

Economic Update, March 27, 2026  
Submitted by Michael Mount

**Summary:**

The Iran War and rising oil prices dampened the economic outlook this week, at least in the short run, according to the University of Michigan's survey of consumers. The Chicago Fed's national activity index indicated slower than average economic growth in February, and in March, U.S. business activity growth slowed to an 11-month low, according to S&P Global. The threat of higher oil prices led to an increase in mortgage rates, according to Joel Kan of the Mortgage Bankers Association. Imports to the U.S. remain ahead of exports, but the gap narrowed last quarter. In Tennessee, the administration's final budget amendment included a \$40 million bridge replacement project in Montgomery County related to the \$6.6 billion Korea Zinc Development.

**Tennessee:**

Tennessee Department of Economic and Community Development

Tuesday, [Memphis](#): Morgan Steel "is expanding its headquarters operations by purchasing a new facility in Shelby County. Morgan Steel will create 119 new jobs and invest \$11.7 million in Memphis as part of the project, which includes updating equipment to accommodate increased capacity and additional projects to further meet growing customer demand."

Tennessee Department of Finance and Administration

Tuesday, [Tennessee's State Budget](#): The administration's final budget amendment included more than \$50 million in infrastructure funding, including a \$40 million bridge replacement project in Montgomery County [related to the \\$6.6 billion Korea Zinc Development](#).

Tennessee Department of Labor and Workforce Development

Thursday, Closures and Layoffs: [BlueOval SK](#) announced 150 layoffs in Stanton, Tennessee, [Blount Memorial Hospital](#) announced 85 layoffs in Maryville, Tennessee, and [Titan International](#) announced a closure in Jackson, Tennessee, affecting 153 workers.

**Federal Government Reports:**

U.S. Census

Monday, [Construction Spending](#): "Construction spending during January 2026 was estimated at a seasonally adjusted annual rate of \$2,190.4 billion, 0.3 percent below the revised December estimate of \$2,197.6 billion. The January figure is 1.0 percent above the January 2025 estimate of \$2,169.6 billion."

Monday, [Manufacturing Profits](#): "U.S. manufacturing corporations' seasonally adjusted after-tax profits in the fourth quarter of 2025 totaled \$247.3 billion, up \$5.1 billion from the after-tax profits of \$242.2 billion recorded in the third quarter of 2025, and up \$34.3 billion from the after-tax profits of \$213.0 billion recorded in the fourth quarter of 2024."

Monday, [Retailer Profits](#): "Seasonally adjusted after-tax profits of U.S. retail corporations with assets of \$50 million and over totaled \$58.8 billion, up \$5.0 billion from the \$53.8 billion recorded in the third quarter of 2025, and up \$12.7 billion from the \$46.1 billion recorded in the fourth quarter of 2024."

