Economic Update, March 20, 2026
Submitted by Bob Moreo and Michael Mount

Summary:

The Federal Reserve kept interest rates unchanged when it met this week. "Policymakers maintained their forecast for an additional rate cut this year," according to the Associated Press, amidst concerns that inflation remains "stubbornly elevated." Chairman Powell said another rate cut "is conditional on the performance of the economy." Inflation remains persistent throughout the supply chain. "Wholesale prices rose sharply in February," CNBC reported. The 0.7 percent monthly increase came in well above economists' expectations. According to an analysis by economists at Stanford, "gasoline prices have risen by 81 cents per gallon, from $2.98 to $3.79," since military operations began against Iran at the end of February. If oil prices remain elevated, "households [could] pay an extra $740 in gas costs this year," their report says, canceling out larger tax refunds many are expecting. According to CBS News and the IRS, average refund amounts are "up 11 percent from the same point last year."

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 Labor Statistics

Wednesday, Producer Price Indexes: "The Producer Price Index for final demand increased 0.7 percent in February, seasonally adjusted. . . . On an unadjusted basis, the index for final demand rose 3.4 percent for the 12 months ended in February. . . . The index for final demand services rose 0.5 percent in February. . . . Prices for final demand goods increased 1.1 percent. . . . The index for processed goods for intermediate demand rose 1.6 percent in February. . . . The index for unprocessed goods for intermediate demand advanced 3.1 percent."

Census Bureau

Wednesday, Manufactured Goods: "New orders for manufactured goods in January, up two of the last three months, increased $0.9 billion or 0.1 percent to $620.1 billion. . . . Shipments, up three of the last four months, increased $2.8 billion or 0.5 percent to $612.9 billion. . . . Inventories, up four consecutive months, increased $0.7 billion or 0.1 percent to $949.8 billion."

Thursday, Wholesale Trade: "January 2026 sales of merchant wholesalers . . . were $727.5 billion, up 0.5 percent from the revised December level and were up 7.5 percent from the revised January 2025 level." Inventories "were $909.3 billion at the end of January, down 0.5 percent from the revised December level."

Thursday, New Residential Sales: "Sales of new single-family houses in January 2026 were at a seasonally-adjusted annual rate of 587,000. . . . This is 17.6 percent below the December 2025 rate of 712,000, and is 11.3 percent below the January 2025 rate of 662,000. . . . The seasonally adjusted estimate of new houses for sale at the end of January 2026 was 476,000. . . . This represents a supply of 9.7 months at the current sales rate. . . . The median sales price of new houses sold in January 2026 was $400,500. This is 4.5 percent below the December 2025 price of $419,200, and is 6.8 percent below the January 2025 price of $429,600."

Department of Labor

Thursday, Unemployment Insurance Weekly Claims: "In the week ending March 14, the advance figure for seasonally adjusted initial claims was 205,000, a decrease of 8,000 from the previous week's unrevised level of 213,000. The 4-week moving average was 210,750, a decrease of 750 from the previous week's revised average. . . . The total number of continued weeks claimed for benefits in all programs for the week ending February 28 was 2,173,647, a decrease of 74,895 from the previous week."

Federal Reserve Board

Monday, Industrial Production and Capacity Utilization: "Industrial production increased 0.2 percent in February after moving up 0.7 percent in January. In February, manufacturing output rose 0.2 percent, the index for mining grew 0.8 percent, and utilities output moved down 0.6 percent."

Wednesday, Federal Open Market Committee: "Available indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, and the unemployment rate has been little changed in recent months. Inflation remains somewhat elevated. . . . Uncertainty about the economic outlook remains elevated. The implications of developments in the Middle East for the U.S. economy are uncertain. . . . In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent." In his press conference, chairman Powell said, "Consumer spending has been resilient, and business fixed investment has continued to expand. In contrast, activity in the housing sector has remained weak." He said the committee's Summary of Economic Projections expects GDP growth of 2.4 percent this year, "somewhat stronger than projected in December." Powell said unemployment "has changed little since late last summer [and] gains have remained low."

