

Economic Update, June 12, 2026
Submitted by Madison Thorn and Michael Mount

Summary:

Consumer price inflation was 4.2 percent over the last year, though gas prices eased early this month, improving consumer sentiment. The Conference Board said higher inflation will divert limited household resources toward energy and other affected goods and services, weighing on real consumer spending. Their outlook for the U.S. is for slower growth. Adjusting for inflation, average hourly earnings decreased 0.1 percent in May. On the plus side, business applications increased 3.7 percent last month, and the Federal Reserve Bank of Richmond's recession indicator remains below the recession threshold.

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, which was updated this week with data for March. According to our partners at BEREC, "Tennessee's economic indicators showed a mixed outlook." 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:

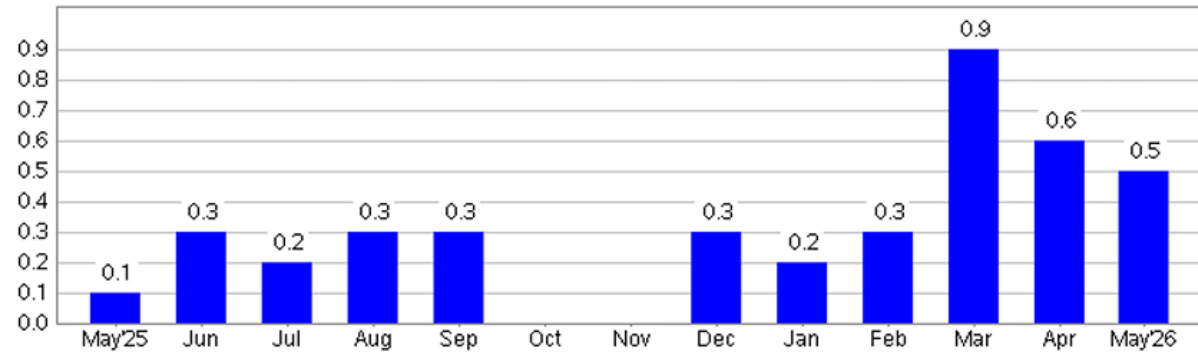
Bureau of Economic Analysis

Tuesday, [U.S. International Trade in Goods and Services](#): "The goods and services deficit was \$55.9 billion in April, down \$0.7 billion from \$56.6 billion in March, revised. . . . April exports were \$327.1 billion, \$8.3 billion more than March exports. April imports were \$383.0 billion, \$7.6 billion more than March imports. The April decrease in the goods and services deficit reflected a decrease in the goods deficit of \$2.4 billion to \$83.7 billion and a decrease in the services surplus of \$1.7 billion to \$27.8 billion. Year-to-date, the goods and services deficit decreased \$213.5 billion, or 49.1 percent, from the same period in 2025. Exports increased \$128.2 billion or 11.3 percent. Imports decreased \$85.3 billion or 5.5 percent."

Bureau of Labor Statistics

Wednesday, [Consumer Price Index](#): The index "increased 0.5 percent on a seasonally adjusted basis in May, after rising 0.6 percent in April. . . . Over the last 12 months, the all items index increased 4.2 percent before seasonal adjustment."

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, May 2025 - May 2026
Percent change



NOTE: The Oct and Nov 2025 data values are not available due to the 2025 lapse in appropriations.

Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.1 percent from April to May, seasonally adjusted. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.5 percent in the Consumer Price Index for All Urban Consumers (CPI-U).”

Thursday, [Producer Price Index](#): The index “rose 1.1 percent in May, seasonally adjusted. . . . On an unadjusted basis, the index for final demand increased 6.5 percent for the 12 months ended in May, the largest 12-month rise since moving up 7.4 percent in November 2022.”

Bureau of Transportation

Wednesday, [Transportation Services Index](#): The index “rose 0.3 percent in April from March, rising for the third consecutive month. . . . From April 2025 to April 2026 the index rose 1.4 percent.”

Census Bureau

Monday, [Manufacturing, Mining, Wholesale Trade, and Selected Service Industries](#): “U.S. manufacturing corporations’ seasonally adjusted after-tax profits in the first quarter of 2026 totaled \$286.6 billion, up \$41.3 billion from the after-tax profits of \$245.3 billion recorded in the fourth quarter of 2025, and up \$72.1 billion from the after-tax profits of \$214.5 billion recorded in the first quarter of 2025. Seasonally adjusted sales for the quarter totaled \$2,121.0 billion, up \$50.1 billion from the \$2,070.9 billion recorded in the fourth quarter of 2025, and up \$145.7 billion from the \$1,975.3 billion recorded in the first quarter of 2025.”

Monday, [Retail Trade](#): “Seasonally adjusted after-tax profits of U.S. retail corporations with assets of \$50 million and over totaled \$64.5 billion, up \$4.2 billion from the \$60.3 billion recorded in the fourth quarter of 2025, and up \$18.2 billion from the \$46.3 billion recorded in the first quarter of 2025. Seasonally adjusted sales for the quarter totaled \$1,125.8 billion, up \$11.9 billion from the \$1,113.9 billion recorded in the fourth quarter of 2025, and up \$50.4 billion from the \$1,075.4 billion recorded in the first quarter of 2025.”

