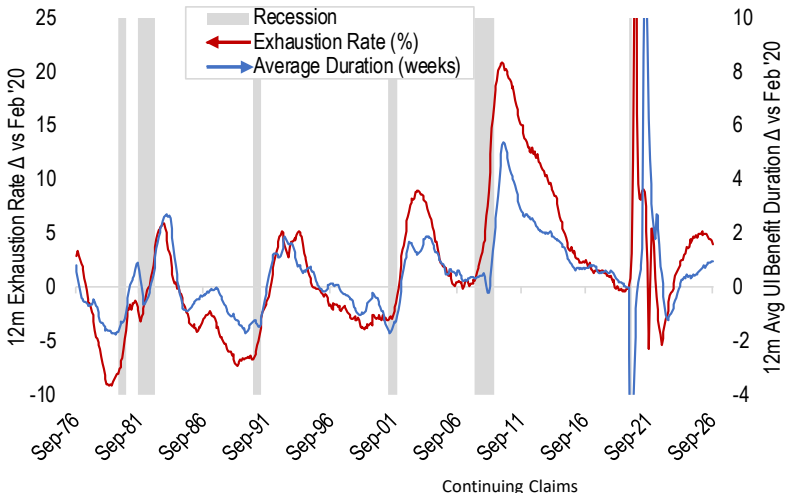
Continuing Claims Rose to 1,728k (SA) in Week Ending Oct. 10, Up Modestly from Multi-Year Low



Insured Unemployment Also Ticked Up to 1.12% in Week Ending Oct. 10



Share of Unemployed Workers Exhausting Benefits Continued to Ease through Sept.

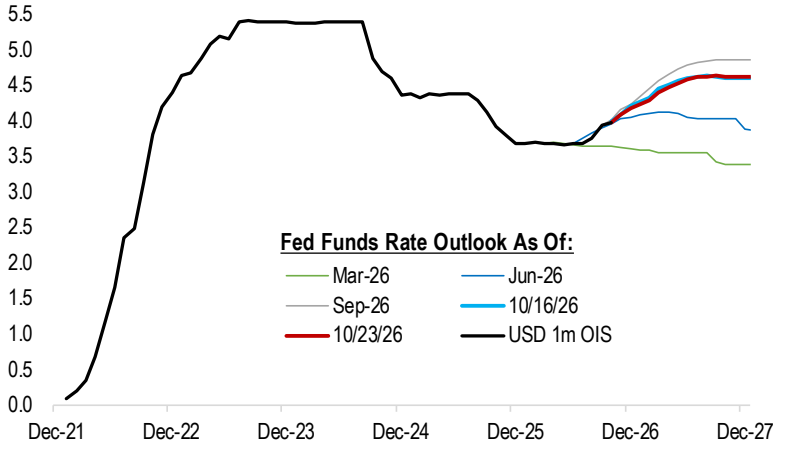


Insured Unemployment = Continuing Claims / Employed Population Eligible for Unemployment Insurance

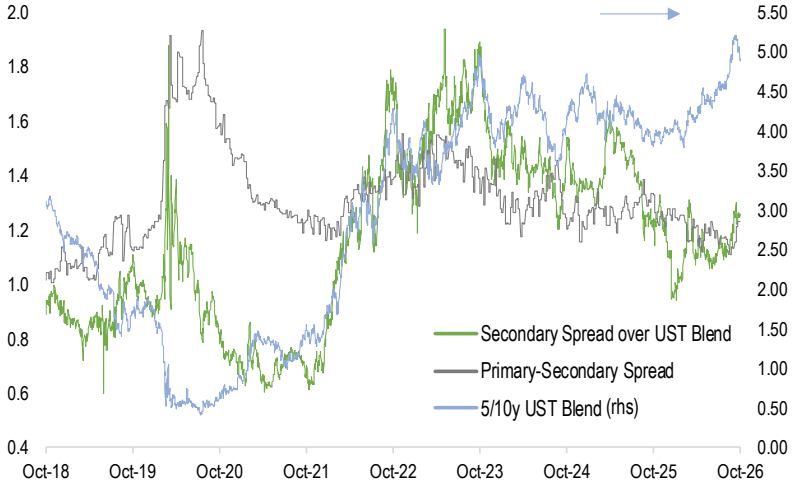
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted

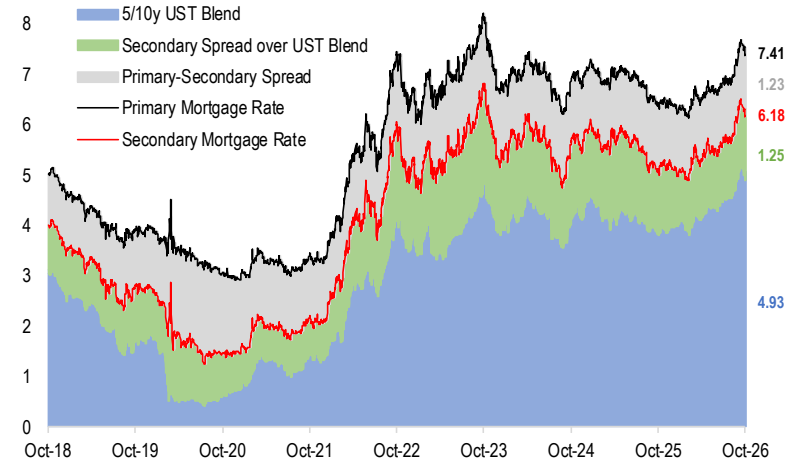
Market Implied Odds of Oct. Rate Hike Approaching Zero, and Dec. down to ~90% from >100% a Week Ago



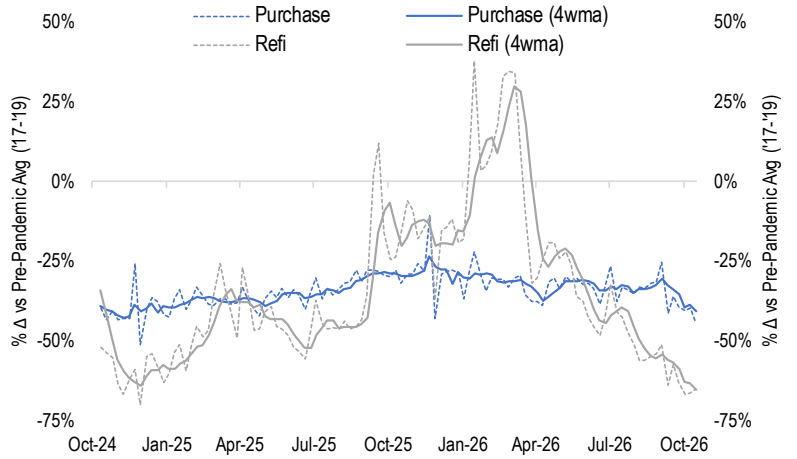
Blended 5/10y UST Yield Down -7bps on the Week While Mortgage Spreads Inched Down -1bps …



… Bringing Mortgage Rates Further Below 7.5% and Lowest in 4+ Weeks



Mortgage Application Downtrend Continued during Week Ending Oct. 16 despite Lower Mortgage Rates