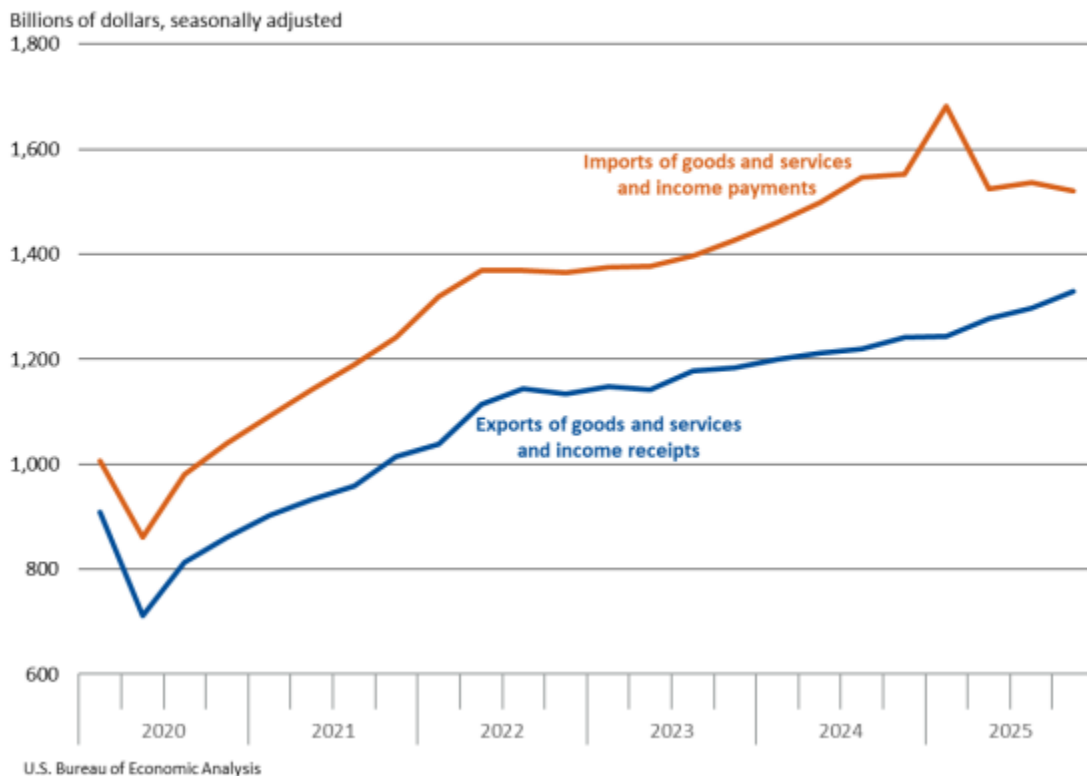
Bureau of Labor Statistics

Tuesday, [Productivity](#): “Nonfarm business sector labor productivity increased 1.8 percent in the fourth quarter of 2025 . . . as output increased 1.5 percent and hours worked decreased 0.2 percent.”

Bureau of Economic Analysis

Wednesday, [International Trade](#): “The U.S. current-account deficit resulting from international economic transactions narrowed by \$48.4 billion, or 20.2 percent, to \$190.7 billion in the fourth quarter of 2025 . . .”

### Quarterly U.S. Current-Account Transactions



Department of Labor

Thursday, [Initial Claims](#): “In the week ending March 21, the advance figure for seasonally adjusted initial claims was 210,000, an increase of 5,000 from the previous week's unrevised level of 205,000.” In Tennessee, initial claims decreased from 3,422 to 3,002.

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

Federal Reserve

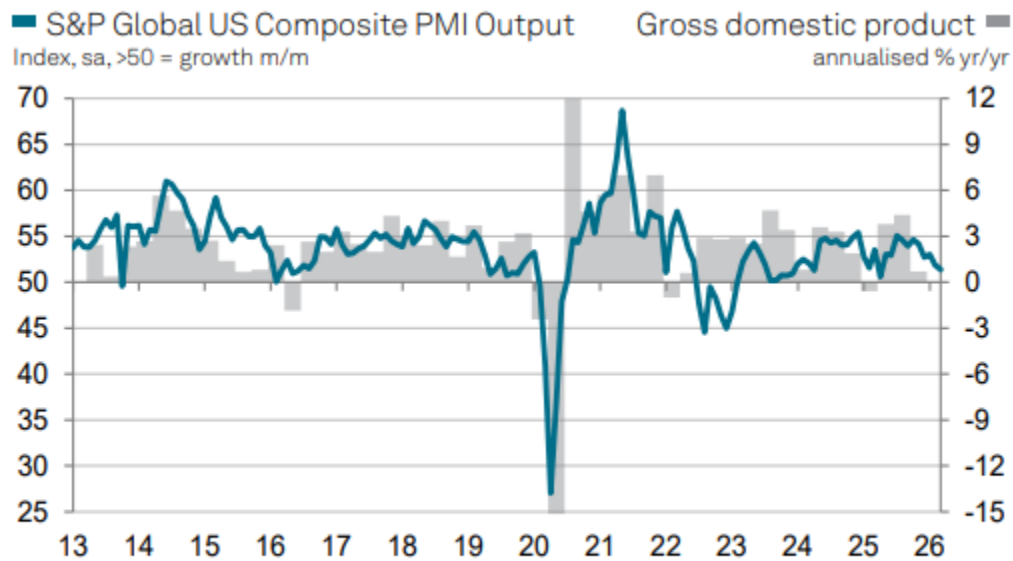
Monday, [National Activity Index](#): The “index suggests economic growth decreased in February,” decreasing “to -0.11 in February from +0.20 in January.”

S&P Global

Tuesday, [Manufacturing and Services](#): “U.S. business activity growth slowed to an 11-month low in March as businesses reported a slightly weaker upturn in new orders and spike in prices following the outbreak of war in the Middle East.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment fell back 6 percent this month to its lowest level since December 2025. Declines were seen across age and political party. Consumers with middle and higher incomes and stock wealth, buffeted by both escalating gas prices and volatile financial markets in the wake of the Iran conflict, exhibited particularly large drops in sentiment. Overall, the short-run economic outlook plunged 14 percent, and year-ahead expected personal finances sank 10 percent, while declines in long-run expectations were more subdued.”



Data were collected 12-23 March 2026.

Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.

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

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 10.5 percent from one week earlier. . . . ‘The threat of higher-for-longer oil prices continued to keep Treasury yields elevated, and mortgage rates finished last week higher.’ . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$832,750 or less) increased to 6.43 percent from 6.30 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 5.83 percent from 5.66 percent. . . .”