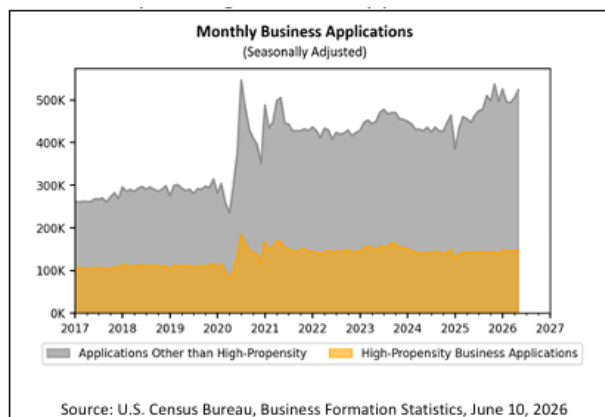
Tuesday, [Wholesale Trade](#): “April 2026 sales of merchant wholesalers . . . were \$789.1 billion, up 2.0 percent from the revised March level and were up 13.3 percent from the revised April 2025 level. The February 2026 to March 2026 percent change was revised from the preliminary estimate of up 2.8 percent to up 3.0 percent. Total inventories of merchant wholesalers . . . were \$940.3 billion at the end of April, up 0.6 percent from the revised March level. Total inventories were up 3.6 percent from the revised April 2025 level. The March 2026 to April 2026 percent change was revised from the advance

estimate of up 0.5 percent to up 0.6 percent. The April inventories/sales ratio for merchant wholesalers, except manufacturers' sales branches and offices, based on seasonally adjusted data, was 1.19. The April 2025 ratio was 1.30."

Wednesday, [Business Formation Statistics](#): "Business Applications for May 2026, adjusted for seasonal variation, were 523,971, an increase of 3.7 percent compared to April 2026."

BUSINESS APPLICATIONS		
U.S. Business Applications:	MAY 2026	MAY 2026 / APR 2026
Total	523,971	3.7%°
High-Propensity	146,555	-0.3%°
With Planned Wages	35,599	-0.2%°
From Corporations	40,994	-1.6%°

Next release: July 09, 2026
 (°) Statistical significance is not applicable or not measurable.
 Data adjusted for seasonality.
 Source: U.S. Census Bureau, Business Formation Statistics, June 10, 2026



Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): "In the week ending June 6, the advance figure for seasonally adjusted initial claims was 229,000, an increase of 4,000 from the previous week's unrevised level of 225,000." In Tennessee, there were 4,171 initial claims for the week ending June 6, a decrease of 1,069 from the week prior.

Economic Indicators and Confidence:

The Conference Board

Thursday, [U.S. Outlook](#): "Consumer spending, the primary engine of U.S. economic growth since the pandemic, is showing increasing signs of fatigue as higher inflation and elevated energy costs erode household purchasing power. Recent declines in real disposable income, weaker inflation-adjusted retail sales, and subdued consumer confidence suggest that growth momentum is slowing even as labor market conditions remain resilient. The war in the Middle East has amplified these pressures through higher oil prices and broader supply-chain effects, reinforcing our expectation that economic growth will moderate in 2026. . . . The Conference Board . . . continues to forecast higher inflation and slower growth. Higher inflation will divert limited household resources toward energy and other affected goods and services, weighing on real consumer spending."

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index](#): The index "is currently 2.90 percent, scaled to four-quarter GDP growth, for the week ended June 6 and 3.22 percent for May 30. The 13-week moving average is 2.82 percent. This is compared with 2.57 percent four-quarter GDP growth through first quarter 2026."

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations](#): The May 2026 *Survey of Consumer Expectations* showed "households' inflation expectations decreased at the short-term horizon and remained unchanged at the medium- and longer-term horizons, while home price growth expectations increased. Labor market expectations deteriorated somewhat with an increase in layoff expectations and a decline

in job finding expectations. Expectations about future credit access, households' financial situation, and delinquencies all deteriorated."

Federal Reserve Bank of Richmond

Thursday, [Recession Indicator](#): The indicator "rose to 0.0 the week ending May 30, remaining below the recession threshold of 0.2."

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): The index "fell 0.6 points in May to 95.3, remaining below its 52-year average of 98.0."

University of Michigan

Friday, [Index of Consumer Sentiment](#): "This month, consumer sentiment ticked up about four index points, or 9 percent, with consumers experiencing some relief due to the early-month easing in gasoline prices."

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "'Mortgage rates were volatile last week as news from the Middle East continues to drive markets,' said Mike Fratantoni, MBA's SVP and Chief Economist. 'While the average rate was up slightly, with the 30-year fixed rate now at 6.60 percent, there were opportunities where borrowers were seeing somewhat lower rates.'"

National Association of Realtors

Tuesday, [Existing Home Sales](#): "Existing-home sales increased by 3.2 percent month-over-month and year-over-year. . . . Month-over-month sales increased in the Northeast, Midwest and South, and were unchanged in the West. Year-over-year sales rose in the Midwest, South, and West, and fell in the Northeast. . . . 'The new record-high May home price reflects solid fundamentals for homeowners and ongoing supply constraints,' [NAR Chief Economist Dr. Lawrence] Yun said."