

ECONOMIC PREVIEW



Week of June 15, 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 FOMC meeting will be the main focus of this week, and even with no change in the Fed funds rate on tap there will be plenty to watch, and listen, for. The implicit easing bias will almost surely be dropped from the post-meeting policy statement, a move that could easily have been made at the April meeting. The updated Summary of Economic Projections (SEP) will likely show a slower rate of real GDP growth, a higher rate of inflation, and a lower unemployment rate for 2026 relative to the March edition, with the updated dot plot likely to imply no changes in the Fed funds rate through year-end. That of course assumes there will be an updated edition of the SEP as new Fed Chair Warsh is not a particular fan of forward guidance, including the SEP. There is some question as to whether Chair Warsh could just put an end to the SEP without a formal vote by the FOMC but even if he could, he might not be inclined to do that right off the bat. There is not, however, a requirement that FOMC members participate in the SEP, and it could be that Chair Warsh simply decides not to participate as a means of signaling how little regard he has for this exercise. It will also be interesting to see if Chair Warsh announces any changes in the post-meeting press conferences, either the frequency or the duration, as part of his quest to scale back on forward guidance. As for what he may say, it will be interesting to see how Chair Warsh attempts to shift the narrative around the appropriate path of the funds rate. For instance, he could start to lay out the case for a resumption of Fed funds rate cuts once inflation pressures have begun to abate. In addition to stressing that a supply shock does not alter the underlying inflation dynamics over an extended period, he could once again point to what he sees as a coming disinflationary shock as AI drives faster productivity growth, and could also point to alternative measures of inflation, such as trimmed-mean measures, showing inflation pressures to be more restrained than do measures such as the PCE Deflator and the CPI. None of this would be about making a case that the funds rate at this particular meeting but instead would be about beginning to lay the ground for a resumption of funds rate cuts later this year.</p>
<p>May Industrial Production Monday, 6/15 Range: -0.1 to 0.5 percent Median: 0.3 percent</p>	<p>Apr = +0.7%</p>	<p><u>Up</u> by 0.4 percent. Our forecast anticipates an increase in manufacturing output as growth amongst durable goods producing industry groups, particularly transportation equipment, offsets weakness amongst producers of nondurable goods – aggregate hours worked in this segment declined in May. We look for higher mining output to also contribute to the top-line index of industrial production. Utilities output could go either way as higher industrial usage counters what we think will be a modest decline in residential usage.</p>
<p>May Capacity Utilization Rate Monday, 6/15 Range: 76.0 to 76.5 percent Median: 76.2 percent</p>	<p>Apr = +76.1%</p>	<p><u>Up</u> to 76.4 percent.</p>
<p>May Housing Permits Tuesday, 6/16 Range: 1.375 to 1.460 million units Median: 1.420 million units SAAR</p>	<p>Apr = 1.423 million units SAAR</p>	<p><u>Up</u> to an annual rate of 1.438 million units. On a not seasonally adjusted basis, we look for total permit issuance of 126,300 units, down 2.4 percent from April as a decline in multi-family permits offsets a modest advance in single family permits. Still, while a modest advance would be in line with typical seasonal patterns, we can't rule out unadjusted single family permits having declined in May given the combination of elevated spec inventories and an elevated backlog of single family units already permitted but not yet started. That many builders have continued to pull single family permits at least in part reflects hopes that the spring sales season would bring progress in paring down spec inventories, hopes that were somewhat rudely dashed by ongoing affordability constraints and wavering buyer confidence. Absent a clear turnabout in market conditions during June, it could be that the second half of this year will see a pronounced drop-off in single family permit issuance.</p>
<p>May Housing Starts Tuesday, 6/16 Range: 1.370 to 1.481 million units Median: 1.430 million units SAAR</p>	<p>Apr = 1.465 million units SAAR</p>	<p><u>Down</u> to an annual rate of 1.372 million units. On a not seasonally adjusted basis, we look for total starts of 125,100 units, down 6.2 percent with a sharp decline in multi-family starts more than offsetting a slight increase in single family starts. As with permits, the decline we expect in not seasonally adjusted multi-family starts has more to do with how high April's count was as opposed to a sudden softening in market conditions in this segment. Even if we are correct in expecting them to tick</p> <p>Continued on Page Two:</p>

