Economic Update, September 11, 2026
Submitted by Michael Mount

Summary:

Consumer inflation increased 0.4 percent in August, and earnings failed to keep up, with real earnings decreasing 0.1 percent. Consumers expect inflation at 3.6 percent over the next year compared with 3.4 percent over the last 12 months. Retail and Manufacturing after-tax profits increased strongly in the second quarter of 2026. Small business optimism decreased last week, but owners are reporting better business health and anticipating higher sales. Existing home sales decreased last month as mortgage interest rates continued to increase.

Federal Government Indicators and Reports:

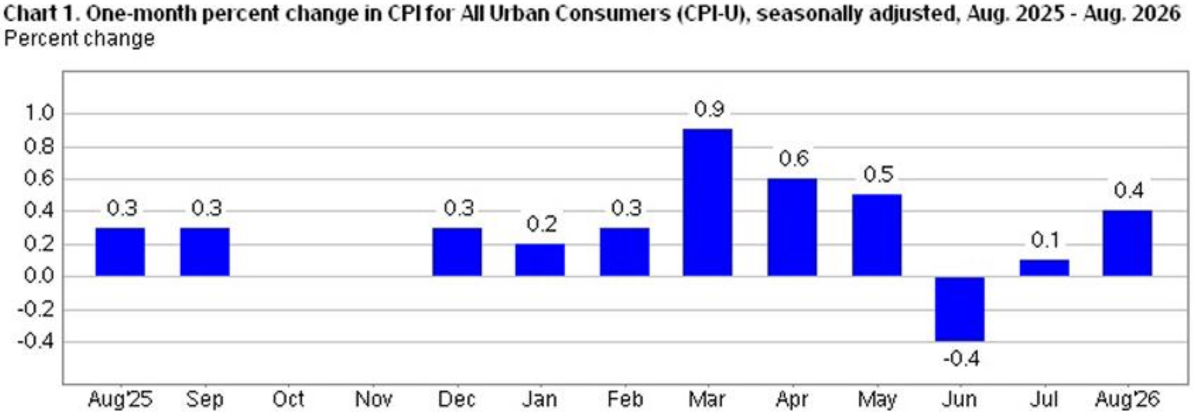
Bureau of Labor Statistics

Wednesday, Employer Compensation Costs: "Employer costs for employee compensation for civilian workers averaged $49.46 per hour worked in June 2026, the U.S. Bureau of Labor Statistics reported today. Wages and salaries averaged $33.85, while benefit costs averaged $15.61."

Thursday, Producer Price Index: "The Producer Price Index for final demand moved up 0.4 percent in August, seasonally adjusted. . . . For the 12 months ended in August, prices for final demand less foods, energy, and trade services advanced 4.7 percent."

Friday, Consumer Price Index: "The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent on a seasonally adjusted basis in August after rising 0.1 percent in July . . . Over the last 12 months, the all items index increased 3.4 percent before seasonal adjustment."

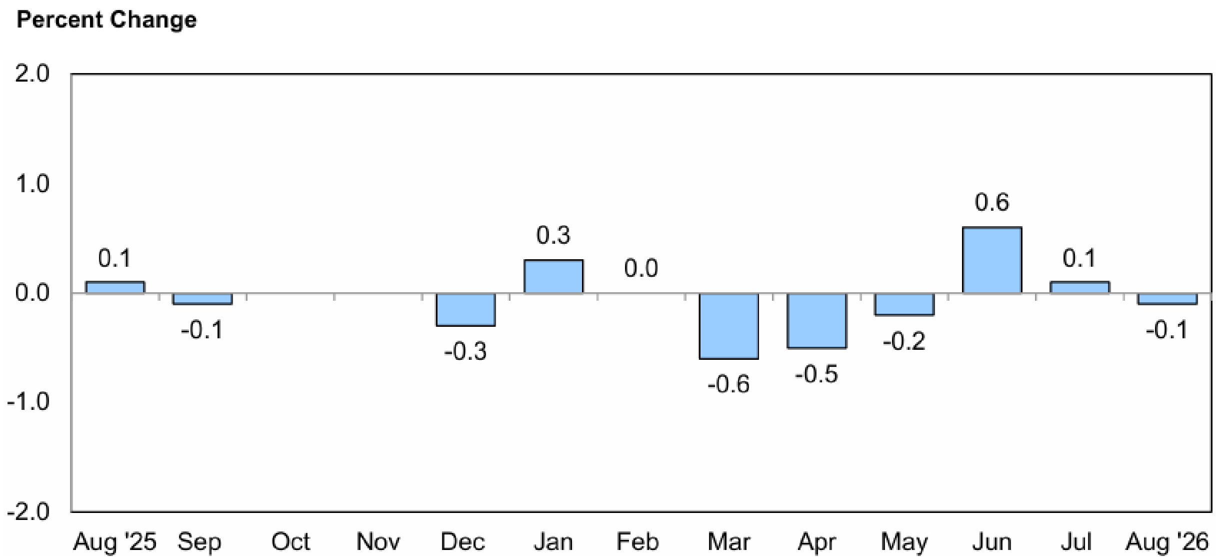
Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Aug. 2025 - Aug. 2026



