

ECONOMIC PREVIEW



REGIONS

Week of November 24, 2025

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint

(After the December 9-10 FOMC meeting):

Target Range Mid-point: 3.625 to 3.875 percent

Median Target Range Mid-point: 3.625 percent

Range:

3.75% to 4.00%

Midpoint:

3.875%

While the economic data are flowing again, at least for now, most of the data releases are helping fill in the remaining pieces missing from the Q3 growth puzzle rather than providing clues as to how the economy is faring in Q4. To that point, the October data on trade in goods, new home sales, personal income and spending, and the PCE Deflator originally scheduled for this week will be delayed. Based on the body of available data, it seems clear that Q3 was another quarter of robust real GDP growth, but even without what will likely be a material drag from the shutdown we and most others expected a marked deceleration in real GDP growth in Q4. The holes in the data make it hard to assess whether the deceleration in growth is in line with or has gone beyond that which had been expected, and the answer to that question will not come quickly. Perhaps it is this lack of visibility into Q4 that is leading many to fit their takes on the September data still filtering out into their assessments of how the economy is now faring and what it might mean for the December FOMC meeting. If we are correct in our take on the September retail sales data (see below), this will be a prime illustration of our point, but one need only look to the volatility in the markets and the swings in futures pricing of the path of the Fed funds rate to see this. Not only do we think that what happened in September offers little to no insight into what the FOMC might do in December, but we also think that the obsession with whether the FOMC will, or should, cut the funds rate at next month's meeting misses the far bigger point. We see the debates over the December FOMC meeting and the swings in market pricing as being more about how fast the FOMC will get where they're going, whereas we see the bigger point as being that with inflation proving to be somewhat persistent and showing no inclination to drift down to the FOMC's 2.0 percent target rate any time soon, there is limited scope for further funds rate cuts and we think markets are expecting more than will ultimately be delivered.

November Consumer Confidence

Tuesday, 11/25

Range: 91.0 to 95.5

Median: 93.4

Oct = 94.6

Down to 92.1 with consumers still anxious about the cost of living and concerned about the state of the labor market. Though the government shutdown ended during the survey period, we don't think that will have done much to improve consumer moods given the significant disruptions triggered by the shutdown, not all of which resolved upon the end of the shutdown. As always, we'll be most interested in consumers' assessments of labor market conditions, which improved modestly in October after having dimmed markedly over the prior several months. We frequently note that how consumers feel about their own job and income prospects is a more important factor in spending decisions than how they feel about the broader economy and that's a useful point to keep in mind during the holiday shopping season. As we noted in our holiday season sales outlook, spending easily outperformed the headline confidence numbers in each of the past two holiday seasons, in no small measure due to consumers still feeling upbeat about labor market conditions. This year, however, both the headline confidence numbers and consumers' assessments of labor market conditions are meaningfully worse than in either of the past two years at a time when goods prices are rising and higher tariff costs may make retailers less willing/able to use discounting as a means of driving sales. We expect this will translate into a somewhat less than festive holiday sales season for consumers and retailers; our forecast anticipates the smallest increase in nominal sales since 2018 and the smallest increase in real sales in any non-recession year in the life of our measure of holiday season sales. To be sure, consumers surprised us to the upside in each of the past two years, and the bar for them doing so this year is much lower, but we don't think this year's holiday sales season will measure up to the prior two.

September Retail Sales: Total

Tuesday, 11/25

Range: 0.0 to 1.0 percent

Median: 0.4 percent

Aug = +0.6%

Unchanged. The report on September retail sales was originally set for release on October 16, and our forecasts here are those we published in our *Preview* for the week of October 13. We won't repeat the full commentary we offered then, but it helps to recall that September is typically a lull between the end of the back-to-school shopping season and the start of the holiday shopping season, which over recent years has been increasingly pulled into October. As such, in the life of the current series dating back to 1992, there is not a single instance of not seasonally adjusted control group sales rising in the month of September. While the decline in unadjusted control group sales our forecast anticipates is in line with the typical September decline, we

