

Economic Update, January 23, 2026

Submitted by Michael Mount

Summary:

This week's economic news was mostly positive, except for inflation and home sales. Real GDP increased 4.4 percent in the third quarter of 2025, and the Atlanta Fed estimates fourth quarter growth at 5.4 percent (GDPNow). Growth in personal income and outlays accelerated in November 2025. The inflation rate increased to 2.8 percent in November 2025, and pending home sales were down sharply in December.

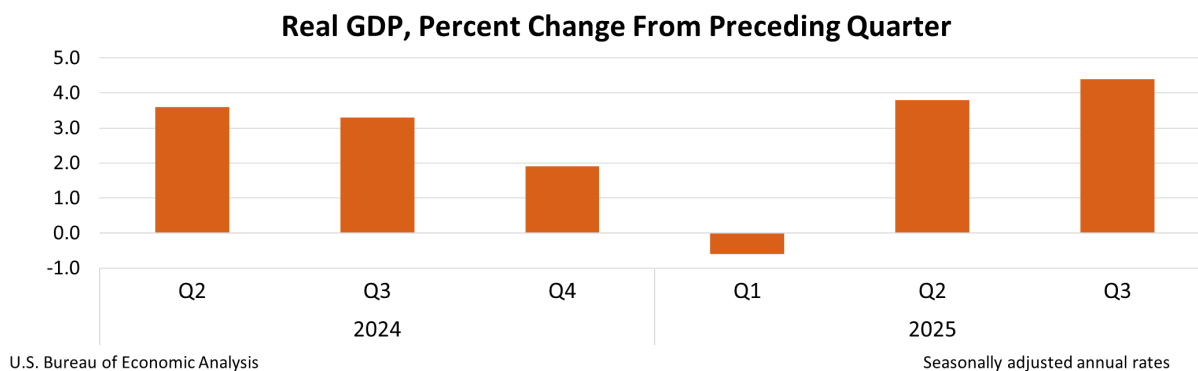
Federal Government Indicators and Reports:

US Census

Wednesday, [Construction Spending](#): "Construction spending during October 2025 was estimated at a seasonally adjusted annual rate of \$2,175.2 billion, 0.5 percent above the September estimate of \$2,164.3 billion. The October figure is 1.0 percent below the October 2024 estimate of \$2,197.1 billion."

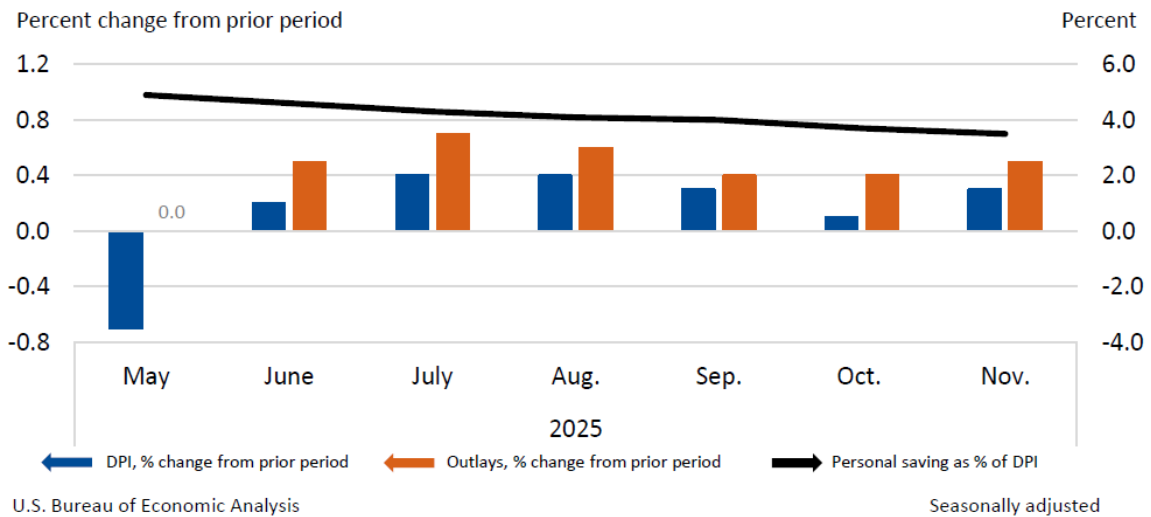
Bureau of Economic Analysis

Thursday, [GDP Growth](#): "Real gross domestic product (GDP) increased at an annual rate of 4.4 percent in the third quarter of 2025 (July, August, and September). . . . In the second quarter, real GDP increased 3.8 percent."



Thursday, [Personal Income, Outlays, and Inflation](#): "Personal income increased \$30.6 billion (0.1 percent at a monthly rate) in October, followed by an increase of \$80.0 billion (0.3 percent) in November. . . . Personal consumption expenditures (PCE) increased \$98.6 billion (0.5 percent), followed by an increase of \$108.7 billion (0.5 percent). . . . From the same month one year ago, the PCE price index increased 2.7 percent in October, followed by an increase of 2.8 percent in November." The savings rate continued to trend down.

Disposable Personal Income, Outlays, and Saving



Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 17, the advance figure for seasonally adjusted initial claims was 200,000, an increase of 1,000 from the previous week’s revised level.” There were 3,625 initial claims in Tennessee for the week ending January 17, a decrease of 3,018 from the week prior.

Economic Indicators and Confidence:

ADP

Tuesday, [Private Employment](#): “Private sector employment increased by 41,000 jobs in December and pay was up 4.4 percent year-over-year.”

Federal Reserve

Thursday, [GDPNow](#): “The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2025 is 5.4 percent on January 22, unchanged from January 21 after rounding.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment lifted about 3.5 index points this month, with minor gains seen across all index components. . . . However, national sentiment remains more than 20 percent below a year ago, as consumers continue to report pressures on their purchasing power stemming from high prices and the prospect of weakening labor markets. . . . Year-ahead inflation expectations fell back to 4.0 percent this month.”

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 14.1 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$832,750 or less) decreased to 6.16 percent from 6.18 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 5.55 percent from 5.60 percent.”

National Association of Realtors

Wednesday, [Pending Home Sales](#): “Pending home sales in December decreased by 9.3 percent from the prior month and 3.0 percent year over year.” The month-over-month decrease was 4 percent in the South region.