

Economic Update, March 13, 2026
Submitted by Madison Thorn

Summary:

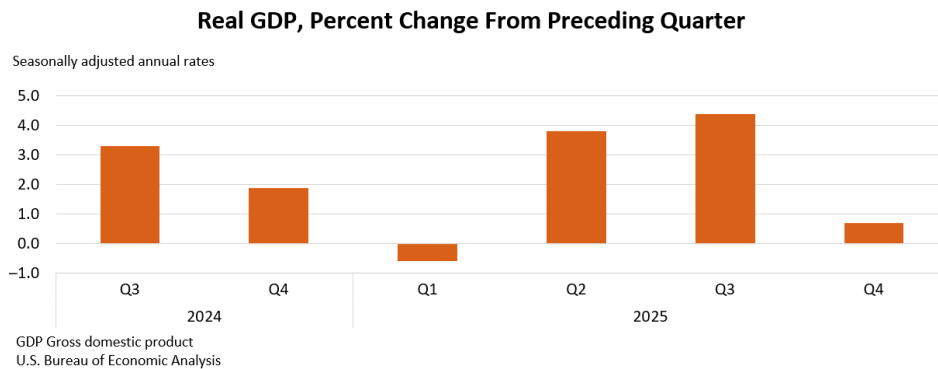
In the fourth quarter of 2025, real GDP increased by 0.7 percent at an annual rate, slowing from 4.4 percent in the third quarter. Meanwhile, selected services revenue rose 0.8 percent from the third quarter and 6.7 percent year over year. In January 2026, personal income increased 0.4 percent, disposable personal income rose 0.9 percent, and personal consumption expenditures increased 0.4 percent. In the housing market, housing starts were 1.49 million at a seasonally adjusted annual rate. In contrast, freight transportation fell 0.6 percent, and durable goods orders were essentially unchanged. Regarding trade, the deficit narrowed as exports rose and imports fell. In February 2026, the Consumer Price Index increased 0.3 percent for the month and 2.4 percent over the past 12 months. Labor market data showed that job openings held steady at 6.9 million, and existing-home sales increased 1.7 percent from January. Additionally, mortgage applications rose, while consumer and small business sentiment declined slightly.

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. According to their most recent update on Tuesday, Tennessee's economy showed "a slightly negative picture" in December 2025. Weekly initial unemployment claims were up, while building permits and state sales tax collections both fell. On the other hand, nonfarm employment increased slightly, and the unemployment rate fell. 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

Friday, [GDP \(Second Estimate\)](#): "Real gross domestic product (GDP) increased at an annual rate of 0.7 percent in the fourth quarter of 2025 (October, November, and December). . . . In the third quarter, real GDP increased 4.4 percent. . . . The contributors to the increase in real GDP in the fourth quarter were increases in consumer spending and investment. These movements were partly offset by decreases in government spending and exports. Imports, which are a subtraction in the calculation of GDP, decreased."



Friday, [Personal Income and Outlays](#): "Personal income increased \$113.8 billion (0.4 percent at a monthly rate) in January. . . . Disposable personal income (DPI)—personal income less personal current taxes—increased \$219.9 billion (0.9 percent), and personal consumption expenditures (PCE) increased

\$81.1 billion (0.4 percent). . . . Personal outlays—the sum of PCE, personal interest payments, and personal current transfer payments—increased \$85.8 billion in January. Personal saving was \$1.05 trillion in January, and the personal saving rate—personal saving as a percentage of DPI—was 4.5 percent.”

Bureau of Labor Statistics

Wednesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent on a seasonally adjusted basis in February, after rising 0.2 percent in January. . . . Over the last 12 months, the all items index increased 2.4 percent before seasonal adjustment.”

Friday, [Job Openings and Labor Turnover Survey](#): “The number of job openings was little changed at 6.9 million in January. . . . Hires were unchanged at 5.3 million, while total separations changed little at 5.1 million. Within separations, quits (3.1 million) and layoffs and discharges (1.6 million) changed little.”

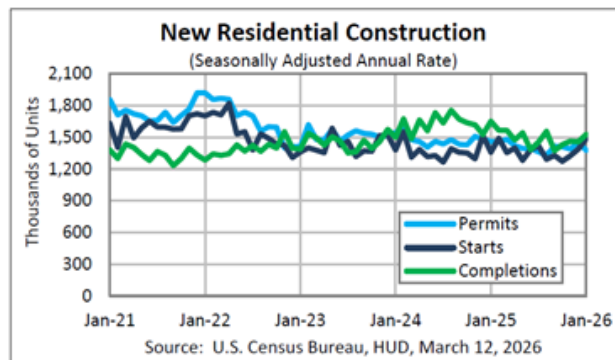
Bureau of Transportation Statistics

Wednesday, [Transportation Services Index](#): “The Freight Transportation Services Index (TSI), fell 0.6 percent in January [2026] from December [2025], falling for the month after two months of growth. . . . From January 2025 to January 2026 the index fell 0.3 percent. . . . The Freight TSI decreased in January due to decreases in rail intermodal and pipeline while air freight, rail carloads, trucking, and water volumes increased.”

Census Bureau

Wednesday, [Business Formation Statistics](#): “Business Applications for February 2026, adjusted for seasonal variation, were 496,443, a decrease of 5.8 percent. . . . Projected Business Formations (within 4 quarters) for February 2026, adjusted for seasonal variation, were 28,994, a decrease of 3.2 percent compared to January 2026.” In the South, Business Applications for February 2026 decreased 4.4 percent, and Projected Business Formations decreased 0.9 percent.

