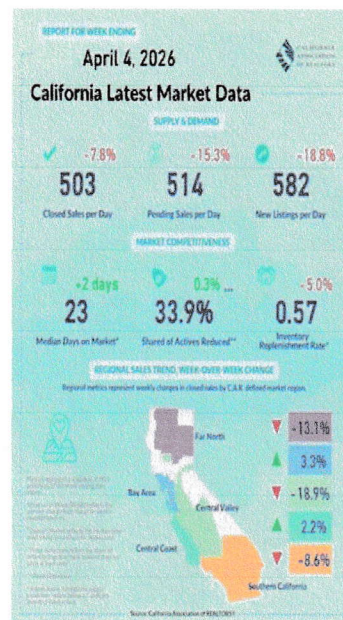


April 13, 2026 – Last week's macroeconomic news headlines were largely anticipated given recent volatility: price pressures have reaccelerated and geopolitical risks remain elevated, but core inflation is still comparatively restrained, and some categories are providing relief. Consumers and housing indicators are showing pockets of strain, yet spending and remodeling demand continue to hold up. With energy prices easing from early-April peaks, the near-term outlook seems to have improved slightly from a couple of weeks ago, though it will still depend on how soon the war will end, how widespread the pass-through of energy costs to consumers proves to be and whether confidence stabilizes.

Inflation had the largest monthly gain since 2022: Consumer prices jumped sharply in March and recorded the biggest one-month surge since mid-2022, according to the Bureau of Labor Statistics' (BLS) latest report. Last month's headline Consumer Price Index (CPI) soared 0.9% from the prior month and rose 3.3% from the same month last year. The spike in consumer prices was due primarily to the Iran war that sent energy costs rising significantly since the end of February. The average price for regular unleaded gas in California was \$5.89 as of April 12th, which was about \$1.20 more than the average recorded six weeks ago. Excluding the more volatile energy and food prices, the core CPI rose at a more moderate level with a 0.2% monthly gain and an increase of 2.6% from a year ago, which suggests that underlying inflation remained contained for now. While there were signs that the war in the Middle East is impacting other non-energy categories such as airline fares, price declines in medical care and used car/trucks help alleviate some of the upward inflationary pressure. With the ceasefire between the U.S. and Iran announced last week, energy prices have moderated since early April. The inflationary effects of energy prices, however, may take a while to feed through the supply chains to end users, which means consumer prices could see more increases in the coming months.

Americans adjust inflation expectations and are more pessimistic about future household finance: Inflation expectations at the one-year ahead horizon increased after two consecutive months of decline, and the median climbed back to the highest level in three months, according to the New York Fed's *Survey of Consumer Expectations*. Survey respondents collectively expected inflation 12 months from now to reach 3.4%, as gas price growth expectations shot up to the highest level since March 2022. With stock markets battling the Iran War volatility, respondents felt more concerned about their household finance. A larger share of them reported that their current household financial situation was worse than what it was a year ago, while more of them expected their household financial situation to get worse a year from now. With the U.S. and Iran failing to reach an agreement in their latest round of negotiation, geopolitical risks remain and the path to peace is unclear. The lingering uncertainty will continue to have a negative effect on consumer expectations in the near term.

Serious mortgage delinquencies have surged in the past four months: More households are facing financial distress in recent months as the number of mortgages seriously past due or in foreclosure jumped sharply from late last year, according to ICE Mortgage Technology. As of February 2026, 870k loans were more than 90 days past due or in foreclosure, an increase of 175k or 25% over the past four months. Outside of the immediate effect of the pandemic, it was the largest increase in volume since 2018. FHA loans – which are mortgages most often used by homebuyers with moderate credit scores and limited downpayment – have accounted for the majority (80%) of the increase, with seriously past due FHA loan volumes up by more than 40% during the same time frame. The latest ICE data, however, indicates that growing mortgage stress was due to an increasing number of homeowners who fail to “cure” their delinquencies by taking steps such as catching up on payments, modifying their loans, or working out a forbearance with their lenders. The number of new loans



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that have entered seriously delinquency status, in fact, has remained flat in recent months. The rising trend in loans that are severely delinquent need to be monitored closely, nevertheless, as the Iran war lingers on and the job market continues to show signs of weakness.

Households continue to spend but K-shape economy is still the norm: U.S. consumer spending appeared to be healthy in March 2026 as total credit and debit card spending remained on the rise, according to the latest Bank of America Institute's *Consumer Checkpoint*. Household spending using credit and debit cards was up 4.3% from last March, driven partly by a surge in gasoline spending. Excluding gasoline, however, total card spending still jumped 3.6% on a year-over-year basis. Larger tax refunds likely contributed to the increase, but the boost was not distributed evenly as the increase in refunds skews toward higher-income households. The report, indeed, shows that higher-income households (3.9%) saw stronger spending growth compared to the lower-income cohort (2.2%) and the middle-income group (2.8%).

Remodeler sentiment dips but remains positive in Q1: Remodeling market sentiment remained positive in the first quarter despite a slight pullback, according to the National Association of Home Builders (NAHB)/Westlake Royal Remodeling Market Index (RMI). The RMI dipped two points to 62 from 64 in Q4 but stayed well above the 50 threshold that signals more remodelers view conditions as good than poor. Current market conditions continued to be supported by solid demand across large, moderate, and small remodeling projects, while future indicators softened slightly as leads and backlogs edged lower. While the overall index inched down in Q1, the latest report implies that most homeowners have not postponed remodeling activity despite economic uncertainty, reflecting that the "lock in" effect of elevated mortgage rates is still in place.

Note: *This summary report gets updated every Monday by 6:00 pm PST. Feel free to email us at research@car.org if you have any questions and/or feedback.*