

Economic Update, May 22, 2026
Submitted by Madison Thorn and Michael Mount

Summary:

In March 2026, the national unemployment rate held steady at 4.3 percent, remaining largely unchanged from a year earlier. Across Tennessee's metro areas, unemployment declined in nine areas and rose in one from February to March. In April, housing permits increased by 5.8 percent from March, while housing starts decreased by 2.8 percent and completions rose by 4.8 percent. Pending home sales also climbed in April, rising 1.4 percent from March and 3.2 percent year over year. Median reported household spending grew by 4.8 percent year over year. During the first quarter of 2026, total revenue for selected services reached \$6,216.3 billion, a 0.9 percent increase from the previous quarter and a 6.3 percent year over year increase. Builder confidence improved by three points to 37 in May, with 32 percent of builders cutting prices, down from 36 percent in April. For the week ending May 9, the Richmond Fed's recession indicator dropped to 0.000, well below its 0.2 threshold. In the week ending May 16, initial unemployment claims fell by 3,000 to 209,000, and the Dallas Fed's Weekly Economic Index registered at 2.99 percent, scaled to four-quarter GDP growth at an annual rate. But consumer sentiment fell for the third straight month as supply disruptions in the Strait of Hormuz continue to boost gasoline prices, with sentiment now just below the previous historical trough in June 2022.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were higher in March than a year earlier in 174 of the 387 metropolitan areas, lower in 172 areas, and unchanged in 41 areas. . . . A total of 25 areas had jobless rates of less than 3.0 percent and 10 areas had rates of at least 8.0 percent. Nonfarm payroll employment increased over the year in 8 metropolitan areas, decreased in 8 areas, and was essentially unchanged in 371 areas. The national unemployment rate in March was 4.3 percent, not seasonally adjusted, little changed from a year earlier.” Across Tennessee's metro areas, from February to March 2026 unemployment rates declined in Chattanooga (3.6 to 3.2 percent), Clarksville (4.4 to 3.9 percent), Jackson (4.1 to 3.5 percent), Johnson City (3.7 to 3.1 percent), Kingsport-Bristol (3.9 to 3.5 percent), Knoxville (3.3 to 2.8 percent), Memphis (4.7 to 4.2 percent), Morristown (4.3 to 3.2 percent), and Nashville-Davidson–Murfreesboro–Franklin (3.3 to 2.8 percent); and rose in Cleveland (4.0 to 4.2 percent).

Census Bureau

Thursday, [New Residential Construction](#), “Privately-owned housing units authorized by building permits in April were at a seasonally adjusted annual rate of 1,442,000. This is 5.8 percent above the revised March rate of 1,363,000, but is 0.2 percent below the April 2025 rate of 1,445,000. Single family authorizations in April were at a rate of 872,000; this is 2.6 percent below the revised March figure of 895,000. Authorizations of units in buildings with five units or more were at a rate of 514,000 in April. Privately-owned housing starts in April were at a seasonally adjusted annual rate of 1,465,000. This is 2.8 percent below the revised March estimate of 1,507,000, but is 4.6 percent above the April 2025 rate of 1,400,000. Single-family housing starts in April were at a rate of 930,000; this is 9.0 percent below the revised March figure of 1,022,000. The April rate for units in buildings with five units or more was 529,000. Privately-owned housing completions in April were at a seasonally adjusted annual rate of 1,449,000. This is 4.8 percent above the revised March estimate of 1,382,000, but is 2.0 percent below the April 2025 rate of 1,479,000. Single-family housing completions in April were at a rate of 903,000;

this is 1.0 percent below the revised March rate of 912,000. The April rate for units in buildings with five units or more was 529,000.”

Thursday, [Advance Services Report](#): “Advance U.S. selected services total revenue for the first quarter of 2026, adjusted for seasonal variation but not for price changes, was \$6,216.3 billion, an increase of 0.9 percent from the fourth quarter of 2025 and up 6.3 percent from the first quarter of 2025. The third quarter of 2025 to fourth quarter of 2025 percentage change was not revised from the preliminary estimate of 0.8 percent.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending May 16, the advance figure for seasonally adjusted initial claims was 209,000, a decrease of 3,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 211,000 to 212,000. The 4-week moving average was 202,500, a decrease of 1,500 from the previous week's revised average. The previous week's average was revised up by 250 from 203,750 to 204,000.”

Economic Indicators and Confidence:

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index](#) (WEI): “The WEI is currently 2.99 percent, scaled to four-quarter GDP growth, for the week ended May 16 and 2.73 percent for May 9. The 13-week moving average is 2.71 percent. This is compared with 2.66 percent four-quarter GDP growth through first quarter 2026.”

