Economic Update, July 24, 2026

Submitted by Madison Thorn

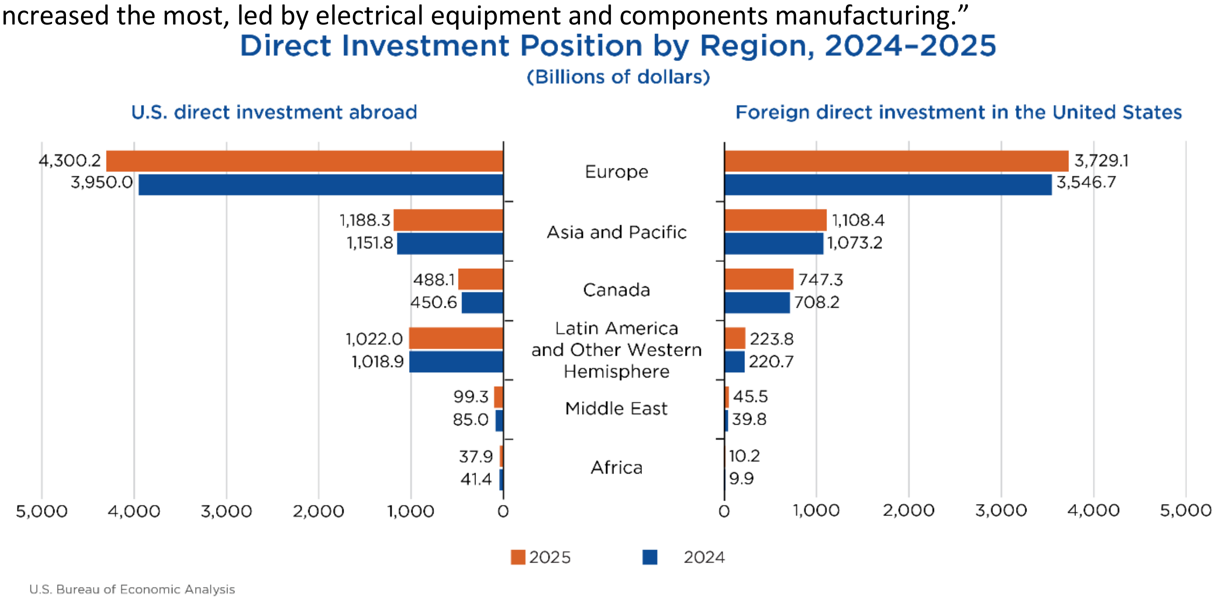
Summary:

Lots of jobs-related data this week. Median weekly earnings were up in the second quarter, outpacing increases in inflation. Tennessee's unemployment rate was little changed from May to June at 3.5 percent, still lower than the national rate, and initial claims for unemployment decreased from the week prior. The payroll processing firm ADP says that for the week ending July 4 hiring slowed nationally for the fourth straight week. Data for 2025 show that job openings and hires in Tennessee decreased from 2024, while layoffs and discharges increased. In other economic news, U.S. direct investment abroad and foreign direct investment in the U.S. both increased in 2025. The total value of transborder freight shipments between the U.S., Canada, and Mexico increased in May 2026 from the year prior. And mortgage rates increased slightly this week.

Federal Government Indicators and Reports:

Bureau of Economic Analysis

Tuesday, Direct Investment: "The U.S. direct investment abroad position, or cumulative level of investment, increased $438.1 billion to $7.14 trillion at the end of 2025. . . . The increase was led by a $350.2 billion increase in the position in Europe, primarily in the United Kingdom and Luxembourg. By industry, manufacturing had the largest increase, led by chemical manufacturing. The foreign direct investment in the United States position increased $266.0 billion to $5.86 trillion at the end of 2025. The increase was led by a $182.4 billion increase in the position from Europe. The largest increase in position was from German multinationals, with a $49.0 billion increase, and the second-largest increase in position was from Canadian multinationals, with a $39.2 billion increase. By industry, manufacturing increased the most, led by electrical equipment and components manufacturing."