NOTE: The Oct and Nov 2025 data values are not available due to the 2025 lapse in appropriations.

Friday, Real Earnings: "Real average hourly earnings for all employees decreased 0.1 percent from July to August. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.4 percent in the Consumer Price Index for All Urban Consumers (CPI-U)."

Chart 1: Over-the-month percent change in real average hourly earnings for all employees, seasonally adjusted, August 2025-August 2026



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Department of Labor

Thursday, Initial Claims: "In the week ending September 5, the advance figure for seasonally adjusted initial claims was 206,000, a decrease of 1,000 from the previous week's revised level."

U.S. Census

Tuesday, Retail Profits: "Seasonally adjusted after-tax profits of U.S. retail corporations with assets of $50 million and over totaled $112.3 billion, up $45.1 billion from the $67.2 billion recorded in the first quarter of 2026, and up $51.7 billion from the $60.6 billion recorded in the second quarter of 2025."

Wednesday, Services Revenue: "U.S. selected services total revenue for the second quarter of 2026 . . . was $6,418.7 billion, an increase of 3.0 percent from the first quarter of 2026 and up 7.6 percent from the second quarter of 2025."

Wednesday, Manufacturing Profits: "U.S. manufacturing corporations' seasonally adjusted after-tax profits in the second quarter of 2026 totaled $359.4 billion, up $64.1 billion from the after-tax profits of $295.2 billion recorded in the first quarter of 2026, and up $143.8 billion from the after-tax profits of $215.6 billion recorded in the second quarter of 2025."

Thursday, Wholesale Inventories: "Total inventories of merchant wholesalers . . . were $958.9 billion at the end of July, up 1.3 percent from the revised June level."

<u>Economic Indicators and Confidence:</u>

National Federation of Independent Business

Tuesday, Small Business Optimism: The index "fell 0.2 points in January to 99.3 and remained above its 52-year average of 98. . . . 'While GDP is rising, small businesses are still waiting for noticeable economic growth," said Bill Dunkelberg, NFIB chief economist. 'Despite this, more owners are reporting better business health and anticipating higher sales.'"

Federal Reserve

Tuesday, Consumer Expectations: "Median inflation expectations at the one-year and five-year-ahead horizons were unchanged at 3.6 percent and 3.0 percent, while they decreased at the three-year-ahead horizon by 0.1 percentage point to 3.2 percent."

Tuesday, Consumer Credit: "In July, consumer credit increased at a seasonally adjusted annual rate of 4.2 percent. Revolving credit increased at an annual rate of 2.5 percent, while nonrevolving credit increased at an annual rate of 4.8 percent."

ADP

Wednesday, Private Employment: "Private employers added 38,000 jobs in August. Private employers posted their slowest pace of job creation since January. Manufacturing, professional services, and information shed jobs. Education and health care, construction, and leisure and hospitality all showed solid hiring."

University of Michigan

Friday, Consumer Sentiment: "Consumer sentiment receded less than 4 index points for the second consecutive month of decreases."

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, Mortgage Applications: "Mortgage applications decreased 2.7 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($832,750 or less) increased to 6.85 percent from 6.79 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 6.17 percent from 6.14 percent. . . ."

National Association of Realtors

Thursday, Existing Home Sales: "Existing-home sales decreased by 2.0 percent in August 2026. . . 'The number of months it would take to exhaust the total inventory at the current sales pace has grown to 4.9 months' supply—its highest level in over ten years. The ample supply of homes for sale on the market is giving homebuyers better opportunities to negotiate.'"