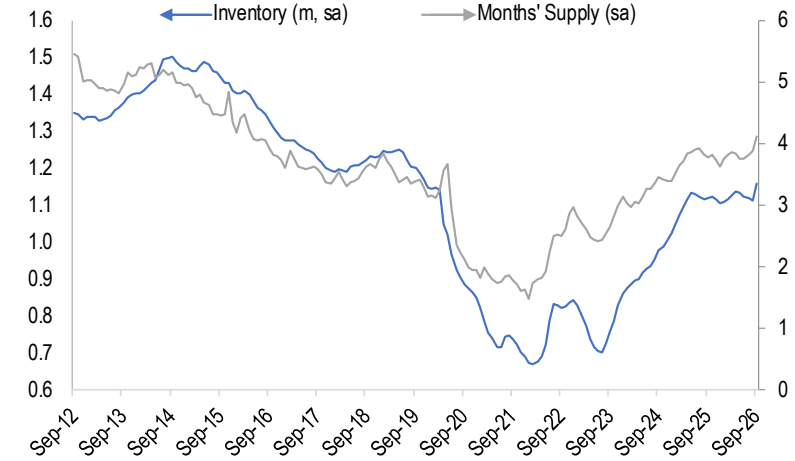


Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

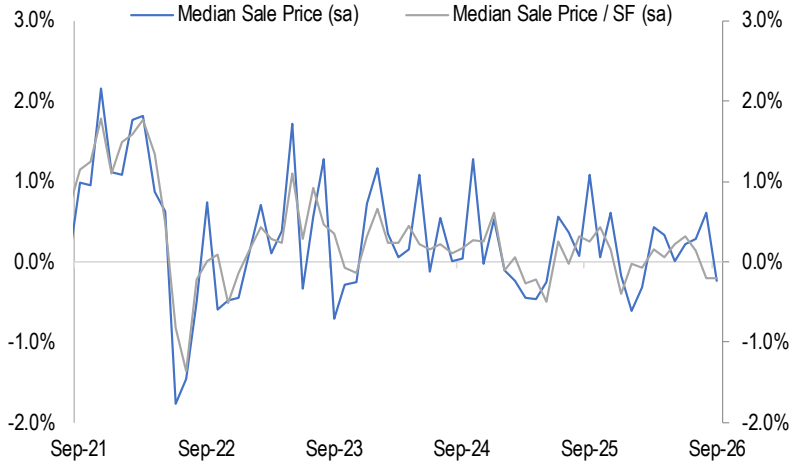
Secondary Spread: Current Coupon Option-Adjusted Spread over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate - Secondary Mortgage Rate

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

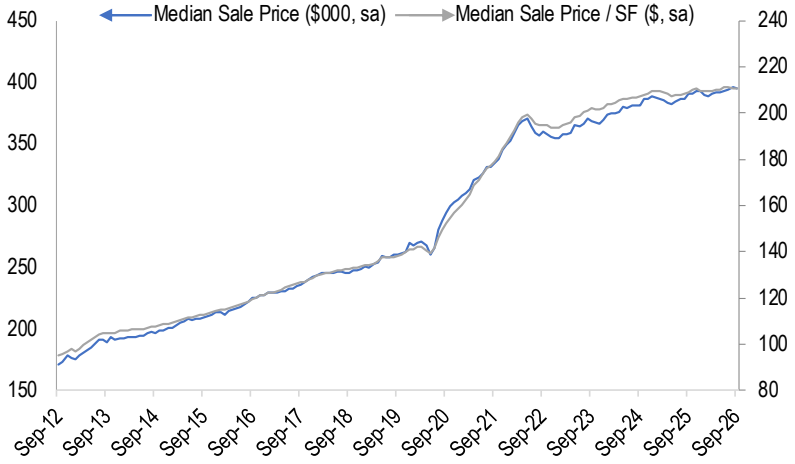
… Which Has Started to Lift Months' Supply Again after More Than a Year of Relative Stability