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations](#): “The median reported year-over-year increase in monthly nominal household spending decreased slightly to 4.8 percent in April 2026 from 4.9 percent in December 2025; the reading was 4.5 percent in April 2025. The shares of respondents reporting making a large purchase over the past four months on furniture, home repairs and vehicles increased in April, while the shares reporting spending on vacations, homes, home appliances, and electronics decreased. Median expected monthly overall household spending growth over the next twelve months remained unchanged at 3.4 percent in April. Median year-ahead expected spending growth on housing and medical care decreased slightly to 3.1 percent and 4.9 percent, respectively. While expected spending growth on medical care retreated from its recent spike, it still remains well above the series' post-December 2014 average of 3.6 percent. Median year-ahead expected spending growth increased for food to 5.6 percent, for clothing to 2.9 percent, for utilities to 4.8 percent, for transportation to 5.4 percent, and for recreation to 2.8 percent.”

Federal Reserve Bank of Richmond

Thursday, [Recession Indicator](#): “The Scavette-O’Trakoun-Sahm-style (SOS) indicator was 0.000 the week ending May 9, decreasing from the prior week's reading and remaining below the recession threshold of 0.2.”

The Conference Board

Friday, [Leading Index](#): The index “rose slightly by 0.1 percent in April 2026 to 97.4 (2016=100), following a 0.6 percent decline in March.”

University of Michigan

Friday, [Index of Consumer Sentiment](#): “Consumer sentiment fell for the third straight month as supply disruptions in the Strait of Hormuz continue to boost gasoline prices. Sentiment is now just below the previous historical trough seen in June 2022. The cost of living continues to be a first-order concern, with 57 percent of consumers spontaneously mentioning that high prices were eroding their personal finances, up from 50 percent last month.”

Mortgages and Housing Markets:

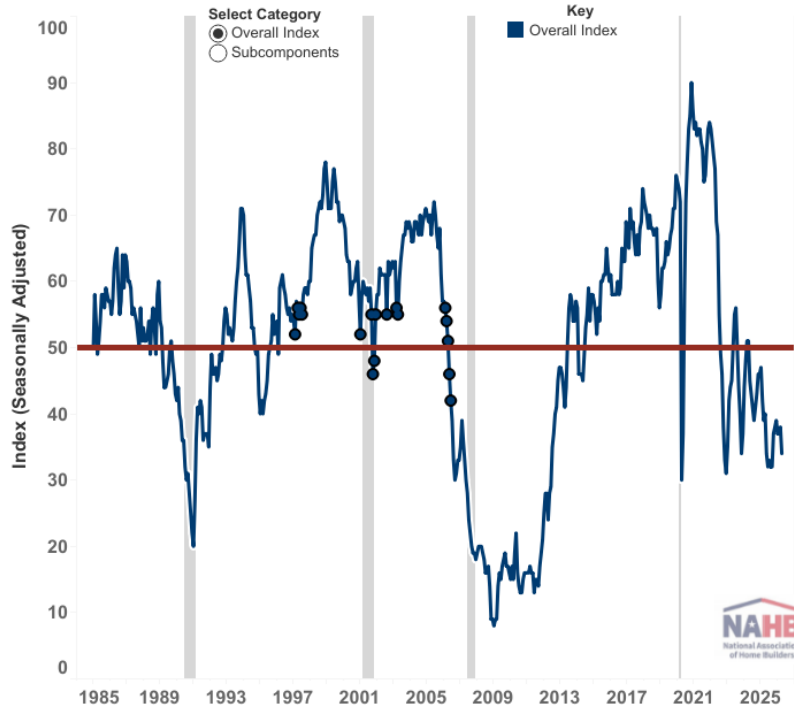
Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 2.3 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 3 percent compared with the previous week. The Refinance Index decreased 0.1 percent from the previous week and was 35 percent higher than the same week one year ago. The seasonally adjusted Purchase Index decreased 4 percent from one week earlier. The unadjusted Purchase Index decreased 5 percent compared with the previous week and was 8 percent higher than the same week one year ago.”

National Association of Home Builders

Monday, [Housing Market Index \(HMI\)](#): “Builder confidence in the market for newly built single-family homes increased three points to 37 in May. Here are the readings for the three HMI indices in May: Current sales conditions rose three points to 40. Sales expectations in the next six months increased three points to 45. Traffic of prospective buyers posted a three-point gain to 25. The latest HMI survey also revealed that 32 percent of builders cut prices in May, down from 36 percent in April. The average price reduction was 6 percent, up from the 5 percent figure in April. The use of sales incentives was 61 percent in May, up slightly from 60 percent in April, and marking the 14th consecutive month this share has reached 60 percent or higher.”

NAHB/Wells Fargo Housing Market Index (HMI) Overall Index



National Association of Realtors

Tuesday, [Pending Home Sales Index](#): “Pending home sales in April increased by 1.4 percent month over month and rose 3.2 percent year over year. Month over month pending home sales rose in the Northeast, Midwest and West, and declined in the South. Year over year pending home sales rose in the Midwest, South and West, and declined in the Northeast.”