Economic Update, July 2, 2026
Submitted by Madison Thorn

Summary:

In April 2026, U.S. house prices fell 0.1 percent from March but were up 2.0 percent year-over-year, and construction spending was at a seasonally adjusted annual rate of $2,210.2 billion, down 1.5 percent year-over-year. In May, job openings were unchanged at 7.6 million, hires were unchanged at 5.2 million, and the national unemployment rate was 4.1 percent, little changed from a year earlier. Also in May, new orders for manufactured goods fell 1.3 percent to $657.4 billion, while shipments rose 1.6 percent to $653.2 billion. In June, non-farm payroll employment rose 57,000, and the unemployment rate was little changed at 4.2 percent. Also in June, the Consumer Confidence Index edged up 0.6 points to 91.2, with the Present Situation Index down 3.0 points to 116.4 and the Expectations Index up 3.0 points to 74.4; announced job cuts fell 53 percent from May to 45,849, and the Small Business Jobs Index improved for the fourth consecutive month. For the week ending June 20, the Richmond Fed's recession indicator remained at 0.0, well below its 0.2 threshold. For the week ending June 27, initial unemployment claims fell 1,000 to 215,000, with a four-week moving average of 222,000.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, Job Openings and Turnover: "The number of job openings was unchanged at 7.6 million in May. . . . Hires were unchanged at 5.2 million, while total separations changed little at 5.1 million. Within separations, quits (3.1 million) changed little, while layoffs and discharges (1.7 million) were unchanged."

Wednesday, Metropolitan Area Employment and Unemployment: "Unemployment rates were lower in May than a year earlier in 191 of the 387 metropolitan areas, higher in 164 areas, and unchanged in 32 areas. . . . A total of 47 areas had jobless rates of less than 3.0 percent and 7 areas had rates of at least 8.0 percent. Nonfarm payroll employment increased over the year in 8 metropolitan areas, decreased in 4 areas, and was essentially unchanged in 375 areas. The national unemployment rate in May was 4.1 percent, not seasonally adjusted, little changed from a year earlier."

Thursday, Employment Situation: "Both total nonfarm payroll employment (+57,000) and the unemployment rate (4.2 percent) changed little in June. . . . Employment continued to trend up in professional and business services, social assistance, and health care. Leisure and hospitality lost jobs. . . . The labor force participation rate decreased by 0.3 percentage point to 61.5 percent in June, and the employment-population ratio edged down by 0.2 percentage point to 59.0 percent. Both measures changed little over the year after accounting for annual population control adjustments. . . . The change in total nonfarm payroll employment for April was revised down by 31,000, from +179,000 to +148,000, and the change for May was revised down by 43,000, from +172,000 to +129,000. With these revisions, employment in April and May combined is 74,000 lower than previously reported. (Monthly revisions result from additional reports received from businesses and government agencies since the last published estimates and from the recalculation of seasonal factors.)"

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Census Bureau

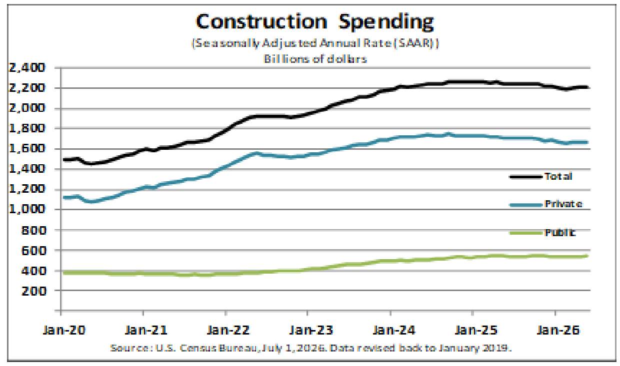
Wednesday, Construction Spending: "Construction spending during May 2026 was estimated at a seasonally adjusted annual rate of $2,210.2 billion, 0.1 percent above the revised April estimate of $2,207.1 billion. The May figure is 1.5 percent below the May 2025 estimate of $2,244.4 billion. During the first five months of this year, construction spending amounted to $858.4 billion, 2.7 percent below the $882.2 billion for the same period in 2025."

