

Economic Update, June 26, 2026
Submitted by Michael Mount

Summary:

The Federal Reserve’s outlook for real GDP growth worsened, decreasing from 2.4 percent to 2.2 percent from March to June 2026, but the Federal Open Market Committee decided to keep interest rates steady, citing continuing jobs growth and capital investment. New orders for core capital goods rebounded from the previous month, increasing 1.6 percent in May. Disposable personal income and personal consumption expenditures also increased in May, while inflation increased 4.1 percent over the last year, according to the personal consumption expenditures (PCE) price index. Builder confidence in the market for newly built single-family homes worsened while building permits fell.

Tennessee:

Tennessee Department of Labor and Workforce Development

Last Thursday, [Economic Analysis](#): “Tennessee’s seasonally adjusted unemployment rate remained steady at 3.6 percent in May. . . . Over the month, nonfarm employment increased 5,700 jobs.”

Federal Government Indicators and Reports:

U.S. Census

Last Tuesday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for May 2026 . . . were \$763.7 billion, up 0.9 percent from the previous month, and up 6.9 percent from May 2025.”

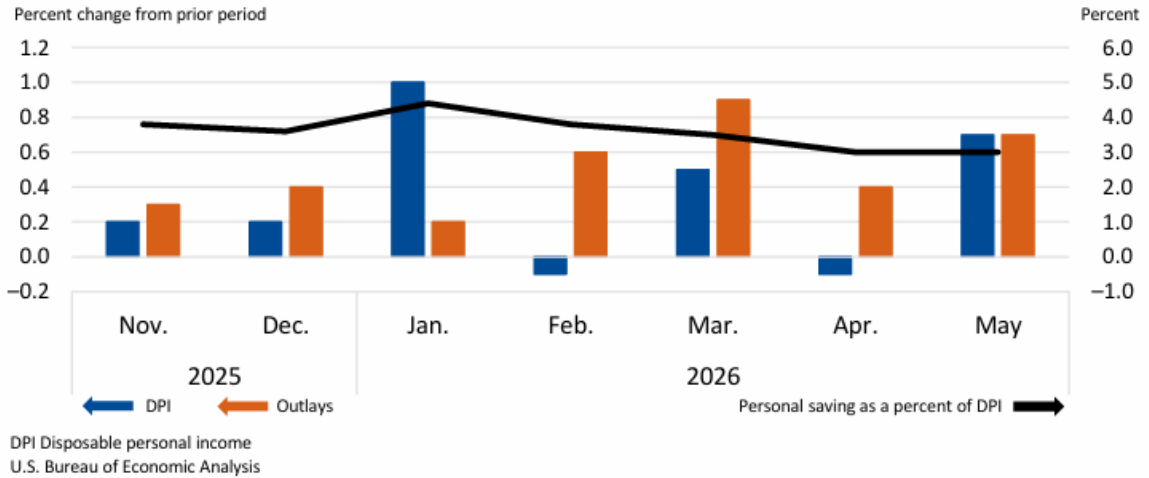
Last Wednesday, [Inventories](#): “The total business inventories/sales ratio based on seasonally adjusted data at the end of April was 1.31. The April 2025 ratio was 1.38.”

Thursday, [Durable Goods](#): “New orders for manufactured durable goods in May, down following two consecutive monthly increases, decreased \$15.6 billion or 4.5 percent to \$332.1 billion.” New orders for nondefense capital goods, excluding aircraft, [increased](#) 1.6 percent.

