Economic Update, August 21, 2026
Submitted by Michael Mount

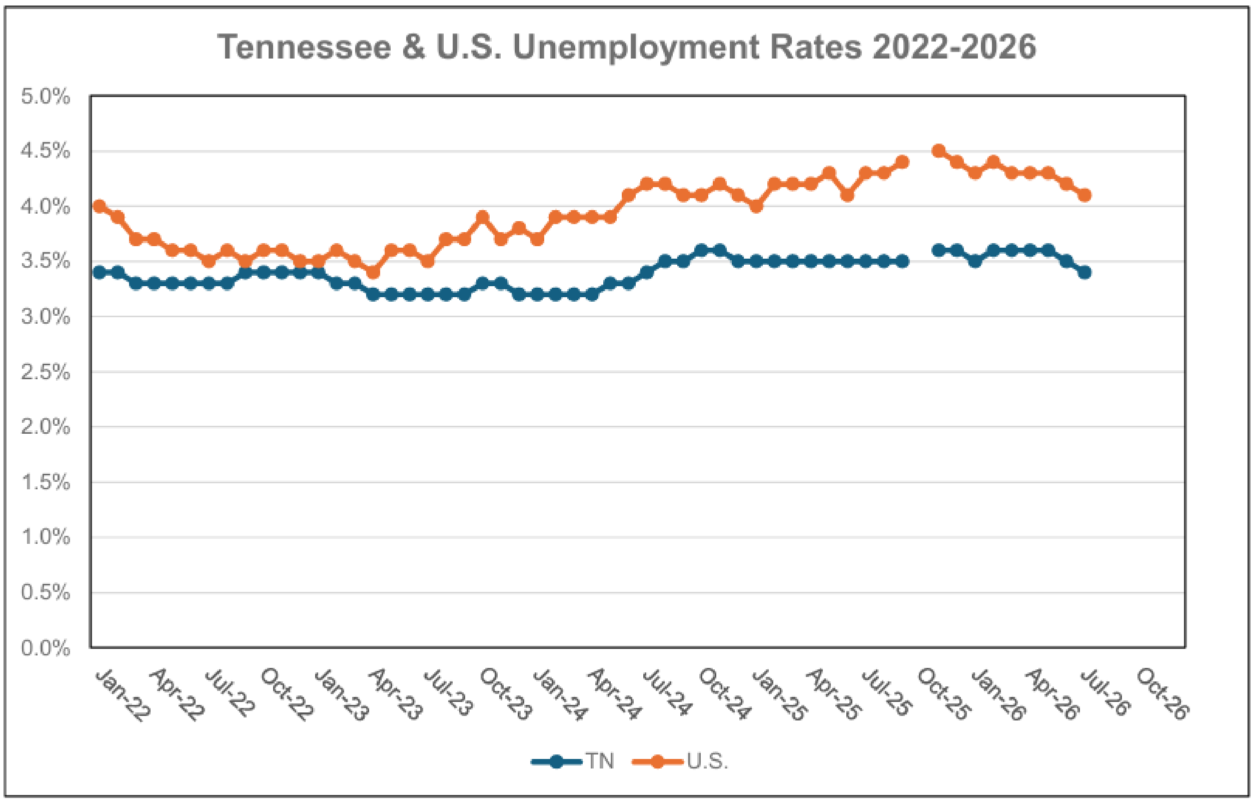
Summary:

Tennessee's unemployment rate improved in July and remained below the U.S. unemployment rate. Tennessee's nonfarm employment increased by 21,300 over the past year. Staff of the Federal Reserve expect AI-driven real GDP growth next year, along with lower inflation. But the Automatic Data Processing (ADP) Employee Motivation and Commitment Index has weakened over the past four months, while consumer sentiment fell about 8 percent this August, ending two consecutive months of improvement. Pending home sales fell to the lowest level since January 2026.

Tennessee

Tennessee Department of Labor and Workforce Development

Thursday, Tennessee Economic Analysis: "Tennessee's seasonally adjusted unemployment rate decreased to 3.4 percent in July from 3.5 percent in June. . . . Over the year, nonfarm employment increased 21,300 jobs. The largest increases were in health care and social assistance, administrative, support, and waste services, and durable goods manufacturing."



Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, Import and Export Prices: "U.S. import prices decreased 0.4 percent in July . . . following a 0.3-percent decline in June. Lower prices for fuel imports more than offset higher prices for nonfuel imports in July. Prices for U.S. exports decreased 1.3 percent in July after falling 0.7 percent the previous month."

Thursday, Youth Employment and Unemployment: "The youth unemployment rate was 9.1 percent in July 2026, lower than the rate in July 2025 (10.8 percent)."

Department of Labor

Thursday, Initial Claims: "In the week ending August 15, the advance figure for seasonally adjusted initial claims was 206,000, a decrease of 6,000 from the previous week's revised level."

Economic Indicators and Confidence:

Federal Reserve

Tuesday, Industrial Production: "Industrial production (IP) and manufacturing production each grew 0.2 percent in July after growing 0.3 percent in June."

