

Economic Update, September 18, 2026
Submitted by Madison Thorn

Summary:

The Federal Open Market Committee raised the target range for the federal funds rate by 0.25 percentage point to 3.75 to 4 percent, and the 10-year U.S. Treasury yield rose to 5.01 percent (annualized) on September 17. The Federal Reserve Bank of New York estimated the probability of the unemployment rate exceeding 5 percent in the third quarter of 2027 at about 11 percent. For the week ending September 5, the Richmond Fed's recession indicator remained below its threshold at -0.004. For the week ending September 12, initial unemployment claims fell 10,000 to 196,000, and the Dallas Fed's Weekly Economic Index was 3.07 percent (scaled to four-quarter GDP growth at an annual rate). As of September 17, the 30-year fixed-rate mortgage averaged 6.95 percent, up from 6.76 percent the prior week and 6.26 percent a year earlier.

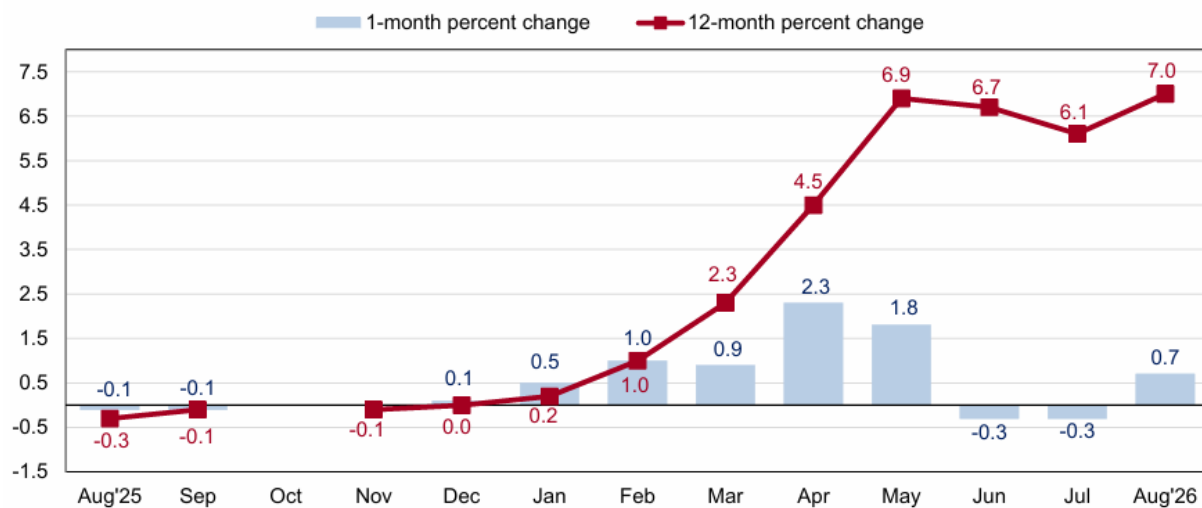
Housing permits were down 2.7 percent from July but up 3.5 percent year-over-year, while housing starts were down 2.6 percent from July and 1.2 percent year-over-year, and housing completions were down 11.9 percent from July and 27.1 percent year-over-year. Pending home sales rose 0.3 percent from July but fell 4.7 percent year-over-year. Builder confidence fell three points to 32 in September, its lowest since September 2025, with 38 percent of builders cutting prices and 66 percent using sales incentives.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Wednesday, [U.S. Import and Export Price Indexes](#): "U.S. import prices increased 0.7 percent in August. . . . following a 0.3-percent decrease in July. Higher prices for nonfuel imports more than offset lower prices for fuel imports in August. Prices for U.S. exports advanced 0.6 percent in August after falling 1.4 percent the previous month."

Chart 1. One-month and 12-month percent changes in the Import Price Index: August 2025 – August 2026



Note: The Oct 2025 data and 1-month percent change for Nov 2025 are not available due to the 2025 lapse in appropriations.

Census Bureau

Wednesday, [Advance Monthly Sales for Retail and Food Services](#): “Advance estimates of U.S. retail and food services sales for August 2026, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$773.9 billion, up 1.2 percent from the previous month, and up 6.0 percent from August 2025. Total sales for the June 2026 through August 2026 period were up 6.0 percent from the same period a year ago. The June 2026 to July 2026 percent change was revised from down 0.6 percent to down 0.5 percent.”

Wednesday, [Manufacturing & Trade Inventories & Sales](#): “The combined value of distributive trade sales and manufacturers’ shipments for July, adjusted for seasonal and trading day differences but not for price changes, was estimated at \$2,120.7 billion, up 0.3 percent from June 2026 and was up 8.9 percent from July 2025. . . . Manufacturers’ and trade inventories for July, adjusted for seasonal and trading day differences but not for price changes, were estimated at an end-of-month level of \$2,764.7 billion, up 0.8 percent from June 2026 and were up 3.8 percent from July 2025. . . . The total business inventories/sales ratio based on seasonally adjusted data at the end of July was 1.30. The July 2025 ratio was 1.37.”