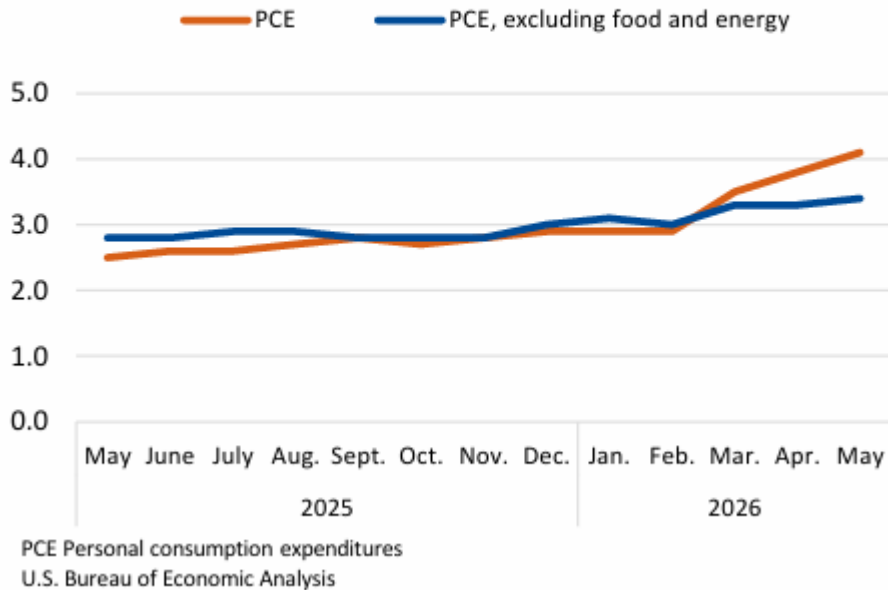
Bureau of Economic Analysis

Friday, [Income, Outlays, and Inflation](#): “Personal income increased \$181.6 billion (0.7 percent at a monthly rate) in May. . . . Disposable personal income (DPI)—personal income less personal current taxes—increased \$164.9 billion (0.7 percent), and personal consumption expenditures (PCE) increased \$156.1 billion (0.7 percent). . . . From the preceding month, the PCE price index for May increased 0.4 percent. . . . From the same month one year ago, the PCE price index for May increased 4.1 percent.”

Disposable Personal Income, Outlays, and Saving



PCE Price Indexes, Percent Change From Month One Year Ago



Economic Indicators and Confidence:

Federal Reserve

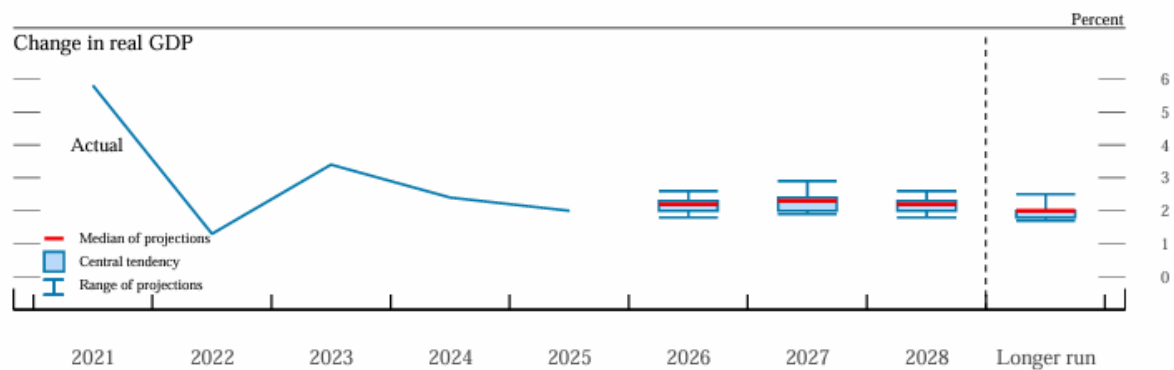
Last Monday, [Industrial Production](#): “Industrial production edged up 0.1 percent in May after rising 0.9 percent in April. . . . Capacity utilization edged up to 76.2 percent, a rate that is 3.2 percentage points below its long-run (1972–2025) average.”

Last Wednesday, [Interest Rate Decision](#): “The Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. . . . Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Productivity growth

and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little.”

Last Wednesday, [Economic Projections](#): The median projection of real GDP growth for 2026 decreased from 2.4 percent to 2.2 percent, from March to June 2026.

Figure 1. Medians, central tendencies, and ranges of economic projections, 2026–28 and over the longer run



Wednesday, [Cook Speech](#): According to a 2025 survey, “nearly half of small employer firms reported using AI in some capacity, and 71 percent of these firms reported increased productivity as a result.”

ADP

Last Tuesday, [Private Employment](#): “Private employers added 122,000 jobs in May. . . . ‘Hiring was more broad-based in May than we’ve seen in the last few years. The labor market continues to show sustained momentum going into the summer hiring season.’”

Mortgages and Housing Markets:

NAHB/Wells Fargo

Last Monday, [Housing Market Index](#): “Builder confidence in the market for newly built single-family homes fell two points to 35 in June.”

U.S. Census

Last Tuesday, [Building Permits](#): “Privately-owned housing units authorized by building permits in May were at a seasonally adjusted annual rate of 1,413,000. This is 0.7 percent below the revised April rate of 1,423,000 and is 0.2 percent below the May 2025 rate of 1,416,000.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 1.0 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$832,750 or less) decreased to 6.59 percent from 6.60 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages remained unchanged at 6.02 percent.”

U.S. Census

Wednesday, [New Home Sales](#): “Sales of new single-family houses in May 2026 were at a seasonally-adjusted annual rate of 580,000. . . . This is 7.3 percent below the April 2026 rate of 626,000, and is 6.8 percent below the May 2025 rate of 622,000.”