

Economic Update, September 26, 2025

Submitted by Madison Thorn

Summary: In the second quarter of 2025, the U.S. current account deficit narrowed to \$251.3 billion, while real GDP grew at an annual rate of 3.8 percent. Real GDP increased by 3.1 percent in Tennessee. In August, personal income rose 0.4 percent, disposable income increased 0.4 percent, and personal consumption expenditures grew 0.6 percent. Also in August, new single-family home sales rose 20.5 percent from July and 15.4 percent year-over-year, with the average sales price at \$534,100. Transborder freight with Canada and Mexico totaled \$132.6 billion in July, with imports from Mexico up 5.2 percent and from Canada down 8.2 percent from July 2024. The Dallas Fed's Weekly Economic Index registered 2.05 percent for the week ending September 20, while the New York Fed's policy survey reported rising expectations of federal benefit reductions and a higher Social Security claiming age. Fannie Mae projected mortgage rates to end 2025 and 2026 at 6.4 percent and 5.9 percent, respectively.

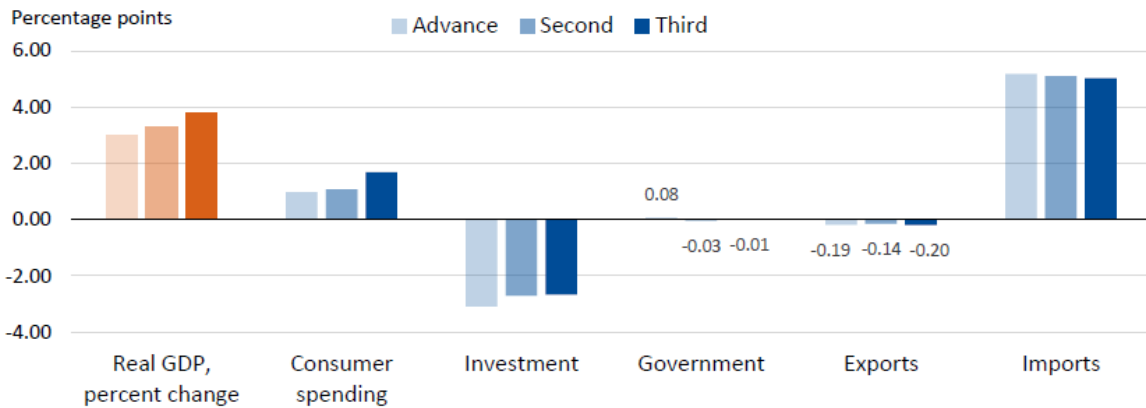
Federal Government Indicators and Reports:

Bureau of Economic Analysis

Tuesday, [International Trade](#): "The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, narrowed by \$188.5 billion, or 42.9 percent, to \$251.3 billion in the second quarter of 2025. . . . The revised first-quarter deficit was \$439.8 billion. The second-quarter deficit was 3.3 percent of current-dollar gross domestic product, down from 5.9 percent in the first quarter. The \$188.5 billion narrowing of the current-account deficit in the second quarter primarily reflected a reduced deficit on goods."

Thursday, [Quarterly GDP](#): "Real gross domestic product (GDP) increased at an annual rate of 3.8 percent in the second quarter of 2025 (April, May, and June). . . . In the first quarter, real GDP decreased 0.6 percent (revised). The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending. These movements were partly offset by decreases in investment and exports. Real GDP was revised up 0.5 percentage point from the second estimate, primarily reflecting an upward revision to consumer spending."

Contributions to Percent Change in Real GDP, 2nd Quarter 2025 Real GDP Increased 3.8 Percent