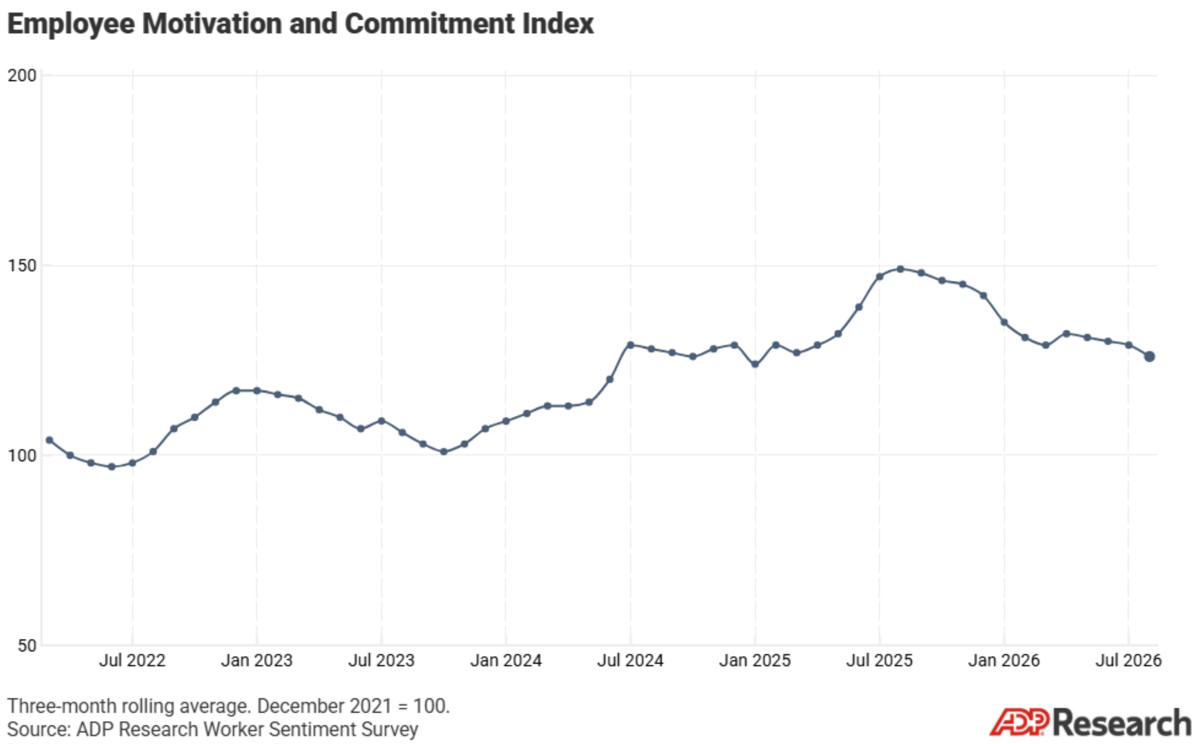
Wednesday, Federal Open Market Committee Minutes: "Real GDP was projected to slightly outpace potential next year, supported by financial conditions and AI-related investment. . . . Most participants anticipated that inflation would step down over the rest of the year as the effects of tariffs and earlier energy price increases wane, but many participants noted the possibility that inflation might be more persistently elevated."

Thursday, Weekly Economic Index (WEI): "The WEI is currently 2.56 percent, scaled to four-quarter GDP growth, for the week ended Aug. 15 and 2.70 percent for Aug. 8."

Thursday, Recession Indicator: "The Scavette-O'Trakoun-Sahm-style (SOS) indicator was unchanged at 0.0 the week ending August 8, remaining below the recession threshold of 0.2."

ADP

Tuesday, Employee Sentiment: "The ADP Research Employee Motivation and Commitment Index, which tracks how U.S. workers think and feel about their jobs, weakened for the fourth straight month, dropping 3 points to close at 126 in August."



University of Michigan

Friday, Consumer Sentiment: "Consumer sentiment fell about 8 percent this August, ending two consecutive months of improvement. While views of personal finances saw only minor declines, expected business conditions sank 11 percent for the short run and 17 percent for the long run."

Mortgages and Housing Markets:

National Association of Home Builders

Monday, Housing Market Index: "Builder confidence in the market for newly built single-family homes inched up one point to 35 in August."

U.S. Census

Tuesday, New Residential Construction: "Privately-owned housing units authorized by building permits in July were at a seasonally adjusted annual rate of 1,443,000. This is 5.0 percent above the revised June rate of 1,374,000 and is 3.1 percent above the July 2025 rate of 1,400,000."

National Association of Realtors

Tuesday, Pending Home Sales: "Pending home sales fell to the lowest level since January 2026. Month over month sales in July 2026 decreased by 2.3 percent and by 2.2 percent year over year."

Mortgage Bankers Association

Wednesday, Mortgage Applications: "Mortgage applications decreased 0.4 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($832,750 or less) remained unchanged at 6.77 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 6.08 percent from 6.10 percent. . . ."