Bureau of Labor Statistics

Tuesday, Weekly Earnings: "Median weekly earnings of the nation's 120.9 million full-time wage and salary workers were $1,251 in the second quarter of 2026 (not seasonally adjusted). . . . This was 4.6

percent higher than a year earlier, compared with a gain of 3.9 percent in the Consumer Price Index for All Urban Consumers (CPI-U) over the same period."

Tuesday, State Employment and Unemployment: "Unemployment rates were lower in June in 8 states, higher in 2 states, and stable in 40 states and the District of Columbia. . . . Thirteen states had jobless rate increases from a year earlier, 7 states had decreases, and 30 states and the District had little change. The national unemployment rate, 4.2 percent, changed little both over the month and over the year. In June, nonfarm payroll employment increased in 3 states, decreased in 1, and was essentially unchanged in 46 states and the District of Columbia. Over the year, nonfarm payroll employment increased in 4 states, decreased in 1 state and the District, and was essentially unchanged in 45 states." In June 2026, Tennessee has an unemployment rate of 3.5 percent, which was little changed from May and unchanged from the year prior.

Wednesday, State Job Openings and Labor Turnover: Tennessee's annual average job openings level fell to 153,000 in 2025 from 174,000 in 2024, and the annual average job openings rate fell to 4.3 percent from 4.9 percent. Hires totaled 1,496,000 for the year, down from 1,649,000, and the annual average hires rate fell to 3.7 percent from 4.1 percent. Total separations totaled 1,541,000, down from 1,567,000, and the annual average total separations rate fell to 3.8 percent from 3.9 percent. Quits totaled 967,000, down from 1,022,000, and the annual average quits rate fell to 2.4 percent from 2.5 percent. Layoffs and discharges totaled 501,000, up from 464,000, and the annual average layoffs and discharges rate rose to 1.2 percent from 1.1 percent.

Bureau of Transportation

Wednesday, Transborder Freight: Transborder freight between the U.S. and Canada and Mexico totaled $153.4 billion in May 2026, up 16.1 percent from May 2025. Freight with Mexico totaled $87.2 billion, up 17.1 percent, and freight with Canada totaled $66.1 billion, up 14.8 percent. By mode, trucks moved $99.7 billion of freight, up 15.0 percent; railways $17.7 billion, up 11.1 percent; vessels $11.1 billion, up 37.7 percent; pipelines $10.3 billion, up 24.0 percent; and air $7.1 billion, up 53.6 percent.

Census Bureau

Friday, New Residential Sales: "Sales of new single-family houses in June 2026 were at a seasonally-adjusted annual rate of 628,000. . . This is 1.6 percent above the May 2026 rate of 618,000 and is 5.6 percent below the June 2025 rate of 665,000. The seasonally-adjusted estimate of new houses for sale at the end of June 2026 was 485,000. This is 0.2 percent below the May 2026 estimate of 486,000 and is 3.2 percent below the June 2025 estimate of 501,000. This represents a supply of 9.3 months at the current sales rate. [This] is 1.1 percent below the May 2026 estimate of 9.4 months and is 3.3 percent above the June 2025 estimate of 9.0 months. The median sales price of new houses sold in June 2026 was $398,300. This is 3.3 percent below the May 2026 price of $412,000 and is 2.7 percent below the June 2025 price of $409,200. The average sales price of new houses sold in June 2026 was $475,400. This is 9.5 percent below the May 2026 price of $525,200 and is 6.5 percent below the June 2025 price of $508,700."