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



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

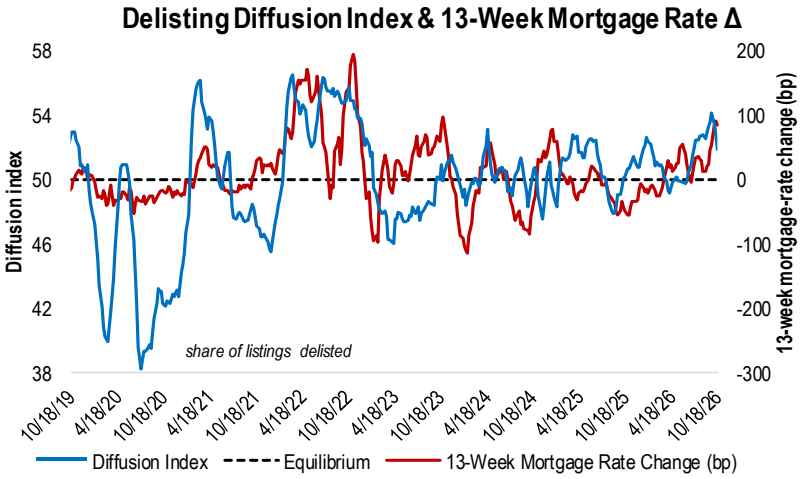


Sources: Redfin, Arch Global Economics

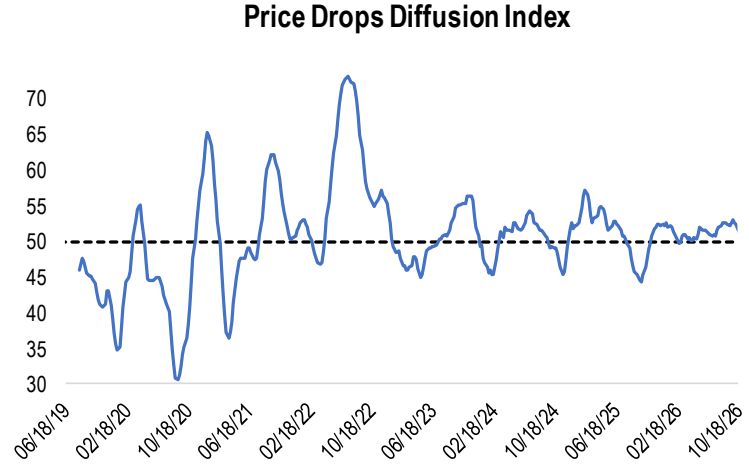
SA = Seasonally Adjusted
SF = Square Foot

Monthly data as of Oct. 7, 2026

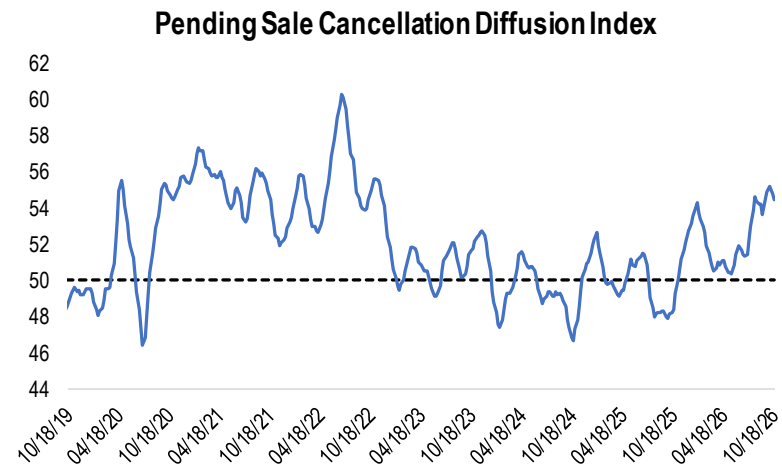
Breadth of Metros with Sellers Pulling Homes off Market Is Normalizing Despite Renewed Rate Pressure



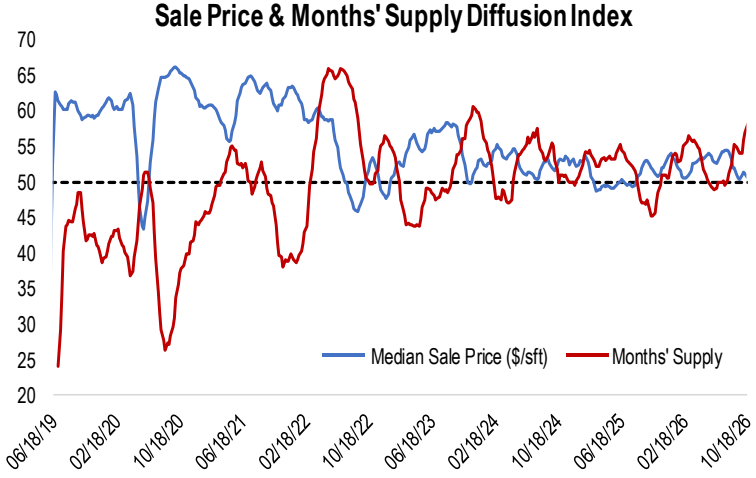
Metro Price-Cut Breadth Has Receded after the Summer Increase



Pending Sale Cancellations Point to Renewed Buyer Affordability Stress



Rising Months' Supply Has Yet to Produce Broad Price Weakness across Metros



Sources: Redfin, Arch Global Economics

Index is a seasonally adjusted metro-level diffusion index comparing the most recent week vs. the prior 4-week average.
Index reading >50 = rising metro breadth in reference variable

