

Economic Update, October 17, 2025  
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**Summary:**

Scheduled reports this week from the Bureau of Labor statistics, Census Bureau, and Department of Labor were not released because of the ongoing government shutdown. These included inflation and unemployment figures. Nongovernment reports showed decreases in CEO confidence and small business optimism alongside some improvement in investor sentiment. Mortgage rates were down slightly. Several Federal Reserve Board members [gave speeches this week](#) that readers may wish to see.

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. Recently updated with data from August, the Center says, "Tennessee's latest economic indicators presented a nuanced and mixed outlook for the period." They report "a slight improvement in labor market conditions" and "a slight rebound in residential construction activity" mixed with uneven performance among the state's various industry sectors.

**Federal Government Indicators and Reports:**

Bureau of Transportation Statistics

Wednesday, [Transportation Services Index](#): "The Freight Transportation Services Index fell 0.1% in August from July, falling for the month after one month of growth. . . . From August 2024 to August 2025 the index remained unchanged. . . . The Passenger TSI rose 0.6% in August from July, rising for the first month after two months of decline. From August 2024 to August 2025 the index rose 1.4%. . . . The Freight TSI decreased in August due to decreases in air freight, rail carloads, rail intermodal, and pipeline while trucking and waterborne increased. . . . The passenger index increased in August due to increases in air passenger, rail passenger, and transit."

Federal Reserve Board

Tuesday, [Minutes of the Board's discount rate meetings on August 18 and September 17, 2025](#): "Federal Reserve Bank directors generally reported stable economic conditions, but most also noted softening labor markets, weaker consumer demand, and continued uncertainty related to tariffs. In labor markets, many directors observed that businesses were being cautious about hiring, and several noted improved availability of job applicants. . . . Several directors commented that consumers were becoming more price sensitive, and some expressed concern over the potential effects of changes to Medicaid on healthcare services."

Wednesday, [The Beige Book](#): "Economic activity changed little on balance since the previous report, with three Districts reporting slight to modest growth in activity, five reporting no change, and four noting a slight softening. Overall consumer spending, particularly on retail goods, inched down in recent weeks, although auto sales were boosted in some Districts by strong demand for electric vehicles ahead of the expiration of a federal tax credit at the end of September. Demand for leisure and hospitality services by international travelers fell further over the reporting period, while demand by domestic consumers was largely unchanged."

In the Sixth District, which includes Middle and East Tennessee, no overall economic change was reported. “Employment levels were steady, and wages grew modestly. Prices increased moderately. Consumer spending fell, and leisure travel softened. Home sales declined, and commercial real estate was unchanged. Transportation declined. Manufacturing grew slightly. Energy grew moderately, and agriculture was healthy.” Economic activity was also unchanged in the Eighth District, which includes West Tennessee. “Economic activity and employment levels have remained unchanged since our previous report. Contacts continue to report that immigration policies have been resulting in labor shortages. Prices have increased moderately, with contacts reporting that inflation is eroding consumer purchasing power. Banking activity has remained unchanged since our previous report, with overall credit conditions remaining strong. Agriculture conditions are strained and have further deteriorated. The outlook remains slightly pessimistic.”

### **Economic Indicators and Confidence:**

#### The Conference Board

Thursday, [CEO Confidence](#): “The Conference Board Measure of CEO Confidence . . . fell to 48 in Q4 2025, down 1 point from 49 in Q3. . . . ‘CEOs’ views of general economic conditions now versus six months ago remained slightly negative while CEO’s six-month expectations for the economy turned from neutral to pessimistic. . . . Over the next 12-18 months, most CEOs (64%) expected a mild economic slowdown with slightly increased inflation pressure. Only 4% expected a recession.”

#### National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The NFIB Small Business Optimism Index declined 2.0 points in September to 98.8. This was the first decline in three months, though it remains above the survey’s 52-year average of 98. The Uncertainty Index rose 7 points from August to 100, the fourth-highest reading in over 51 years. . . . Supply chain and inflation issues stood out as a key problem in the report. . . . The net percent of owners expecting better business conditions fell 11 points from August to a net 23%. . . . Twenty-one percent plan capital outlays in the next six months, unchanged from August and a historically weak reading.”

#### S&P Global

Tuesday, [Investment Manager Index](#): “The IMI’s Risk Appetite Index has edged back into positive territory in October after two months of especially widespread risk aversion. However, despite rising sharply from -26% in September to +4%, the index remains well below the elevated readings seen late last year and into January. . . . Tech stocks see the sharpest improvement in investor sentiment in October, now elevated to second-most favored just behind financials. . . . While sentiment remains bearish for consumer discretionary, the degree of negativity has moderated sharply, accompanied by the biggest shift in investor favor away from consumer staples in three years.”

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

#### Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “Mortgage rates inched down this week and have held relatively steady over the past several weeks. . . . Importantly, homeowners have noticed these consistently lower rates, driving an uptick in refinance activity.’ . . . The 30-year FRM averaged 6.27% as of October 16, 2025, down from last week when it averaged 6.30%. A year ago at this time, the 30-year FRM averaged 6.44%.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 1.8 percent from one week earlier, according to data from . . . the week ending October 10, 2025. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$806,500 or less) decreased to 6.42 percent from 6.43 percent.”