Thursday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in August were at a seasonally adjusted annual rate of 1,394,000. This is 2.7 percent below the revised July rate of 1,433,000, but is 3.5 percent above the August 2025 rate of 1,347,000. Single-family authorizations in August were at a rate of 878,000; this is 1.8 percent below the revised July figure of 894,000. Authorizations of units in buildings with five units or more were at a rate of 467,000 in August. . . . Privately-owned housing starts in August were at a seasonally adjusted annual rate of 1,275,000. This is 2.6 percent below the revised July estimate of 1,309,000 and is 1.2 percent below the August 2025 rate of 1,291,000. . . . Privately-owned housing completions in August were at a seasonally adjusted annual rate of 1,128,000. This is 11.9 percent below the revised July estimate of 1,280,000 and is 27.1 percent below the August 2025 rate of 1,548,000.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending September 12, the advance figure for seasonally adjusted initial claims was 196,000, a decrease of 10,000 from the previous week’s unrevised level of 206,000. The 4-week moving average was 203,250, a decrease of 2,750 from the previous week’s unrevised average of 206,000.”

Federal Reserve Board

Wednesday, [Federal Open Market Committee](#): “The Committee decided to raise the target range for the federal funds rate by 1/4 percentage point to 3-3/4 to 4 percent, in support of the Federal Reserve’s dual mandate. . . . Economic activity is expanding at a solid pace. While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little. . . . Inflation remains elevated.”

Economic Indicators and Confidence:

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index \(WEI\)](#): “The WEI is currently 3.07 percent, scaled to four-quarter GDP growth, for the week ended Sept. 12 and 3.73 percent for Sept. 5. The 13-week moving average is 2.83 percent. This is compared with 2.10 percent four-quarter GDP growth through second quarter 2026.”

Federal Reserve Bank of Richmond

Thursday, [Recession Indicator](#): “The SOS indicator fell to -0.004 the week ending September 5th, remaining below the recession threshold of 0.2.”

Federal Reserve Bank of New York

Wednesday, [Outlook at Risk](#): “Uncertainty about average [real GDP] growth over the next four quarters increased modestly but the median of the conditional distribution remains around 1.9 percent. . . . The estimated conditional distribution of the four-quarter-ahead unemployment rate is close to the unconditional distribution, with the estimated probability of the unemployment rate being above 5 percent in 2027:Q3 at about 11 percent. . . . Uncertainty about [average CPI] inflation over the next four quarters has increased modestly, with the interpercentile range between the 90th and the 10th percentile now standing at 2.9 percentage points.”

Federal Reserve Bank of St. Louis

Thursday, [Treasury Constant Maturity](#): The 10-year U.S. Treasury yield rose to 5.01 percent, on an annualized basis, on September 17, 2026, up from 5.00 percent on September 15 and 4.83 percent on September 9.



Employment:

ADP

Tuesday, [National Employment Report \(NER\) pulse](#): “For the four weeks ending August 29, 2026, U.S. private employers added an average of 16,250 jobs a week. Hiring increased for the second 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 [fixed-rate mortgage] averaged 6.95 percent as of September 17, 2026, up from last week when it averaged 6.76 percent. A year ago at this time, the 30-year FRM averaged 6.26 percent. . . . The 15-year FRM averaged 6.26 percent, up from last week when it averaged 6.09 percent. A year ago at this time, the 15-year FRM averaged 5.41 percent.”

National Association of Home Builders

Wednesday, [Housing Market Index \(HMI\)](#): “Higher mortgage rates, worsening labor shortages and rising material costs are weighing on builder sentiment. . . . Builder confidence in the market for newly built single-family homes fell three points to 32 in September. . . . ‘The HMI shows builder confidence at its lowest level since September 2025, as tight lending conditions and elevated land, labor and construction costs persist,’ said NAHB Chief Economist Robert Dietz. ‘Notably, 42 percent of builders rated current lot availability as poor and 38 percent as fair.’ . . . The latest HMI survey found that 38 percent of builders cut prices in September, up from 35 percent in August. The average price cut remained at 6 percent for the sixth consecutive month. Meanwhile, 66 percent of builders reported using sales incentives in September, up from 63 percent in August and the highest share since 67 percent posted in December.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 4.1 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 15 percent compared with the previous week. The Refinance Index decreased 9 percent from the previous week and was 65 percent lower than the same week one year ago. The seasonally adjusted Purchase Index decreased 1 percent from one week earlier. The unadjusted Purchase Index decreased 13 percent compared with the previous week and was 19 percent lower than the same week one year ago.”

National Association of Realtors

Thursday, [Pending Home Sales Index](#): “Pending home sales in August increased by 0.3 percent month-over-month and decreased 4.7 percent year-over-year. . . . Month-over-month pending home sales increased in the South and West but declined in the Northeast and Midwest. Year-over-year pending home sales declined in all four major U.S. regions. ‘Buyers steadily entered into contracts in August even though mortgage rates increased,’ said NAR Chief Economist Dr. Lawrence Yun. ‘However, the housing market is still sluggish, with contract signings below last year. This is due to higher mortgage rates offsetting the increased buying power created by job gains and income growth outpacing home price growth.’”