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May Housing Starts Range: 1.370 to 1.481 million units Median: 1.430 million units SAAR	Tuesday, 6/16	Apr = 1.465 million units SAAR	Continued from Page One: modestly higher, our forecast would still leave single family permits down year-on-year. As noted above, the spring sales season was a disappointment for many builders. It is telling that in what is typically one of the busiest months of the year for orders many builders had to ratchet up incentives to facilitate sales, and even those efforts did little to move spec inventories. Many builders will reassess construction and sales targets for 2H 2026 as they move through June, and we won't rule out expectations being scaled back, perhaps markedly, which would translate into a softer trajectory for single family permits, starts, and sales through year-end.
May Retail Sales: Total Range: 0.1 to 0.8 percent Median: 0.5 percent	Wednesday, 6/17	Apr = +0.5%	<u>Up</u> by 0.7 percent. Thanks to higher prices and stronger seasonal demand, gasoline will contribute to top-line retail sales, accounting for two-tenths of a point in our forecast of the monthly increase in total retail sales. If the May Consumer Price Index (CPI) data are a good guide, and we have our reservations on this front, pricing will be a mixed bag across the various categories of retail sales. For instance, after a 0.7 percent increase in April, the May CPI data show prices for food consumed at home barely budged in May which could contribute to the retail sales data showing a decline in grocery store sales on a seasonally adjusted basis. We know that on a not seasonally adjusted basis unit sales of new motor vehicles rose by over seven percent in May, but the CPI data show new vehicle prices down 0.3 percent, with a larger decline for truck/SUV prices than for car prices, which matters given how heavily sales are skewed toward trucks/SUVs. While we think the net result will still be an increase in the retail sales measure of dealer revenue, a somewhat punitive May seasonal factor poses a downside risk to our forecast. The May CPI data also show prices for furniture and electronics were down in May while prices for appliances rose further, and while apparel prices are reported to have risen, that reflects a smaller than normal decline in not seasonally adjusted apparel prices being translated into an increase in the seasonally adjusted data. Clearly, there is the potential for a high volume of noise in the May retail sales data, and while in and of itself that isn't exactly newsworthy, that much of this noise could come from price changes is what stands out. Seasonal adjustment should be, on the whole, neutral to slightly favorable, particularly compared to last May. Our forecast would leave not seasonally adjusted control group sales up around 5.2 percent from April, which is in line with a typical May increase, and would leave real control sales, i.e., adjusted for price changes, up 4.2 percent year-on-year, which would be the largest such increase since last August. We think the underlying story here is that thus far consumers have been somewhat resilient in the face of significantly higher energy prices, but up to this point there seems to have been little pass-through of higher costs of producing and shipping goods into prices for food and finished consumer goods. With supports such as the boost from larger income tax refunds starting to wear thin, any such pass-through could lead to a pronounced pullback in spending over coming months, particularly on the part of lower-to-middle income households. For now, though, we expect a fairly solid May retail sales print.
May Retail Sales: Ex-Auto Range: 0.0 to 0.8 percent Median: 0.5 percent	Wednesday, 6/17	Apr = +0.7%	<u>Up</u> by 0.7 percent.
May Retail Sales: Control Group Range: -0.1 to 0.7 percent Median: 0.4 percent	Wednesday, 6/17	Apr = +0.5%	<u>Up</u> by 0.6 percent.
April Business Inventories Range: 0.3 to 0.7 percent Median: 0.5 percent	Wednesday, 6/17	Mar = +0.9%	We look for total <u>business inventories</u> to be <u>up</u> by 0.5 percent and for total <u>business sales</u> to be <u>up</u> by 1.2 percent.
May Leading Economic Index Range: -0.1 to 0.2 percent Median: 0.2 percent	Thursday, 6/18	Apr = +0.1%	<u>Up</u> by 0.2 percent.

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