

ECONOMIC PREVIEW



Week of July 6, 2026

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

<p>Fed Funds Rate: Target Range Midpoint <i>(After the July 28-29 FOMC meeting):</i> Target Range Mid-point: 3.625 to 3.625 percent Median Target Range Mid-point: 3.625 percent</p>	<p>Range: 3.50% to 3.75% Midpoint: 3.625%</p>	<p>The June employment report was much more noise than signal. Yes, that was also our reaction to the May employment report and, unfortunately, has become a common reaction to the monthly employment reports, at least on our part. Each of the past several months has seen a sharp swing in leisure and hospitality services payrolls, alternating between declines and advances, and in each instance this has reflected seasonal adjustment noise as opposed to the actual changes, as can easily be seen in the not seasonally adjusted data. More broadly, the initial collection rate for the June establishment survey was notably low – the lowest June rate since 1992 – which right off the bat diminishes the reliability of the initial estimates of nonfarm employment, hours, and earnings in June. At the same time, the household survey data show the labor force participation rate falling by thirty basis points, reflecting a sixty-basis point decline in the participation rate amongst the 25-to-54 year-old age cohort, i.e., the “prime working age” cohort, with the not seasonally adjusted data showing the number of prime age adults in the labor force fell by over 1.1 million persons in June which, aside from April 2020, is easily the largest such decline on record in data that go back to 1948. We could go on, but by now you probably get the point. Yet, despite clear and obvious noise in the data having skewed the headline metrics, the past two monthly employment reports have led many to change their calls on Fed funds rate cuts/hikes, which is more than a little curious, at least to us.</p> <p>Wednesday brings the release of the minutes of the June FOMC meeting, which take on added interest given the hawkish turn in the dot plot. It will also be interesting to see if the phrase “a good family fight” becomes a staple of the FOMC meeting minutes given how many times Chair Warsh used this phrase in his post-meeting press conference. Even if they don’t become a staple of the minutes, good family fights may become a regular part of FOMC meetings going forward.</p>
<p>June ISM Non-Manufacturing Index Range: 53.3 to 55.1 percent Median: 54.0 percent</p>	<p>Monday, 7/6 May = 54.5%</p>	<p><u>Down</u> to 53.8 percent, indicating continued expansion in the broad services sector. Our forecast anticipates some improvement in supplier delivery times, which acts as a drag on the headline index. Recall that in the ISM’s June manufacturing sector survey, a pronounced decline in the supplier delivery index knocked seven-tenths of a point off the headline index, while there was little change in the indexes of new orders, production, and employment, the three most important indicators of activity. We expect a similar pattern in the ISM’s survey of the services sector, little change in the indexes of business activity, new orders, and employment with a decline in the index of supplier delivery times pushing the headline index lower. If we’re wrong on this point, our forecast of the headline index will likely prove to be too low. Another parallel we expect with the manufacturing survey is that the prices paid index will fall – it was above 70.0 percent in each of the past three months – thanks to lower energy prices but will nonetheless remain easily above 50.0 percent, indicating persistent and broadly based upward pressure on input prices.</p>
<p>May Trade Balance Range: -\$79.2 to -\$53.7 billion Median: -\$78.5 billion</p>	<p>Tuesday, 7/7 Apr = -\$55.9 billion</p>	<p><u>Widening</u> to -\$77.6 billion on a significantly wider deficit in the goods account than those seen over the prior several months.</p>
<p>June Existing Home Sales Range: 3.99 to 4.30 million units Median: 4.20 million units SAAR</p>	<p>Thursday, 7/9 May = 4.17 million units SAAR</p>	<p><u>Down</u> to an annual rate of 4.11 million units. On a not seasonally adjusted basis, we look for sales of 412,000 units, up 5.6 percent from May, which is not out of line with a typical June increase. Our forecast would leave unadjusted sales up 5.4 percent year-on-year, but this June had one more sales day than last June and adjusting for this differential yields a year-on-year increase of just 0.4 percent, keeping the running twelve-month total of not seasonally adjusted sales well within the narrow range that has prevailed for more than two years. Our forecast assumes the differential in sales days will lead to a less accommodating seasonal adjustment factor, which would act to hold down the headline sales number. If we’re wrong on this point, our forecast of the headline sales number will likely prove to be too low, but this is mere noise and, as in any month, the number that will matter is not seasonally adjusted sales. We look for inventories to have risen in June but expect the increase to be smaller than is typical for the month, and our forecast would leave inventories up just over two percent year-on-year. At the same time, we look for the median existing home sales price to only be up by around one percent year-on-year, with many sellers having to resort to cutting asking prices to facilitate sales.</p>

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