Weekly data as of Oct. 18, 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	**0.5%**	**-1.1%**	**1.2%**	**0.3%**	**21.8%**	**1.1%**	**98.4%**	**0.1%**	**-1.8**	**-3.0**	**2%**	**24%**	**15%**
Atlanta	-0.1%	*0.9%*	-0.9%	**-2.0%**	22.5%	*0.1%*	*97.7%*	0.2%	*26*	*28*	-1%	55%	52%
Austin	**-2.7%**	-0.3%	-0.6%	**4.4%**	**28.1%**	0.8%	*97.3%*	**0.5%**	**53**	**57**	0%	**147%**	**132%**
Baltimore	*-1.5%*	**-1.6%**	-1.2%	-0.1%	23.7%	*2.4%*	**99.9%**	*-0.1%*	*-1*	*-5*	*9%*	*13%*	**-8%**
Boston	0.0%	-0.7%	0.8%	**-1.8%**	21.2%	1.9%	**99.9%**	-0.1%	*0*	*-3*	**16%**	*22%*	**-4%**
Chicago	**4.7%**	-0.3%	**4.4%**	*-1.1%*	**13.9%**	**-0.2%**	**99.7%**	*0.2%*	**-20**	**-19**	*-2%*	**-34%**	**-33%**
Dallas	*-1.2%*	**2.1%**	-1.3%	0.0%	**27.4%**	0.7%	**97.1%**	0.0%	20	19	*-5%*	62%	49%
Denver	-0.9%	*0.6%*	*-2.0%*	-0.7%	**30.9%**	1.1%	98.4%	0.1%	18	*21*	1%	**138%**	**92%**
Houston	*-1.7%*	*0.4%*	**-3.2%**	*-1.4%*	24.5%	**-0.1%**	**96.9%**	**0.7%**	20	14	3%	56%	38%
Los Angeles	*-1.5%*	*-1.0%*	-1.0%	0.3%	**17.2%**	*2.0%*	*99.1%*	0.0%	4	6	1%	52%	36%
Miami	*1.0%*	-0.7%	*1.7%*	-0.1%	**15.0%**	1.1%	**95.5%**	*0.3%*	20	*30*	**-12%**	*22%*	29%
Minneapolis	-0.5%	**-1.8%**	-1.2%	**-2.0%**	**27.5%**	**4.2%**	*99.2%*	**-0.3%**	5	2	*8%*	33%	*15%*
Nashville	*-1.2%*	**-1.7%**	-0.4%	-0.3%	21.0%	0.9%	*97.7%*	*-0.1%*	9	11	6%	62%	43%
New York	**4.7%**	-0.3%	**5.0%**	**1.7%**	**15.2%**	1.3%	**99.9%**	0.0%	**-39**	**-38**	1%	**-26%**	**-27%**
Phoenix	-0.8%	*-1.3%*	-0.4%	*-1.1%*	24.1%	*2.2%*	97.9%	0.0%	*28*	**32**	0%	**127%**	**106%**
Portland	-0.9%	-0.5%	*-1.8%*	*-1.6%*	**27.5%**	1.5%	*99.2%*	-0.1%	11	10	1%	60%	44%
Riverside	*0.1%*	**1.5%**	-1.2%	0.2%	*18.4%*	1.8%	98.8%	0.0%	*-1*	5	**-5%**	39%	31%
San Diego	-0.3%	**1.6%**	0.1%	0.2%	21.2%	1.0%	98.9%	0.1%	4	9	*-2%*	36%	18%
Seattle	**-6.2%**	**-1.9%**	**-4.0%**	*-1.5%*	*26.4%*	**3.8%**	98.4%	**-0.8%**	11	5	**21%**	*100%*	36%
Tampa	*0.3%*	**-2.5%**	-0.2%	*1.3%*	24.1%	**-2.0%**	**97.0%**	*0.2%*	**40**	*23*	5%	**106%**	**79%**
Washington DC	-0.4%	*0.5%*	*1.4%*	**1.9%**	21.4%	*2.2%*	*99.2%*	*-0.1%*	15	11	*10%*	67%	35%