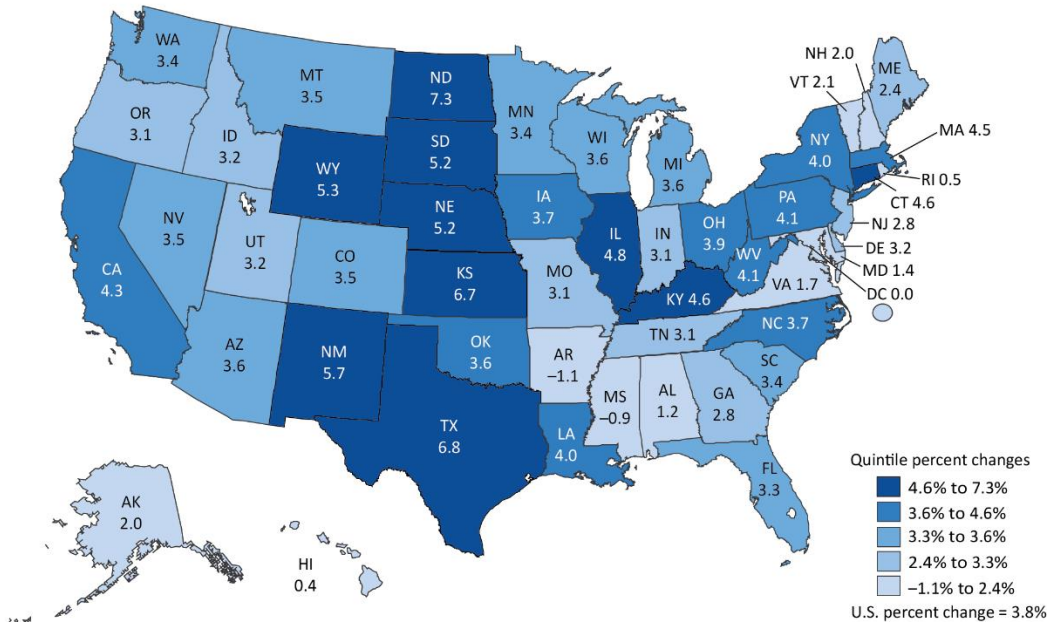


Note. Imports are a subtraction in the calculation of GDP; thus, a decrease in imports results in a positive contribution to GDP.
U.S. Bureau of Economic Analysis Seasonally adjusted annual rates

Friday, [Personal Income and Outlays](#): “Personal income increased \$95.7 billion (0.4 percent at a monthly rate) in August. . . . Disposable personal income (DPI)—personal income less personal current taxes—increased \$86.1 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$129.2 billion (0.6 percent). Personal outlays—the sum of PCE, personal interest payments, and personal current transfer payments—increased \$132.9 billion in August. Personal saving was \$1.06 trillion in August and the personal saving rate—personal saving as a percentage of disposable personal income—was 4.6 percent.”

Friday, [Gross Domestic Product \(GDP\) by State](#): “Real GDP increased in 48 states in the second quarter of 2025.” Real GDP increased by 3.1 percent in Tennessee.

Real GDP: Percent Change at Annual Rate, 2025:Q1–2025:Q2



GDP Gross domestic product
U.S. Bureau of Economic Analysis

Bureau of Transportation

Wednesday, [North American Freight](#): In July 2025, a total of \$132.6 billion of transborder freight moved between the U.S. and North American countries Canada and Mexico by all modes of transportation, representing a decrease of 1.1 percent compared to July 2024. Freight between the U.S. and Canada totaled \$58.3 billion, down 8.2 percent from July 2024, while freight between the U.S. and Mexico amounted to \$74.4 billion, an increase of 5.2 percent from the previous year.

Census Bureau

Wednesday, [New Residential Sales](#): “Sales of new single-family houses in August 2025 were at a seasonally-adjusted annual rate of 800,000. . . . This is 20.5 percent above the July 2025 rate of 664,000, and is 15.4 percent above the August 2024 rate of 693,000. The seasonally-adjusted estimate of new houses for sale at the end of August 2025 was 490,000. This is 1.4 percent below the July 2025 estimate of 497,000, and is 4.0 percent above the August 2024 estimate of 471,000. . . . The median sales price of new houses sold in August 2025 was \$413,500. This is 4.7 percent above the July 2025 price of \$395,100, and is 1.9 percent above the August 2024 price of \$405,800. The average sales price of new houses sold in August 2025 was \$534,100. This is 11.7 percent above the July 2025 price of \$478,200, and is 12.3 percent above the August 2024 price of \$475,600.”

Thursday, [Advance Manufacturers’ Shipments, Inventories, & Orders](#): “New orders for manufactured durable goods in August, up following two consecutive monthly decreases, increased \$8.9 billion or 2.9 percent to \$312.1 billion. . . . This followed a 2.7 percent July decrease. Excluding transportation, new orders increased 0.4 percent. Excluding defense, new orders increased 1.9 percent. Transportation equipment, also up following two consecutive monthly decreases, led the increase, \$8.1 billion or 7.9 percent to \$110.2 billion.”