Thursday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in January [2026] were at a seasonally adjusted annual rate of 1,376,000 . . . 5.4 percent below the revised December rate . . . [and] 5.8 percent below the January 2025 rate. . . . Privately-owned housing starts in January [2026] were at a seasonally adjusted annual rate of 1,487,000 . . . 7.2 percent above the revised December estimate . . . [and] 9.5 percent above the January 2025 rate. . . . Privately-owned housing completions in January [2026] were at a seasonally adjusted annual rate of 1,527,000 . . . 4.8 percent above the revised December estimate . . . [but] 7.5 percent below the January 2025 rate.”



Thursday, [U.S. International Trade in Goods and Services](#): “January [2026] exports were \$302.1 billion, \$15.8 billion more than December exports. January imports were \$356.6 billion, \$2.6 billion less than December imports. The January decrease in the goods and services deficit reflected a decrease in the goods deficit of \$17.5 billion to \$81.8 billion and an increase in the services surplus of \$1.0 billion to \$27.3 billion. Year-over-year, the goods and services deficit decreased \$73.9 billion, or 57.6 percent, from January 2025. Exports increased \$28.4 billion or 10.4 percent. Imports decreased \$45.5 billion or 11.3 percent.”

Thursday, [Quarterly Services Survey](#): “U.S. selected services total revenue for the fourth quarter of 2025, adjusted for seasonal variation but not for price changes, was \$6,163.5 billion, an increase of 0.8 percent from the third quarter of 2025 and up 6.7 percent from the fourth quarter of 2024.”

Friday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in January [2026], down three of the last four months, decreased \$0.1 billion or virtually unchanged to \$321.2 billion. . . . This followed a 0.9 percent December decrease. Excluding transportation, new orders increased 0.4 percent. Excluding defense, new orders increased 0.5 percent. Transportation equipment, also down three of the last four months, drove the decrease, \$1.0 billion or 0.9 percent to \$113.3 billion.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending March 7, the advance figure for seasonally adjusted initial claims was 213,000, a decrease of 1,000 from the previous week’s revised level.” In Tennessee, in the advance figure for initial claims was 2,870, an increase of 267 from the previous week.

Economic Indicators and Confidence:

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations](#): In February 2026, “households’ inflation expectations declined at the short-term horizon and remained unchanged at the medium- and longer-term horizons. Labor market expectations saw a modest slowdown as earnings growth expectations declined, voluntary job separation probabilities decreased, and confidence in finding new employment weakened, despite a small improvement in job loss and overall unemployment expectations. Expectations for future credit access and missing a minimum debt payment improved.”

Federal Reserve Bank of Richmond

Thursday, [Recession Indicator](#): The “indicator was 0.046 the week ending February 28, decreasing from the prior week’s reading and remaining below the recession threshold of 0.2.”

GEP/S&P Global

Wednesday, [Global Supply Chain Volatility](#): For February 2026, the index “showed that worldwide purchases of raw materials, commodities and critical components rose at the fastest pace in almost four years. Underlying data suggest the upturn was broad-based across sectors, with procurement activity rising in both capital-intensive and consumer-facing industries, pointing to a cyclical upswing prior to the war in the Middle East. . . . Asia was the key driving force behind a resurgence in global factory demand. . . . North America, on the other hand, saw a weaker trend in factory purchasing in February, reflecting a loss of momentum in the U.S. manufacturing economy.”

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): The index “fell 0.5 points in February to 98.8 but remained slightly above the 52-year average of 98. The Uncertainty Index decreased three points from January to 88.”

University of Michigan

Friday, [Index of Consumer Sentiment](#): “Consumer sentiment dipped about 2 percent, reaching its lowest reading of the year. Interviews completed prior to the military action in Iran showed an improvement in sentiment from last month, but lower readings seen during the nine days thereafter completely erased those initial gains. Gasoline prices have exerted the most immediate impact felt by consumers, though the magnitude of passthrough to other prices remains highly uncertain. . . . Interviews for this release were collected between February 17 and March 9, with about half completed after the start of the U.S. military conflict in Iran.”

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year FRM [Fixed-Rate Mortgage] averaged 6.11 percent as of March 12, 2026, up from last week when it averaged 6.00 percent. A year ago at this time, the 30-year FRM averaged 6.65 percent. The 15-year FRM averaged 5.50 percent, up from last week when it averaged 5.43 percent. A year ago at this time, the 15-year FRM averaged 5.80 percent.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 3.2 percent from one week earlier. . . . ‘Financial markets were volatile last week amid the ongoing turmoil in the Middle East. Mortgage rates increased on net over the week, while refinance volume was roughly flat. Borrowers in recent weeks were able to get 30-year conforming rates below 6 percent, but with the current volatility, longer-term rates have moved up, pushing up the 30-year fixed rate to 6.19 percent,’ said Mike Fratantoni, MBA’s SVP and Chief Economist.”

National Association of Realtors

Tuesday, [Existing-Home Sales](#): “Existing-home sales increased by 1.7 percent month-over-month in February. . . . Month-over-month sales rose in the Midwest, South and West, and fell in the Northeast. Year-over-year sales rose in the South and fell in the Northeast, Midwest and West. Affordability improved for the eighth consecutive month, according to NAR’s Housing Affordability Index—increasing to 117.6 in February from 117.1 in January and 103.1 a year ago. This marks the highest level since March 2022. . . . Median existing-home prices for all housing types, up 0.3 percent from one year ago (\$396,800)—the 32nd consecutive month of year-over-year price increases.” In the South, sales increased 1.6 percent month-over-month to an annual rate of 1.89 million, up 0.5 percent year-over-year, and the median home price was \$356,800, up 0.2 percent from February 2025.