Economic Update, July 10, 2026
Submitted by Hannah Newcomb

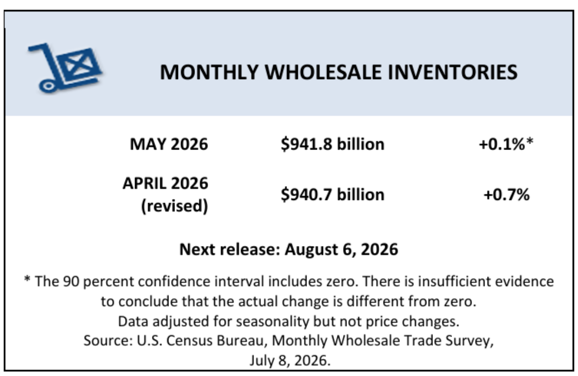
Summary:

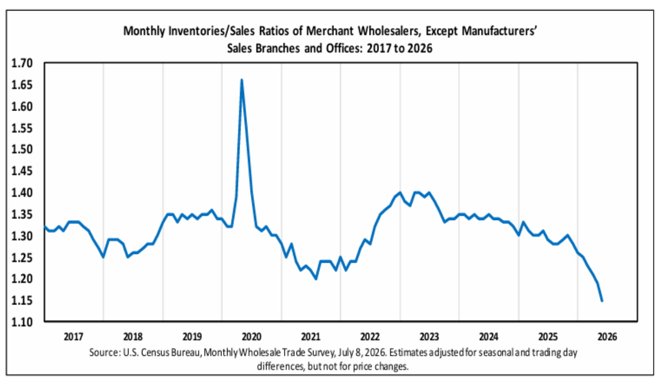
The goods and services deficit increased $23.0 billion between April and May, with exports decreasing and imports increasing, totaling $317.7 billion and $395.3 billion, respectively. Sales of merchant wholesalers increased 3.4 percent in May, and inventories showed a slight increase of 0.1 percent. During the month of June, the U.S. service sector experienced a modest increase in activity supported by a faster increase in new businesses. Business applications increased a little over 1 percent to 531,423, and projected business formations rose slightly from May. Job creation was uneven in the month of June. And while initial unemployment claims decreased overall last week, they increased in Tennessee. The Federal Reserve Bank of New York's survey of consumer expectations found that in June households' inflation expectations increased at the short- and medium-term horizons, but respondents were more optimistic about their future household financial situations overall. Mortgage applications decreased 2.2 percent from the previous week.

Federal Government Indicators and Reports:

U.S. Census Bureau

Wednesday, [Wholesale Trade]: "May 2026 sales of merchant wholesalers, except manufacturers' sales branches and offices . . . were $817.4 billion, up 3.4 percent from the revised April level and were up 18.1 percent from the revised May 2025 level. . . . Total inventories of merchant wholesalers, except manufacturers' sales branches and offices . . . were $941.8 billion at the end of May, up 0.1 percent from the revised April level . . . [and] up 4.0 percent from the revised May 2025 level."





Thursday, [Business Formations]: "Business Applications for June 2026, adjusted for seasonal variation, were 531,423, an increase of 1.1 percent compared to May 2026. Projected Business Formations (within 4 quarters) for June 2026, adjusted for seasonal variation, were 29,741, an increase of 0.7 percent compared to May 2026."

Department of Labor

Thursday, [Unemployment Weekly Claims]: "In the week ending July 4, the advance figure for seasonally adjusted initial claims was 215,000, a decrease of 2,000 from the previous week's revised level. . . . The 4-week moving average was 218,750, a decrease of 3,750 from the previous week's revised average." In Tennessee, there were 5,180 initial claims for the week ending July 4, an increase of 2,310 from the week prior.

Bureau of Economic Analysis

Tuesday, Goods and Services Deficit: "The goods and services deficit was $77.6 billion in May, up $23.0 billion from $54.6 billion in April, revised. May exports were $317.7 billion, $10.5 billion less than April exports. May imports were $395.3 billion, $12.5 billion more than April imports. The May increase in the goods and services deficit reflected an increase in the goods deficit of $23.6 billion to $106.5 billion and an increase in the services surplus of $0.6 billion to $28.9 billion."

Economic Indicators and Confidence:

ADP Research

Tuesday, National Employment Report: "Job creation was uneven in June. Financial activities and information were among the gainers, while leisure and hospitality delivered a sixth month of weak hiring." According to Dr. Nela Richardson, ADP's Chief Economist, "We know it's taking people longer to find work, but there also are signs of labor supply constraints in certain industries. For now, the overall effect is a slowdown in job creation."

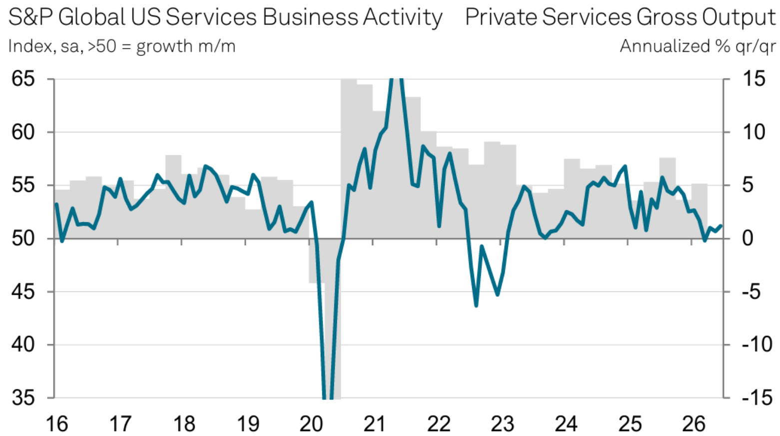
Federal Reserve Bank of New York

Tuesday, Consumer Expectations: "Households' inflation expectations increased at the short- and medium-term horizons and were unchanged at the longer-term horizon. Gas price growth expectations declined to the lowest level since August 2022. Labor market expectations improved, with job-finding expectations increasing and job-loss expectations and expectations about the unemployment rate declining. Spending growth expectations were unchanged. Respondents were more optimistic about their future household financial situations, while expectations about future credit availability deteriorated slightly."

S&P Global

Monday, U.S. Services Purchasing Managers Index: "the U.S. service sector recorded a modest, but improved, rise in activity during June. The upturn was supported by a faster increase in new business, as firms responded to gradually stabilizing economic conditions. . . . Growth remained historically muted and continued to weigh on employment levels at the end of the second quarter.

Inflationary pressures also stayed elevated, despite easing since May, as tariffs and higher fuel prices added again to cost burdens."



Data were collected 11-26 June 2026.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence. © 2025 S&P Global.

U.S. Energy Information Administration

Thursday, Gas Storage Report: "Working gas in storage was 2,983 billion cubic feet as of Friday, July 3, 2026, according to EIA estimates. This represents a net increase of 61 billion cubic feet from the previous week."

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, Mortgage Applications: Including an adjustment for the Fourth of July holiday, "mortgage applications decreased 2.2 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending July 3, 2026. . . . 'Mortgage application volume was little changed during the week of the nation's 250th Independence Day celebration, as the 30-year fixed rate increased slightly to 6.58 percent,' said Mike Fratantoni, MBA's SVP and Chief Economist."

National Association of Realtors

Thursday, Home Sales: "Existing-home sales decreased by 2.4 percent month-over-month and increased 2.8 percent year-over-year. . . . 'The back-and-forth in monthly home sales activity, driven by mild fluctuations in mortgage rates, shows how sensitive home buyers are to affordability conditions,' said NAR Chief Economist Lawrence Yun."