CONSTRUCTION SPENDING

MAY 2026	**$2,210.2 billion**
APRIL 2026 (revised)	**$2,207.1 billion**

Next release: August 3, 2026

Seasonally Adjusted Annual Rate (SAAR)
Source: U.S. Census Bureau, July 1, 2026



Thursday, Manufactured Goods, New Orders: "New orders for manufactured goods in May, down following four consecutive monthly increases, decreased $8.5 billion or 1.3 percent to $657.4 billion. . . . This followed a 5.3 percent April increase. Shipments, up seven of the last eight months, increased $10.3 billion or 1.6 percent to $653.2 billion. This followed a 1.3 percent April increase. Unfilled orders, up twenty-two of the last twenty-three months, increased $9.2 billion or 0.6 percent to $1,579.5 billion. This followed a 1.8 percent April increase. The unfilled orders-to-shipments ratio was 6.91, down from 6.95 in April. Inventories, up eight consecutive months, increased $2.1 billion or 0.2 percent to $962.0 billion. This followed a 0.3 percent April increase. The inventories-to-shipments ratio was 1.47, down from 1.49 in April."

Department of Labor

Thursday, Unemployment Insurance Weekly Claims: "In the week ending June 27, the advance figure for seasonally adjusted initial claims was 215,000, a decrease of 1,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 215,000 to 216,000. The 4-week moving average was 222,000, a decrease of 2,500 from the previous week's revised average. The previous week's average was revised up by 250 from 224,250 to 224,500."

Federal Housing

Tuesday, House Prince Index: "U.S. house prices fell nationwide in April, down 0.1 percent from the previous month, according to the U.S. Federal Housing (FHFA) seasonally adjusted monthly House Price Index (FHFA HPI®). House prices rose 2.0 percent from April 2025 to April 2026. The previously reported 0.1 percent price change in March was revised upward to 0.2 percent."

Economic Indicators and Confidence:

The Conference Board

Tuesday, Consumer Confidence Survey: "The Conference Board Consumer Confidence Index® inched up by 0.6 points to 91.2 (1985=100) in June, up from a downwardly revised 90.6 in May. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—fell by 3.0 points to 116.4. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—rose by 3.0 points to 74.4. The survey period for this month's preliminary results was June 1–23, encompassing an extension of the US-Iran ceasefire agreement. 'Consumer confidence inched up in June as falling oil prices in recent weeks provided some relief to consumer inflation fears,' said Dana M Peterson, chief economist, The Conference Board. 'Consumer appraisals of current business conditions were slightly more positive compared to last month. However, perceptions of the current labor market softened measurably as the percentage of consumers saying jobs were 'hard to get' rose to 22.5 percent, the highest level since January 2021 (22.8 percent). Moreover, consumers anticipate little change in the labor market six months from now. This was offset by improving expectations for business conditions and incomes.'"

Federal Reserve Bank of Dallas

Thursday, Weekly Economic Index: "The WEI is currently 2.57 percent, scaled to four-quarter GDP growth, for the week ended June 27 and 2.57 percent for June 20. The 13-week moving average is 2.82 percent. This is compared with 2.68 percent four-quarter GDP growth through the first quarter of 2026."

