

# ECONOMIC PREVIEW



Week of June 8, 2026

## Indicator/Action Economics Survey:

## Last Actual:

## Regions' View:

<p><b>Fed Funds Rate: Target Range Midpoint</b> (After the June 16-17 FOMC meeting): 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>Earlier this year, many were writing the labor market's obituary. In a turnaround that Rasputin himself would envy, what is being widely hailed as a "blowout" May employment report has many proclaiming the labor market to be fully healed. As a sign of just how much perceptions have changed, recall that earlier this year many were pointing to the labor market as grounds for further Fed funds rate cuts, whereas in the wake of the May employment report many are pointing to the labor market as giving the FOMC the latitude to raise the funds rate to combat stubborn inflation pressures. Our view of the labor market has not changed for quite some time. Just as earlier in the year we were pushing back on the dour takes on labor market conditions, we now find ourselves pushing back on the narrative that the labor market is again firing on all cylinders. We've consistently pointed to supply side and demand side factors holding down job growth and have argued that what will be notably slow trend job growth will nonetheless be sufficient to keep the unemployment rate stable if not slightly lower. If and when we have grounds to change our view, we will, but the details of the May employment report do not come close to warranting that, let alone providing a rationale for the FOMC to hike the Fed funds rate.</p>
<p><b>April Trade Balance</b> Range: -\$63.3 to -\$53.8 billion Median: -\$56.5 billion</p>	<p>Tuesday, 6/9 Mar = -\$60.3 billion</p>	<p><u>Narrowing</u> to -\$57.1 billion. Higher exports of crude oil, along with higher oil prices, have helped narrow the deficit in the goods account despite continued growth in imports of capital goods.</p>
<p><b>May Existing Home Sales</b> Range: 4.00 to 4.14 million units Median: 4.06 million units SAAR</p>	<p>Tuesday, 6/9 Apr = 4.02 million units SAAR</p>	<p><u>Up</u> to an annual rate of 4.12 million units. On a not seasonally adjusted basis, we look for sales of 391,000 units, up 10.5 percent from April. While this is smaller than the typical May increase, there was one fewer sales day this May than last, and after adjusting for sales days, our forecast would leave not seasonally adjusted sales up 5.3 percent year-on-year. Our forecast anticipates a smaller increase in inventories than typically seen in the month of May, which would leave inventories modestly higher year-on-year, with the median sales price more or less flat year-on-year.</p>
<p><b>May Consumer Price Index</b> Range: 0.4 to 0.6 percent Median: 0.5 percent</p>	<p>Wednesday, 6/10 Apr = +0.6%</p>	<p><u>Up</u> by 0.4 percent, which would yield a year-on-year increase of 4.1 percent. Higher retail gasoline prices will add two-tenths of a point to the monthly change in the total CPI. Beyond that, our below-consensus forecasts for both the total and core CPI are predicated on a number of factors, any one of which could push our forecast off the rails. Our forecast anticipates a smaller increase in prices for food consumed at home after the 0.7 percent increase seen in April, though we do look for a slightly larger increase in prices for food consumed away from home. Recall that both primary rents and owners' equivalent rents rose by 0.5 percent in April, which in large measure reflected the missing October 2025 data rolling out of the housing sample. As such, we look for payback in the May data, with increases in rents that are not only well smaller than those seen in April but likely smaller than what the run rate will be once these adjustments have washed from the data. With rents accounting for just over forty-two percent of the core CPI, this is a key factor in our below-consensus forecast of the monthly change in the core CPI.</p> <p>Our forecast anticipates a decline in seasonally adjusted lodging costs weighing on the index of shelter costs. The April data show a much larger increase in not seasonally adjusted lodging costs than is typical for the month, and we expect to see some payback in the May data. Keep in mind, though, that the May seasonal adjustment factor for lodging costs is the most punitive of any month of the year, so if we are correct in expecting a smaller than typical increase in unadjusted lodging costs in May, that will be compounded in the seasonally adjusted data. Where we could be wrong, however, is if the outsized April increase reflected price increases tied to demand around the World Cup, in which case May could also see a hefty increase. This could easily add one-tenth of a point to the monthly change in the core CPI. On a similar note, the May seasonal adjustment factor for air fares is also the most punitive of any month of the year. Even allowing for higher fuel costs, the April increase in not seasonally adjusted air fares was smaller than typical for the month, and if we see the same thing in May, that will be compounded by seasonal adjustment although unlike lodging, we're talking about a smaller increase here rather than an outright decline.</p> <p><b>Continued on Page Two:</b></p>

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<b>May Consumer Price Index: Core</b> Range: 0.2 to 0.4 percent Median: 0.3 percent	Wednesday, 6/10	Apr = +0.4%	<b>Continued from Page One:</b> As is apparent from the above discussion, there could be a high degree of noise in the May data that will make interpreting the data tricky, though those who go no further than the headline numbers will be blissfully free of any such labors. Here are two more fundamental factors that will help shape the path of the CPI over the months ahead. First, between the last week of May and the first week of June, retail gasoline prices fell by almost twenty cents a gallon on a national average basis, larger than the typical post-Memorial Day decline. Were gasoline prices to continue to drift lower, that would act as a drag on the total CPI and push headline inflation lower. At the same time, however, there are several warning signs, including growing supply chain disruptions, persistent and broadly based upward pressure on input costs, and increasing shipping costs, suggesting that the impacts of the conflict in the Middle East are on the verge of spilling over into core goods prices. While we don't look for any such effects to make a strong impression in the May data, that could change with the June data. In other words, coming months could see headline inflation easing and core inflation accelerating, making the FOMC's job more difficult.
<b>May Consumer Price Index: Core</b> Range: 0.2 to 0.4 percent Median: 0.3 percent	Wednesday, 6/10	Apr = +0.4%	<u>Up</u> by 0.2 percent, which would leave the core CPI up by 2.8 percent year-on-year.
<b>May Producer Price Index</b> Range: 0.3 to 1.2 percent Median: 0.7 percent	Thursday, 6/11	Apr = +1.4%	<u>Up</u> by 0.7 percent, yielding a year-on-year increase of 6.4 percent.
<b>May Producer Price Index: Core</b> Range: 0.2 to 1.1 percent Median: 0.5 percent	Thursday, 6/11	Apr = +1.0%	<u>Up</u> by 0.5 percent, which would yield a year-on-year increase of 5.4 percent.

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