CONTINUED ON PAGE 2

ECONOMIC PREVIEW


REGIONS

Week of November 24, 2025

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

September Retail Sales: Total Range: 0.0 to 1.0 percent Median: 0.4 percent	Tuesday, 11/25	Aug = +0.6%	CONTINUED FROM PAGE 1: expect seasonal adjustment to be somewhat less friendly than was the case with last September's data. To be sure, our forecast is well below the consensus, and we could easily be wrong on either the change in unadjusted sales or the generosity of seasonal adjustment, if not both. But, if our forecast is on or near the mark, don't expect to see much context in the reactions to/accounts of the September retail sales data.
September Retail Sales: Ex-Auto Range: -0.1 to 0.7 percent Median: 0.3 percent	Tuesday, 11/25	Aug = +0.7%	<u>Down</u> by 0.1 percent.
September Retail Sales: Control Group Range: -0.3 to 0.5 percent Median: 0.3 percent	Tuesday, 11/25	Aug = +0.7%	Down by 0.3 percent.
August Business Inventories Range: -0.1 to 0.1 percent Median: 0.0 percent	Tuesday, 11/25	Jul = +0.2%	We look for total <u>business inventories</u> to be <u>unchanged</u> and look for total <u>business sales</u> to be <u>up</u> by 0.2 percent. This is the report originally scheduled for release on October 16.
September Producer Price Index Range: 0.2 to 0.4 percent Median: 0.3 percent	Tuesday, 11/25	Aug = -0.1%	<u>Up</u> by 0.3 percent, good for a year-on-year increase of 2.7 percent. This is the report originally scheduled for release on October 16, and our forecasts for the total and core PPI are those we published in our <i>Preview</i> for the week of October 13.
September Producer Price Index: Core Range: 0.1 to 0.3 percent Median: 0.2 percent	Tuesday, 11/25	Aug = -0.1%	<u>Up</u> by 0.2 percent, which would yield a year-on-year increase of 2.6 percent.
September Durable Goods Orders Range: -1.8 to 6.7 percent Median: 0.5 percent	Wednesday, 11/26	Aug = +2.9%	<u>Up</u> by 1.7 percent. Boeing saw a spike in orders in September, and while this should result in transportation equipment being a support for top-line orders growth, the strength of that support will be diluted by Airbus seeing a drop in orders and what we expect will be a drop in orders for defense aircraft following a jump in August, while parts/materials shortages, diminished EV production, and an uncertain outlook for demand should weigh on orders for motor vehicles and parts. Additionally, the mapping between unit orders for civilian aircraft and the dollar volume reported by Census in the durable goods orders data isn't always straightforward. All of which is a long way of saying there are risks to our forecast for top-line orders but, as always, our main focus will be on core capital goods orders (see below). While for much of this year rapidly rising outlays on information processing equipment were the main driver of growth in business investment in equipment and machinery, growth was starting to become more broadly based after this summer's changes to the corporate tax code, and we expect the September data to show further evidence of that. Note that this release was originally scheduled for release on October 27, but at that time the August data had not been released due to the shutdown.
Sep Durable Goods Orders: Ex-Trnsp. Range: -0.5 to 0.5 percent Median: 0.2 percent	Wednesday, 11/26	Aug = +0.3%	We look for <u>ex-transportation</u> orders to be <u>up</u> by 0.5 percent and look for orders for <u>core capital goods</u> (non-defense capital goods excluding aircraft and parts) orders to be <u>up</u> by 0.6 percent.

This Economic Preview may include opinions, forecasts, projections, estimates, assumptions, and speculations (the "Contents") based on currently available information, which is believed to be reliable and on past, current, and projected economic, political, and other conditions. There is no guarantee as to the accuracy or completeness of the Contents of this Economic Preview. The Contents of this Economic Preview reflect judgments made at this time and are subject to change without notice, and the information and opinions herein are for general information use only. Regions specifically disclaims all warranties, express or implied, with respect to the use of or reliance on the Contents of this Economic Preview or with respect to any results arising therefrom. The Contents of this Economic Preview shall in no way be construed as a recommendation or advice with respect to the taking of any action or the making of any economic, financial, or other plan or decision.