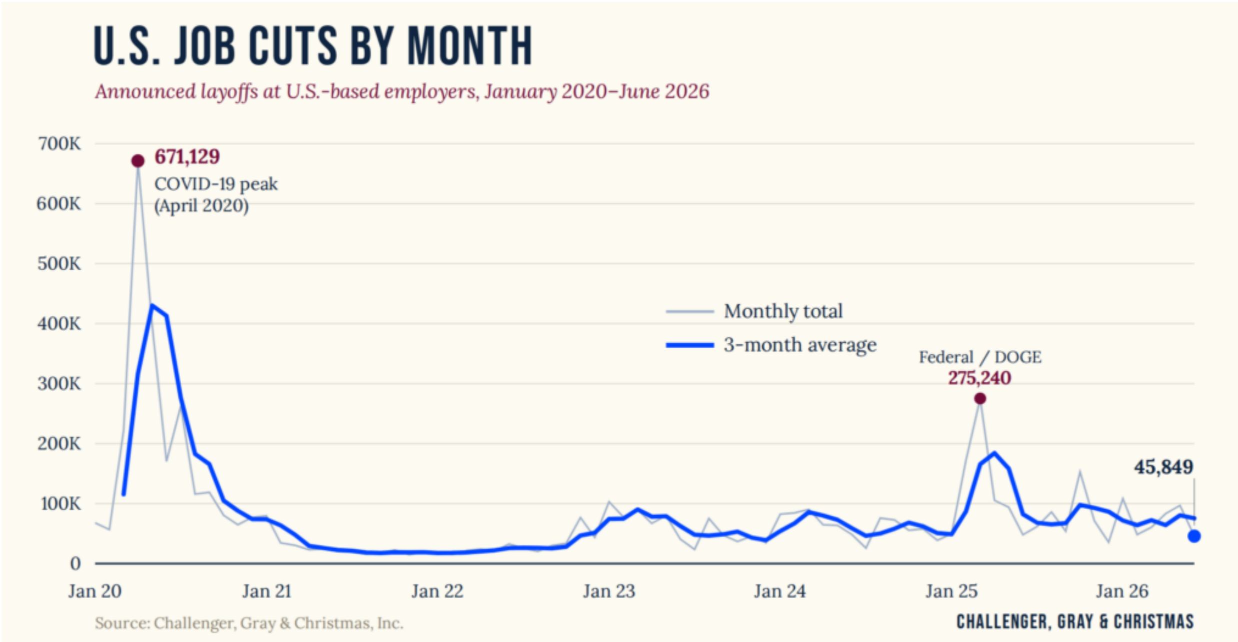
Federal Reserve Bank of Richmond

Thursday, Recession Indicator: "The SOS indicator was unchanged at 0.0 the week ending June 20, remaining below the recession threshold of 0.2."

Employment:

Challenger, Gray, & Christmas

Wednesday, Job Cuts Report: "U.S.-based employers announced 45,849 job cuts in June, down 53 percent from the 97,006 cuts announced in May. June's total is down 4 percent from the 47,999 cuts announced in the same month last year, and marks the lowest monthly total since December 2025. . . . Through June, employers have announced 443,604 job cuts, down 40 percent from the 744,308 cuts announced in the first half of 2025. It is the second-highest January-to-June total since 2020, trailing only last year's government-driven surge. This is the fourth time this year job cuts were lower than the corresponding month one year earlier. Employers announced 226,242 job cuts in the second quarter of 2026, up 4 percent from the 217,362 cuts announced in the first quarter. It is down 9 percent from the 247,256 cuts announced in the second quarter of 2025."



Paychex | IHS Markit

Tuesday, Small Business Employment Watch: "The Paychex Small Business Jobs Index—a primary component of the monthly Paychex Small Business Employment Watch report—shows the pace of job growth among U.S. small businesses with fewer than 50 employees improved for the fourth consecutive month in June, matching its highest index level since August 2025 (99.83) and marking the first four-month consecutive increase since November 2020. While gains were broad based, increases across the West region (1.22 percentage points) and the Leisure & Hospitality sector (1.68 percentage points) helped drive the jobs index gains in June. Meanwhile, hourly earnings growth for U.S. workers remains below three percent (2.80 percent). Weekly hours worked (0.14 percent) continued to trend positively for the fourth consecutive month, as weekly earnings growth in June reported 2.80 percent."

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, Mortgage Applications: "The Market Composite Index, a measure of mortgage loan application volume, increased 0.04 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 11 percent compared with the previous week. The Refinance Index decreased 1 percent from the previous week and was 9 percent higher than the same week one year ago. The seasonally adjusted Purchase Index increased 1 percent from one week earlier. The unadjusted Purchase Index increased 11 percent compared with the previous week and was 3 percent higher than the same week one year ago."