Data as of Oct. 18, 2026, reflecting 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
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	1,288	1,275	k, saar
10/20/26	8:30 AM	Housing Starts m/m	Sep	-5.2	1.9	-5.9	-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	-4.7	-4.9	%, nsa
10/21/26	7:00 AM	MBA Mortgage Applications w/w	Oct 16	-5.3	--	--	-2.7	%, sa
10/22/26	8:30 AM	Initial Jobless Claims	Oct 17	194	200	200	199	k, sa
10/22/26	8:30 AM	Continuing Claims	Oct 10	1,728	1,710	1,703	1,710	k, sa
10/22/26	10:00 AM	Conference Board Leading Index m/m	Sep	0.0	-0.1	--	-0.1	%, sa
10/22/26	11:00 AM	Kansas City Fed Manf. Activity	Oct	11.0	12.0	--	14.0	sa, index
10/23/26	9:45 AM	S&P Global US Manufacturing PMI	Oct P	56.0	55.5	--	55.9	index, sa
10/23/26	9:45 AM	S&P Global US Services PMI	Oct P	57.9	58.0	--	58.8	index, sa
10/23/26	9:45 AM	S&P Global US Composite PMI	Oct P	57.6	57.6	--	58.4	index, sa
10/23/26	10:00 AM	U. of Mich. Sentiment	Oct F	48.0	46.3	--	46.3	index, nsa
10/23/26	10:00 AM	U. of Mich. 1 Yr Inflation	Oct F	4.7	4.7	--	4.7	nsa
10/23/26	10:00 AM	U. of Mich. 5-10 Yr Inflation	Oct F	3.5	3.5	--	3.5	nsa

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
10/26/26	8:30 AM	Chicago Fed Nat Activity Index	Sep	--	-0.1	--	0.0	index, nsa
10/27/26	-	Building Permits	Sep F	--	1,400	--	1,400	k, saar
10/27/26	8:30 AM	Durable Goods Orders m/m	Sep P	--	1.9	--	-0.1	%, sa
10/27/26	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Sep P	--	0.8	--	1.6	%, sa
10/27/26	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Sep P	--	0.8	--	0.5	%, sa
10/27/26	9:00 AM	FHFA House Price Index m/m	Aug	--	0.2	--	0.3	%, sa
10/27/26	9:00 AM	S&P CoreLogic CS 20-City m/m SA	Aug	--	0.3	--	0.3	%, sa
10/27/26	9:00 AM	S&P CoreLogic CS 20-City y/y NSA	Aug	--	2.6	--	2.5	%, nsa
10/27/26	10:00 AM	Conf. Board Consumer Confidence	Oct	--	80.9	--	81.9	index, sa
10/27/26	10:00 AM	Richmond Fed Manufact. Index	Oct	--	0.0	--	-2.0	index, sa
10/27/26	10:00 AM	New Home Sales	Sep	--	650	--	684	k, saar
10/27/26	10:00 AM	New Home Sales m/m	Sep	--	-4.8	--	6.4	%, sa
10/28/26	7:00 AM	MBA Mortgage Applications w/w	Oct 23	--	--	--	-5.3	%, sa
10/28/26	8:30 AM	Retail Inventories m/m	Sep	--	--	--	0.3	%, sa
10/28/26	8:30 AM	Wholesale Inventories m/m	Sep P	--	0.5	--	0.5	%, sa
10/28/26	2:00 PM	FOMC Rate Decision (Upper Bound)	Oct 28	--	4.00	--	4.00	%
10/29/26	8:30 AM	Personal Income m/m	Sep	--	0.3	--	0.2	%, sa
10/29/26	8:30 AM	Personal Spending m/m	Sep	--	0.6	--	0.9	%, sa
10/29/26	8:30 AM	Real Personal Spending m/m	Sep	--	0.1	--	0.6	%, sa
10/29/26	8:30 AM	PCE Inflation m/m	Sep	--	0.5	--	0.3	%, sa
10/29/26	8:30 AM	PCE Inflation y/y	Sep	--	3.6	--	3.4	%, nsa
10/29/26	8:30 AM	Initial Jobless Claims	Oct 24	--	198	--	194	k, sa
10/29/26	8:30 AM	Continuing Claims	Oct 17	--	1,723	--	1,728	k, sa
10/29/26	8:30 AM	PCE Core Inflation (ex Food and Energy) m/m	Sep	--	0.3	--	0.2	%, sa
10/29/26	8:30 AM	PCE Core Inflation (ex Food and Energy) y/y	Sep	--	3.1	--	3.0	%, nsa
10/29/26	8:30 AM	GDP Annualized q/q	3Q A	--	3.2	--	2.2	%, saar
10/29/26	8:30 AM	Personal Consumption q/q	3Q A	--	3.4	--	3.8	%, saar
10/29/26	8:30 AM	Core PCE Deflator q/q	3Q A	--	2.4	--	3.3	%, saar
10/30/26	8:30 AM	Employment Cost Index q/q	3Q	--	0.8	--	0.9	%, sa

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