ECONOMIC PREVIEW

REGIONS

Week of November 16, 2026

Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the December 8-9 FOMC meeting):* Target Range Mid-point: 3.875 to 4.125 percent Median Target Range Mid-point: 4.125 percent		Range: 3.75% to 4.00% Midpoint: 3.875%	Last week saw the release of the October Consumer Price Index data, which showed the core CPI rose by more than expected for a third straight month and triggered a significant shift in expectations of the path of the Fed funds rate. Against that backdrop, this week's release of the minutes of the October FOMC meeting (Wednesday, 2:00 EST) will be of particular interest. We would not be surprised if the minutes suggest more division amongst Committee members than was implied by the 10-2 vote to hold the funds rate steady at that meeting. Additionally, this week brings a heavy dose of Fedspeak which, on the whole, will likely be consistent with the greater sense of urgency around further funds rate hikes that took hold amongst market participants following the release of the October CPI data.
October Retail Sales: Total Range: -0.3 to 0.8 percent Median: 0.2 percent	Tuesday, 11/17	Sep = +0.8%	Up by 0.2 percent, and while that may seem like quite a letdown after September's sizable increase, keep in mind that increase was largely a function of sharply higher gasoline prices and a jump in restaurant sales that was no more than a gift from seasonal adjustment. We'd say control group sales are a much fairer basis for comparison and on that basis, October should prove to be the stronger month (see below). As in any month, we'll judge October retail sales on a not seasonally adjusted basis, and on that basis our forecast would leave total retail sales up by around 4.7 percent from September and control group sales up by around 6.5 percent. While not too different from last October's increases, we expect mildly more favorable seasonal adjustment this October. More broadly, here are a few points to keep in mind when processing the October data. First, after having risen by 6.4 percent in September, we look for gasoline station sales to be a modest drag on October's headline retail sales print. Second, with the rise of Amazon's *Prime Deal Days* and other online promotions, October has in a sense become the unofficial start of the holiday sales season. As we've discussed elsewhere, over recent years October's share of total Q4 control group sales (not seasonally adjusted) has increased, and the October increase in unadjusted online sales has gotten larger. To that point, one survey shows one-third of shoppers did at least half of their holiday shopping during this October's *Prime* event. That leaves two things to watch for in the October retail sales data – first, how large is the monthly increase in not seasonally adjusted sales by nonstore retailers, and how is this treated by seasonal adjustment, which by now should be trained for a sizable October increase. Third, prices for core (non-food, non-energy) goods excluding used motor vehicles rose by 0.4 percent in October, a much firmer increase than our forecast anticipated, with notably large increases in prices for appliances, furniture, and electronics. As such, our forecast would yield only a middling increase in control group sales after adjusting for price changes. Recall that control group sales are a direct input into the GDP data on consumer spending on goods, and if our forecast is on or near the mark, that would get Q4 growth in real consumer spending off to a slow start. Still, overall financial conditions in the household sector remain healthy, and recent declines in gasoline prices should free up additional cash for holiday season spending, though the obvious caveat here is that gasoline prices can quickly reverse course these days. As we discussed in our annual holiday season sales outlook, we look for a strong gain in sales this year on both a nominal and real basis (as a side point, measures of holiday season sales, ours included, are based on data for November and December).
October Retail Sales: Ex-Auto Range: -0.1 to 0.9 percent Median: 0.4 percent	Tuesday, 11/17	Sep = +0.9%	Up by 0.4 percent.
October Retail Sales: Control Group Range: 0.2 to 0.7 percent Median: 0.4 percent	Tuesday, 11/17	Sep = +0.1%	Up by 0.4 percent.
October Industrial Production Range: -0.3 to 0.7 percent Median: 0.1 percent	Tuesday, 11/17	Sep = +0.7%	Down by 0.2 percent.

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October Capacity Utilization Rate Range: 76.6 to 77.2 percent Median: 76.8 percent	Tuesday, 11/17	Sep = 76.9%	Down to 76.6 percent.
September Business Inventories Range: 0.4 to 0.5 percent Median: 0.5 percent	Tuesday, 11/17	Aug = +0.4%	We look for total business inventories to be up by 0.5 percent, and we look for total business sales to be up by 1.7 percent.
October Housing Permits Range: 1.313 to 1.400 million units Median: 1.376 million units SAAR	Wednesday, 11/18	Sep = 1.398 million units SAAR	Down to an annual rate of 1.313 million units. On a not seasonally adjusted basis, we look for total permit issuance of 111,900 units, down 2.7 percent from September with a larger decline in single family permits and a smaller decline in multi-family permits. Our forecast yields a much harsher decline in the headline, i.e., seasonally adjusted and annualized, permits number than we anticipate the not seasonally adjusted data to show, which simply reflects our expectation that unadjusted permit issuance will be much weaker than is typical for the month of October and any such weakness will be amplified by seasonal adjustment. That we look for a weak October permits count is primarily a function of builders pulling back on new construction as increasingly binding affordability constraints make it even more difficult for them to pare down elevated inventories of spec homes for sale. That starts have fallen faster than permits has led to a widening backlog of single family units permitted but not yet started and that, at some point, should be countered by a sharper pullback in permits than that seen to date. Our forecast would leave the running twelve-month total of not seasonally adjusted single family permits at 877,600 units, which would be the lowest such total since September 2023, and we look for further declines in the months ahead. While we do look for a modest decline in multi-family permits, that would nonetheless leave October issuance right in line with the run rate seen over the prior six months.
October Housing Starts Range: 1.190 to 1.380 million units Median: 1.250 million units SAAR	Wednesday, 11/18	Sep = 1.221 million units SAAR	Up to an annual rate of 1.262 million units. On a not seasonally adjusted basis, we look for total starts of 104,700 units, a modest 0.9 percent increase from September with a large enough increase in multi-family starts to offset another sharp decline in single family starts. In both August and September, total housing fell far short of our expectations, as multi-family starts significantly underperformed our forecasts while our forecasts of single family starts were largely on the mark. What we do not yet know is whether this reflected the inherently volatile multi-family segment simply doing multi-family things or, as in the single family segment, we're seeing some retrenchment in multi-family activity with financing costs having risen. One thing that stood out to us, however, was that amid sharp declines in starts in each month, multi-family permit issuance showed no signs of letting up, and it is largely on that basis that our forecast anticipates a bounce in multi-family starts in October. If we're wrong on this point, we'll have to rethink our outlook for the multi-family segment because, after all, even we can take a hint after being rebuffed three times in a row. The story in the single family segment is much more straightforward, even if somewhat bleak. Our forecast anticipates unadjusted single family starts falling by 7.3 percent in October, a fourth straight monthly decline with declines topping seven percent in three of these months. While our forecasts of single family activity have been largely on the mark, we would not be at all surprised to see an even larger decline in October than our forecast anticipates based on builder commentary. Either way, with little in the way of relief on the mortgage interest rate front, builders will have to take harder hits to margins by offering more generous concessions if they want to make faster progress in clearing inventories of unsold homes, and spec activity has largely ground to a halt. As such, we think the downward trend in starts has far further to run in the months ahead.
October Leading Economic Index Range: -0.3 to 0.2 percent Median: 0.0 percent	Thursday, 11/19	Sep = 0.0%	Down by 0.1 percent.

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