Thursday, [Advance Economic Indicators \(International Trade, Retail, & Wholesale\)](#): “The international trade deficit was \$85.5 billion in August, down \$17.3 billion from \$102.8 billion in July. Exports of goods for August were \$176.1 billion, \$2.3 billion less than July exports. Imports of goods for August were \$261.6 billion, \$19.6 billion less than July imports. . . . Wholesale inventories for August. . . . were estimated at an end-of-month level of \$905.2 billion, down 0.2 percent from July 2025, and were up 0.7 percent from August 2024. The June 2025 to July 2025 percentage change was revised from the preliminary estimate of up 0.1 percent to virtually unchanged. . . . Retail inventories for August. . . . were estimated at an end-of-month level of \$809.4 billion, virtually unchanged from July 2025, and were up 1.0 percent from August 2024. The June 2025 to July 2025 percentage change was revised from the preliminary estimate of up 0.2 percent to up 0.1 percent.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending September 20, the advance figure for seasonally adjusted initial claims was 218,000, a decrease of 14,000 from the previous week's revised level.”

Economic Indicators and Confidence:

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index \(WEI\)](#): “The WEI is currently 2.05 percent, scaled to four-quarter GDP growth, for the week ended Sept. 20 and 2.30 percent for Sept. 13. The 13-week moving average is 2.40 percent. This is compared with 2.08 percent four-quarter GDP growth through second quarter 2025.”

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations Public Policy Survey](#): In August, more consumers expected decreases in federal benefits and a higher age to claim Social Security. Average expectations of decreases in housing assistance, federal student aid, federal welfare benefits, and Medicare all continued their upward trend and reached new series highs. The average perceived likelihood of an increase in the age to claim Social Security benefits rose sharply to 44.3 percent, also a series high. Meanwhile, expectations of decreases in the capital gains tax, mortgage interest deduction, payroll tax, average income tax rate, and income tax rate for the highest bracket all retreated slightly. The average perceived likelihood of a decrease in unemployment benefits increased to 38.2 percent in August, up from 34.4 percent in April, marking the highest reading since the series began in November 2015.

Mortgages and Housing Markets:

Fannie Mae

Tuesday, [Monthly Economic & Housing Outlook](#): “Mortgage rates are forecast to end 2025 and 2026 at 6.4 percent and 5.9 percent, respectively, according to the September 2025 Economic and Housing Outlook from the Fannie Mae (FNMA/OTCQB) Economic and Strategic Research (ESR) Group. The ESR Group projects new and existing home sales to total 4.72 million in 2025 and 5.16 million in 2026. Single-family mortgage originations activity is expected to total \$1.85 trillion in 2025 and \$2.32 trillion in 2026, with the refinance share rising from 26 percent in 2025 to 35 percent in 2026 on the lower mortgage rate outlook.”

Freddie Mac

Wednesday, [Fixed Mortgage Rates \(FRM\)](#): “The 30-year FRM averaged 6.30 percent as of September 25, 2025, up from last week when it averaged 6.26 percent. A year ago at this time, the 30-year FRM averaged 6.08 percent. The 15-year FRM averaged 5.49 percent, up from last week when it averaged 5.41 percent. A year ago at this time, the 15-year FRM averaged 5.16 percent.”

Mortgage Bankers Association (MBA)

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, increased 0.6 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 0.1 percent compared with the previous week. The Refinance Index increased 1 percent from the previous week and was 42 percent higher than the same week one year ago. The seasonally adjusted Purchase Index increased 0.3 percent from one week earlier. The unadjusted Purchase Index decreased 1 percent compared with the previous week and was 18 percent higher than the same week one year ago.”

National Association of Realtors

Thursday, [Existing Home Sales](#): “Existing-home sales remained essentially the same in August, ticking down by 0.2 percent from July. Month-over-month sales increased in the Midwest and West, and fell in the Northeast and South. Year-over-year, sales rose in the Midwest and South, and fell in the Northeast and West. . . . “Home sales have been sluggish over the past few years due to elevated mortgage rates and limited inventory,” said NAR Chief Economist Lawrence Yun. “However, mortgage rates are declining and more inventory is coming to the market, which should boost sales in the coming months.” Existing home sales in the South decreased 1.1 percent month-over-month to an annual rate of 1.83 million, up 3.4 percent year-over-year. The median home price in the South was \$364,100, up 0.4 percent from August 2024.