

ECONOMIC PREVIEW



Week of May 18, 2026

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

<p>Fed Funds Rate: Target Range Midpoint <i>(After the June 16-17 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 April retail sales data show consumers more than holding their own in the face of significantly higher energy prices on top of prices for core (non-food, non-energy) consumer goods rising at the fastest pace since mid-2023. That is best seen not in the headline retail sales number but in control group sales, a direct input into the GDP data on consumer spending on goods. April's larger than expected increase in control group sales came on top of upward revisions to prior estimates for February and March. Clearly, there has been more to consumer spending than higher gasoline prices, but the question at this point is whether, or to what extent, that will remain the case. Thus far, larger income tax refunds have been a powerful offset for higher energy prices, but that support is eroding and will erode at an even faster pace should crude oil prices push higher, which seems a matter of when not if without a real resolution of the conflict in the Middle East. To that point, yields on 10-year U.S. Treasuries have pushed above 4.50 percent and yields on 30-year Treasuries have pushed above 5.00 percent, and while the economy has thus far proven to be somewhat resilient, it seems the higher hurdles are ahead of us rather than behind us.</p>
<p>April Housing Permits Range: 1.350 to 1.446 million units Median: 1.375 million units SAAR</p>	<p>Thursday, 5/21 Mar = 1.363 million units SAAR</p>	<p><u>Up</u> to an annual rate of 1.393 million units. On a not seasonally adjusted basis, we look for total permits of 125,400 units, up 3.0 percent from March with a modest increase in single family permits and multi-family permits reversing most of the decline seen in March. Even the modest 0.9 percent increase in single family permits our forecast anticipates could be a reach given the jump seen in March, but we look at March's increase more as evening the score after atypically harsh winter weather impacted activity in both January and February. Of more relevance, our forecast would still leave unadjusted single family permits down 6.1 percent year-on-year and given that the increase our forecast anticipates is smaller than the typical April increase, that would be treated harshly by seasonal adjustment. As such, our forecast would leave the seasonally adjusted annualized count of single family permits down from March. With affordability constraints continuing to weigh on demand, builders still trying to pare down elevated spec inventories, and a hefty backlog of single family units already permitted but not yet started, it's hard to see much upside room for single family permit issuance. To that point, our forecast would leave the running twelve-month total of not seasonally adjusted single family permits at 884,200 units, which would be the lowest such total since September 2023. As for multi-family permits, though the monthly numbers have bounced around a bit our forecast would be in line with the average seen over the past twelve months. In contrast to the single family segment, the running twelve-month total of multi-family permits has been moving higher at a slow but steady pace, which we expect will remain the case.</p>
<p>April Housing Starts Range: 1.320 to 1.550 million units Median: 1.405 million units SAAR</p>	<p>Thursday, 5/21 Mar = 1.502 million units SAAR</p>	<p><u>Down</u> to an annual rate of 1.431 million units. On a not seasonally adjusted basis, we look for total starts of 129,600 units, up 2.6 percent from March with higher multi-family starts accounting for virtually all of that increase as we look for single family starts to be up by just 0.2 percent. As with permits, the increases our forecast anticipates in not seasonally adjusted single family and multi-family starts are well smaller than the typical April increases, which would leave the seasonally adjusted annualized counts down from March. Recall that unadjusted single family starts rose by 32.9 percent in March, almost double the typical March increase. While some took this as a sign of housing market activity ramping up ahead of the spring sales season, we saw that as nothing more than payback for abnormally weak activity in both January and February brought about by atypically harsh winter weather. Though having been whittled down somewhat, spec inventories nonetheless remain well higher than would typically been the case, and with affordability constraints continuing to weigh on sales, faster progress in right-sizing spec inventories can only come via one channel – fewer starts of units intended for sale. It's an uncomfortable dynamic, for lack of a better term, on both the supply side and the demand side of the market, but one that won't change much until there is meaningful progress on the affordability front with relief coming from both lower prices and lower mortgage interest rates. Any such progress, however, is likely to be slow in coming.</p>
<p>April Leading Economic Index Range: -0.3 to 0.3 percent Median: 0.0 percent</p>	<p>Friday, 5/22 Mar = -0.6%</p>	<p><u>Down</u> by 0.2 percent</p>

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.