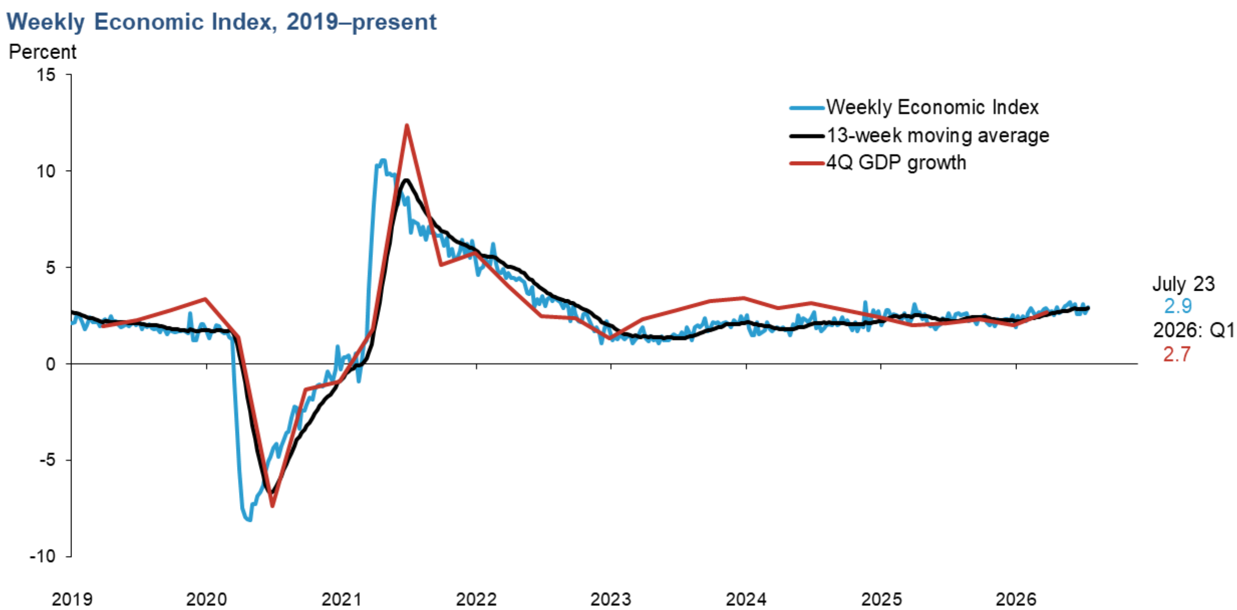
Department of Labor

Thursday, Weekly Claims: "In the week ending July 18, the advance figure for seasonally adjusted initial claims was 187,000, a decrease of 22,000 from the previous week's revised level. . . . The 4-week moving average was 207,500, a decrease of 7,250 from the previous week's revised average." In Tennessee, the advance figure for seasonally adjusted initial claims was 2,791, down 1,725 from the previous week.

Economic Indicators and Confidence:

Federal Reserve Bank of Dallas

Thursday, Weekly Economic Index: "The WEI is currently 2.93 percent, scaled to four-quarter GDP growth, for the week ended July 18 and 2.60 percent for July 11. The 13-week moving average is 2.87 percent. This is compared with 2.68 percent four-quarter GDP growth through first quarter 2026."



NOTE: Annual real GDP growth (four-quarter moving average) is based on the latest quarterly GDP data release from the Bureau of Economic Analysis.

SOURCES: Authors' calculations based on data from Haver Analytics, Redbook Research, Rasmussen Reports, the Association of American Railroads and Booth Financial Consulting.

Federal Reserve Bank of Dallas

Federal Reserve Bank of Richmond

Thursday, Recession Indicator: "The SOS indicator was unchanged at 0.0 the week ending July 11, remaining below the recession threshold of 0.2."

Employment:

ADP

Tuesday, NER Pulse: "For the four weeks ending July 4, 2026, U.S. private employers added an average of 16,500 jobs a week. Hiring slowed for the fourth straight week. These numbers are preliminary and could change as new data is added."

Mortgages and Housing Markets:

Freddie Mac

Thursday, Mortgage Rates: "The 30-year FRM averaged 6.58 percent as of July 23, 2026, up from last week when it averaged 6.55 percent. A year ago at this time, the 30-year FRM averaged 6.74 percent. The 15-year FRM averaged 5.96 percent, up from last week when it averaged 5.93 percent. A year ago at this time, the 15-year FRM averaged 5.87 percent."

Mortgage Bankers Association

Wednesday, Mortgage Applications: "Mortgage applications increased 1.9 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending July 17, 2026. . . . 'Mortgage rates reached another high point last week, with the 30-year conforming rate now at 6.69 percent, its highest level since last August,' said Mike Fratantoni, MBA's SVP and Chief Economist. 'However, purchase volume increased modestly for the week. Growing home inventory in many markets is supporting more purchase activity. Incoming data showed that inflation dropped in June, but with oil prices spiking again, that improvement seems unlikely to continue in July data, and mortgage rates are likely to remain higher as a result.'"