

Economic Update, October 2, 2026

Submitted by Hannah Newcomb

Summary:

Economic reports from August and September show generally steady labor market conditions, modest economic growth, and rising costs in housing and trade. Job openings held at 7.1 million in August, hires at 5.2 million, and separations at 5.1 million. Employers announced 43,281 job cuts in September, down significantly from the previous month, but nonfarm payrolls increased by only 29,000, [missing economists' expectations](#), while the unemployment rate came in at 4.2 percent, relatively unchanged but slightly higher than expected. The trade deficit widened as imports jumped to \$336.1 billion, outpacing the \$203.4 billion in exports, and retail inventories and construction spending both increased. Personal income and consumer spending continued to grow, and second-quarter GDP was revised upward to a 2.2 percent annual rate because of stronger investment, consumption, and government spending. Mortgage rates climbed to their highest levels in nearly three years, contributing to declines in mortgage applications. In the bond market, yields on [10-year Treasuries reached their highest level since 2002](#) on Wednesday, though [they decreased slightly on Thursday](#), as borrowing costs for governments around the world “continued their relentless march upward” as “investors voted with their feet over a lack of political will to tackle fiscal deficits, while inflation remains stubbornly above target and leading central banks move to push interest rates higher.”

Federal Government Indicators and Reports:

U.S. Bureau of Labor Statistics

Tuesday, [Job Openings and Turnover](#): “The number of job openings was little changed at 7.1 million in August. . . . Hires changed little at 5.2 million, while total separations were unchanged at 5.1 million. Within separations, quits (3.1 million) were unchanged, while layoffs and discharges (1.6 million) were essentially unchanged.”

Wednesday, [Metro Area Employment](#): “Unemployment rates were lower in August than a year earlier in 234 of the 387 metropolitan areas, higher in 126 areas, and unchanged in 27 areas. . . . A total of 27 areas had jobless rates of less than 3.0 percent, and 6 areas had rates of at least 8.0 percent. Nonfarm payroll employment increased over the year in 9 metropolitan areas, decreased in 5 areas, and was essentially unchanged in 373 areas.”

Friday, [Nonfarm Payroll and Unemployment](#): “Both the unemployment rate, at 4.2 percent, and the number of unemployed people, at 7.1 million, changed little in September. The unemployment rate has remained in a narrow range of 4.1 percent to 4.3 percent since March. . . . Total nonfarm payroll employment changed little in September (+29,000), following an average monthly gain of 45,000 over the prior 12 months. Employment in all major industries changed little over the month.”

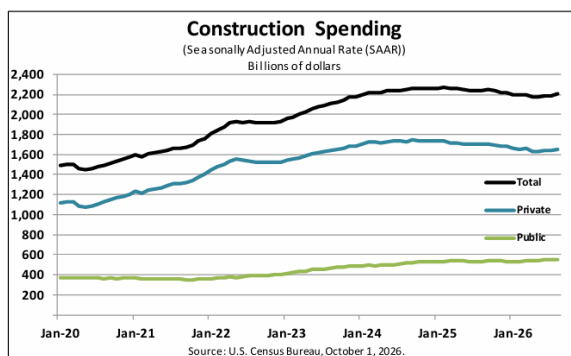
U.S. Census Bureau

Wednesday, [Advance International Trade in Goods](#): “The international trade deficit was \$132.6 billion in August, up \$13.7 billion from \$118.9 billion in July. Exports of goods for August were \$203.4 billion, \$3.7 billion more than July exports. Imports of goods for August were \$336.1 billion, \$17.4 billion more than July imports.”

Wednesday, [Advance Retail Inventories](#): “Retail inventories for August, adjusted for seasonal variations and trading day differences, but not for price changes, were estimated at an end-of-month

level of \$881.6 billion, up 0.3 percent from July 2026, and were up 4.8 percent from August 2025. The June 2026 to July 2026 percentage change was unrevised from up 0.8 percent.”

