

Economic Update, February 6, 2026  
Submitted by Bob Moreo

**Summary:**

According to Purchasing Managers' Index (PMI) reports from the Institute for Supply Management and [S&P Global](#), manufacturing and service sector business activity increased in January. That activity, however, does not seem to be leading to more jobs. [Job openings were down](#) to end the year in December, ADP reported a "lackluster" 22,000 jobs were added in January, and layoffs "hit their highest January total since the global financial crisis," [according to CNBC](#), "while hiring intentions reached their lowest since the same period." More employment data will be out next week. "The January jobs report delayed by the brief government shutdown will be released next week," [CNBC reported](#). "Economists surveyed by Dow Jones expect the nonfarm payrolls report to show a gain of 60,000 jobs for the month, following an increase of 50,000 in December." For the most part, December's payroll and unemployment data show Tennessee's metropolitan areas held up well in 2025.

TACIR has an ongoing partnership with the Business and Economic Research Center at Middle Tennessee State University to provide an interactive [Tracking Tennessee's Economy](#) dashboard. Please visit the website to learn more about Tennessee's economic and labor market trends at the state, county, and metropolitan statistical area levels.

**Federal Government Indicators and Reports:**

Bureau of Economic Analysis

Thursday, [GDP and Personal Income by County \(2024\)](#): "Real gross domestic product (GDP) increased in 2,273 counties, decreased in 809 counties, and was unchanged in 24 counties in 2024. . . . Personal income, in current dollars, increased in 2,768 counties, decreased in 331, and was unchanged in seven counties in 2024." In Tennessee, real GDP decreased from 2023 to 2024 in 11 counties: DeKalb, Dyer, Gibson, Hancock, Henry, Lake, Moore, Obion, Smith, Weakley, and White counties. See [this interactive table](#) at BEA.gov for complete information on all Tennessee counties.

Bureau of Labor Statistics

Thursday, [Job Openings and Labor Turnover](#): "The number of job openings trended down to 6.5 million (-386,000) in December and was down by 966,000 over the year. The job openings rate, at 3.9 percent, changed little over the month. . . . In December, the number and rate of hires were little changed at 5.3 million and 3.3 percent, respectively. . . . The number of layoffs and discharges in December was little changed at 1.8 million. The layoffs and discharges rate was unchanged at 1.1 percent. . . . The number of job openings for November was revised down by 218,000 to 6.9 million. . . . The number of layoffs and discharges was revised up by 14,000 to 1.7 million."

Friday, [Metropolitan Area Employment and Unemployment](#): "Unemployment rates were higher in December than a year earlier in 255 of the 387 metropolitan areas, lower in 110 areas, and unchanged in 22 areas. . . . Nonfarm payroll employment increased over the year in 5 metropolitan areas, decreased in two areas, and was essentially unchanged in 380 areas. The national unemployment rate in December was 4.1 percent, not seasonally adjusted, up from 3.8 percent a year earlier."

Unemployment rates in December were lower than a year earlier in all but one of Tennessee's ten metropolitan areas (Kingsport-Bristol). Nonfarm payroll employment increased over the year in all but one area (Jackson). Below is an excerpt from [table 1](#) and [table 3](#) of the current release.

State and Metropolitan Area	Unemployment Rate			Change in Rate		Change in Nonfarm Employment Dec 2024-2025	
	Nov 2025	Dec 2024	Dec 2025	Nov 25 - Dec 25	Dec 24 - Dec 25	Number (000s)	Percent
Tennessee	3.6	3.5	3.4	-0.2	-0.1	24.6	0.7
Chattanooga	3.6	3.3	3.2	-0.4	-0.1	2.0	0.7
Clarksville	4.2	4.2	3.7	-0.5	-0.5	0.4	0.4
Cleveland	3.9	3.8	3.5	-0.4	-0.3	0.2	0.4
Jackson	4.0	4.0	3.7	-0.3	-0.3	-0.4	-0.4
Johnson City	3.7	3.8	3.3	-0.4	-0.5	0.8	0.9
Kingsport-Bristol	4.1	3.5	3.6	-0.5	0.1	0.2	0.2
Knoxville	3.3	3.2	2.9	-0.4	-0.3	4.1	0.9
Memphis	4.4	4.2	4.0	-0.4	-0.2	0.4	0.1
Morristown	3.7	3.4	3.3	-0.4	-0.1	0.1	0.2
Nashville-Davidson-- Murfreesboro--Franklin	3.1	3.0	2.9	-0.2	-0.1	12.4	1.0

#### Bureau of Transportation Statistics

Monday, [Truck-Rail Freight Transportation Services Index](#): “The Truck-Rail Freight Transportation Services Index rose 0.2 percent in December from November, rising for the second consecutive month. . . . From December 2024 to December 2025 the index rose 0.2 percent.”

#### Census Bureau

Tuesday, [Housing Vacancies and Homeownership](#): “National vacancy rates in the fourth quarter 2025 were 7.2 percent for rental housing and 1.2 percent for homeowner housing. The rental vacancy rate was not statistically different from the rate in the fourth quarter 2024 (6.9 percent) and not statistically different from the rate in the third quarter 2025 (7.1 percent). The homeowner vacancy rate of 1.2 percent not statistically different from the rate in the fourth quarter 2024 (1.1 percent) and virtually the same as the rate in the third quarter 2025. The homeownership rate of 65.7 percent was virtually the same as the rate in the fourth quarter 2024 and not statistically different than the rate in the third quarter 2025 (65.3 percent).”

#### Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending January 31, the advance figure for seasonally adjusted initial claims was 231,000, an increase of 22,000 from the previous week’s unrevised level of 209,000. The 4-week moving average was 212,250, an increase of 6,000 from the previous week’s unrevised average of 206,250. . . . The total number of continued weeks claimed for benefits in all programs for the week ending January 17 was 2,171,479, a decrease of 94,314 from the previous week. There were 2,196,804 weekly claims filed for benefits in all programs in the comparable week in 2025.” The unadjusted advance figure for initial claims in Tennessee was 2,950, essentially unchanged from 2,966 the week before.

#### Federal Reserve

Monday, [Senior Loan Officer Opinion Survey](#): “Regarding loans to businesses, survey respondents reported, on balance, tighter lending standards for commercial and industrial (C&I) loans to firms of all sizes. . . . For loans to households, banks reported, on balance, basically unchanged lending standards and weaker demand across most categories of residential real estate (RRE) loans. In addition, standards reportedly eased for auto loans and remained basically unchanged for credit card and other consumer loans. . . . Banks reported expecting lending standards generally to remain unchanged and demand to strengthen across all loan categories [in 2026].”

## **Other Indicators and Employment:**

ADP

Wednesday, [National Employment Report](#): “Private sector employment increased by 22,000 jobs in January and pay was up 4.5 percent year-over-year. . . . In a lackluster month for hiring, the education and health services sector was a standout, adding 74,000 jobs. Leading the slowdown was manufacturing [-8,000], which has lost jobs every month since March 2024, professional and business services [-57,000], and large employers.”

Challenger, Gray, & Christmas

Thursday, [Job Cuts Report](#): “U.S.-based employers announced 108,435 job cuts in January, an increase of 118 percent from the 49,795 cuts announced in the same month last year. It is up 205 percent from the 35,553 job cuts announced in December. . . . Last month, employers announced 5,306 hiring plans . . . down 13 percent from the 6,089 hiring plans announced in the same month last year. It is down 49 percent from the 10,496 hiring plans announced in December 2025.”

Institute for Supply Management

Monday, [Manufacturing PMI](#): “Economic activity in the manufacturing sector expanded in January for the first time in 12 months. . . . The Manufacturing PMI registered 52.6 percent in January, a 4.7-percentage point increase compared to the seasonally adjusted reading of 47.9 percent in December. . . . The New Orders Index expanded for the first time since August.”

Wednesday, [Services PMI](#): “The Services PMI registered 53.8 percent to start 2026 as it finished 2025, on a positive note, with its 19th month in a row in expansion territory. . . . The Business Activity Index continued in expansion territory in January, registering 57.4 percent, 2.2 percentage points higher than the seasonally adjusted reading of 55.2 percent recorded in December. The New Orders Index also remained in expansion in January, with a reading of 53.1 percent, 3.4 percentage points below December’s seasonally adjusted figure of 56.5 percent.”

National Federation of Independent Business

Thursday, [Small Business Employment Index](#): “National Federation of Independent Businesses January Jobs Report includes the launch of the new Small Business Employment Index, which measures the current state of the small business labor market. . . . The Employment Index fell nearly 1 point in January to 101.6, erasing about half of the large gain in December, which reached the highest level since March 2025. The Index remains above the historical average of 100, and just slightly above the 2025 average of 101.2.”

Paychex

Tuesday, [Small Business Employment](#): “The national jobs index (99.30) increased 0.04 percentage points from December 2025 and 0.03 percentage points from last quarter. Hourly earnings growth has been below three percent since November 2024, including 2.68 percent in January.” [At the state level](#), “Tennessee has increased 3.10 percentage points during the past three months to 100.78 in January, second only to its neighbor Missouri (101.58).”

S&P Global

Monday, [U.S. Manufacturing PMI](#): “The seasonally adjusted Standard and Poor’s (S&P) Global U.S. Manufacturing Purchasing Managers’ Index recorded 52.4 in January. That was up from 51.8 in the previous month. . . . The upturn in the PMI emanated in part from a renewed rise in new orders,

although growth was modest and below the survey average. . . . Overall production increased at a sharp pace that was the most pronounced since last August and the joint-strongest since May 2022.”

Wednesday, [U.S. Services PMI](#): “The headline S&P Global U.S. Services PMI Business Activity Index recorded 52.7 in January, up from 52.5 in December. . . . That said, growth in January was historically weak and below typical levels seen in 2025. . . . Business confidence eased at the start of the year, reaching its lowest since October 2025.” The Composite Output Index (a weighted average of the Manufacturing Output Index and the Services Business Activity Index) “recorded 53.0 in January. That was up from 52.7 in December and represented a solid rate of growth in private sector activity.”

Wednesday, [Global Composite PMI](#): “The rate of global economic expansion accelerated slightly at the start of 2026, as rates of increase in output, new orders and employment all improved. The Global Composite PMI Output Index . . . posted 52.5 in January, up from December’s six-month low of 52.0, to remain above the neutral 50.0 mark for the thirty-sixth successive month. That said, the headline index has remained below its long-run average (53.2) in each month since June 2024.”

University of Michigan

Friday, [Consumer Sentiment](#): In preliminary results for February 2026, “consumer sentiment was essentially unchanged, inching up less than one index point from last month and sitting about 20 percent below January 2025. Sentiment surged for consumers with the largest stock portfolios, while it stagnated and remained at dismal levels for consumers without stock holdings.”

### **Mortgages and Housing Markets:**

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year fixed-rate mortgage averaged 6.11 percent as of February 5, 2026, up slightly from last week when it averaged 6.10 percent. A year ago at this time, the 30-year FRM averaged 6.89 percent.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 8.9 percent from one week earlier, according to data from the . . . week ending January 30, 2026. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$832,750 or less) decreased to 6.21 percent from 6.24 percent.”