Employment:

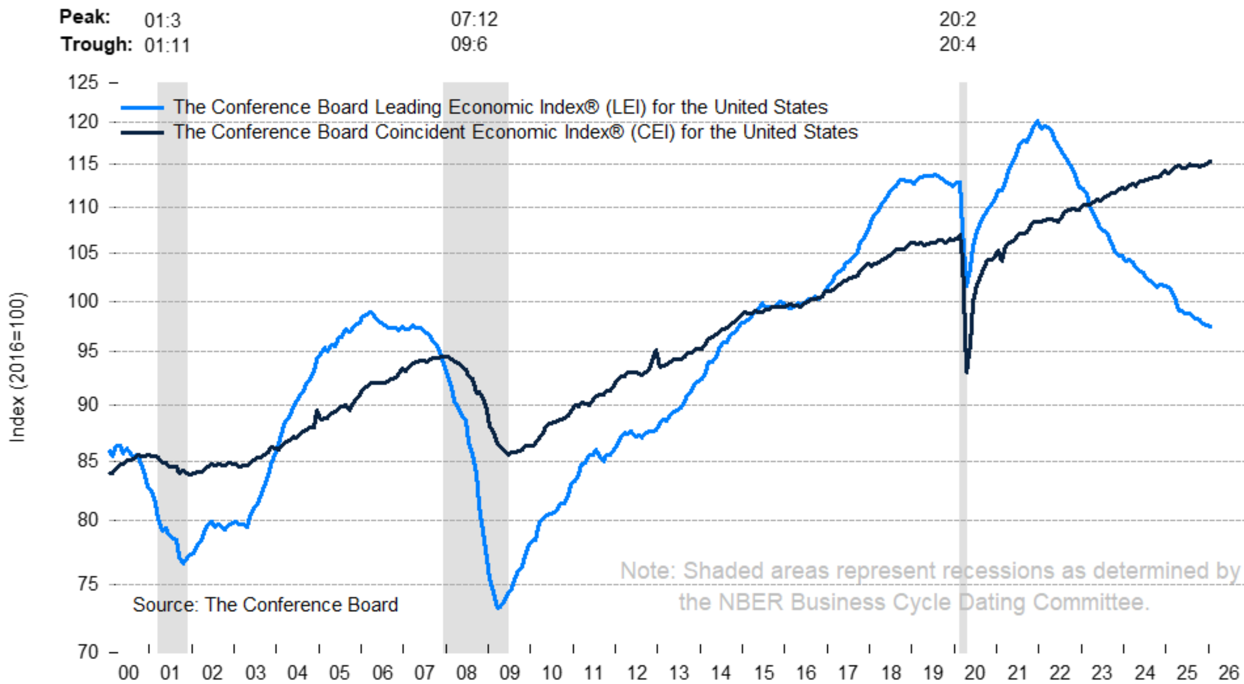
Automatic Data Processing

Tuesday, NER Pulse: "For the four weeks ending February 28, 2026, U.S. private employers added an average 9,000 jobs a week. After several weeks of strengthening, hiring took a step back at the end of February."

Economic Indicators and Confidence:

The Conference Board

Thursday, Leading Index: The index "for the U.S. inched down by 0.1 percent in January 2026 to 97.5 (2016=100), following a 0.2 percent decline in December. . . . 'As the latest LEI data do not yet reflect the impact from war in Iran, The Conference Board revised GDP growth down by 0.1 ppt to 2.0 percent y/y for 2026, which will be lower than growth in 2025.'"



Mortgages and Housing Markets:

Freddie Mac

Thursday, Primary Mortgage Market Survey: "The 30-year Fixed-Rate Mortgages (FRM) averaged 6.22 percent as of March 19, 2026, up from last week when it averaged 6.11 percent. A year ago at this time, the 30-year FRM averaged 6.67 percent."

Mortgage Bankers Association

Wednesday, Weekly Mortgage Applications Survey: "The Market Composite Index, a measure of mortgage loan application volume, decreased 10.9 percent on a seasonally adjusted basis from one week earlier. . . . The average contract interest rate for 30-year FRMs with conforming loan balances ($832,750 or less) increased to 6.30 percent from 6.19 percent."

National Association of Home Builders

Monday, Housing Market Index: "Builder sentiment inched up in March even as builders continue to express affordability concerns stemming from elevated construction costs and shortages of buildable lots and labor. Builder confidence in the market for newly built single-family homes rose one point to 38 in March, following a revised upward one-point revision in February."

National Association of Realtors

Tuesday, Pending Home Sales: "Pending home sales in February increased by 1.8 percent from the prior month and declined 0.8 percent year over year."