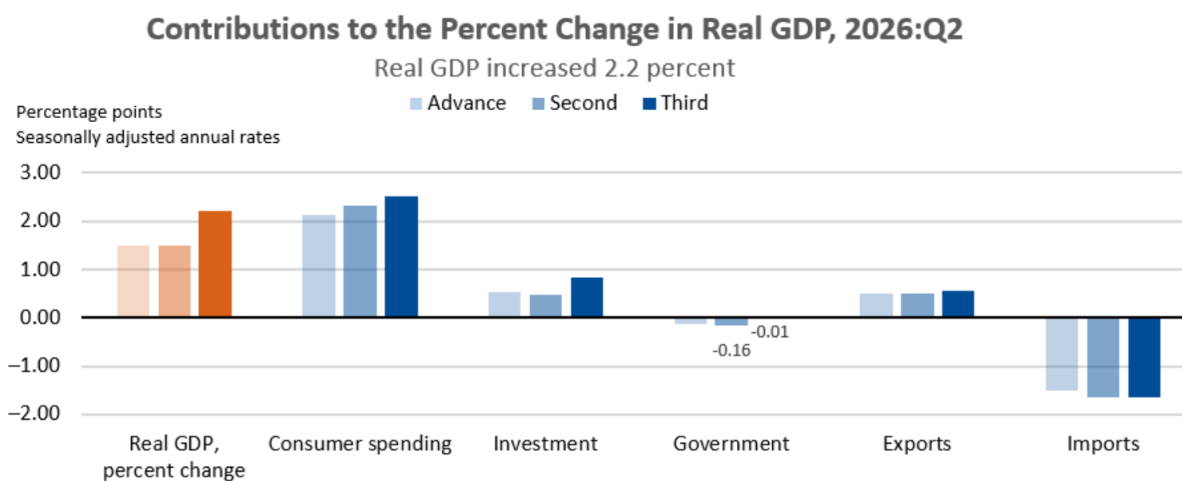
Thursday, [Construction Spending](#): “Construction spending during August 2026 was estimated at a seasonally adjusted annual rate of \$2,203.1 billion, 0.9 percent above the revised July estimate of \$2,184.5 billion. . . . Spending on private construction was at a seasonally adjusted annual rate of \$1,655.3 billion, 1.1 percent above the revised July estimate of \$1,637.7 billion. . . . The estimated seasonally adjusted annual rate of public construction spending was \$547.8 billion, 0.2 percent above the revised July estimate of \$546.8 billion.



Bureau of Economic Analysis

Wednesday, [Personal Income](#): “Personal income increased \$66.6 billion (0.2 percent at a monthly rate) in August. . . . Disposable personal income (DPI)—personal income less personal current taxes—increased \$68.6 billion (0.3 percent), and personal consumption expenditures (PCE) increased \$190.8 billion (0.9 percent).”

Wednesday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 2.2 percent in the second quarter of 2026 (April, May, and June). . . . In the first quarter, real GDP increased 2.5 percent (revised). . . . Real GDP was revised up 0.7 percentage point from the second estimate, primarily reflecting upward revisions to investment, consumer spending, and government spending.”



GDP Gross domestic product

Note. Imports are a subtraction in the calculation of GDP. An increase in imports results in a negative contribution to GDP, and a decrease in imports results in a positive contribution to GDP.

U.S. Bureau of Economic Analysis

U.S. Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending September 26, the advance figure for seasonally adjusted initial claims was 197,000, a decrease of 1,000 from the previous week’s revised level. . . . The 4-week moving average was 200,000, a decrease of 2,500 from the previous week’s revised average.” In Tennessee there were 2,297 initial claims for the week ending September 26, a decrease of 167 from the week prior.

Economic Indicators and Confidence:

Federal Reserve

Tuesday, [Barr’s Speech](#): “Economic activity in the United States has grown at a solid pace in 2026 and has recently gained momentum. Real gross domestic product grew at roughly a 2 percent rate in the first half of the year, and I expect it will pick up a bit in the second. . . . While the effects of tariffs may have diminished, high energy prices are still with us, and there is considerable uncertainty about when the conflict driving them may be resolved. At the same time, it is apparent that the surge of investment, and related demand from the AI buildout, is having a measurable effect on prices.”

Challenger, Gray, & Christmas

Thursday, [Job Cuts](#): “U.S.-based employers announced 43,281 job cuts in September, down 18 percent from the 52,881 announced in August. It is down 20 percent from the 54,064 layoff plans announced in the same month last year and is the lowest total for the month since 2022, when 29,989 job cuts were recorded. . . . Third quarter layoff plans totaled 129,591, down 43 percent from the 226,242 layoff plans in Q2 2026, and down 36 percent from the 202,118 layoff plans announced in the same quarter of last year.”

U.S. JOB CUTS BY MONTH

Announced layoffs at U.S.-based employers, January 2020–September 2026



Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): ““Mortgage rates jumped to their highest level in almost three years, pushing borrowers to the sidelines. The 30-year fixed rate increased for the sixth consecutive week to 7.3 percent, the highest rate since November 2023,’ said Joel Kan, CMB, MBA’s vice president and deputy chief economist. ‘Mortgage applications fell by 6 percent due to the recent surge in rates, with purchase and refinance applications both declining to their slowest weekly pace since 2025.’”

Freddie Mac

Thursday, [Mortgage Rates](#): “The 30-year FRM [fixed-rate mortgage] averaged 7.28 percent as of October 1, 2026, up from last week when it averaged 7.03 percent. A year ago at this time, the 30-year FRM averaged 6.34 percent. The 15-year FRM averaged 6.60 percent, up from last week when it averaged 6.42 percent. A year ago at this time, the 15-year FRM averaged 5.55 percent.”