

# ECONOMIC PREVIEW



REGIONS

Week of June 22, 2026

## Indicator/Action

### Economics Survey:

## Last

### Actual:

### Regions' View:

<p><b>Fed Funds Rate: Target Range Midpoint</b>  <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>New Chair Kevin Warsh was quick to put his stamp on the FOMC at last week's meeting, as was readily apparent in the significantly slimmed down post-meeting policy statement. In his post-meeting press conference, Mr. Warsh announced he would be establishing five different task forces to review virtually aspect of how the FOMC conducts monetary policy and how they communicate with the markets, but one immediate change was the elimination of forward guidance. When asked whether the absence of forward guidance would lead to more market volatility, Mr. Warsh noted that excessive forward guidance robs market participants and central bankers of the signals being sent by price discovery. In other words, rather than assessing each and every data point on the basis of what it might mean for the FOMC as implied by seemingly nonstop forward guidance from FOMC members, market participants will, hopefully anyway, go back to assessing data releases on the basis of what they might mean for the broader economy, with trades made on that basis providing useful information for the FOMC as they assess the appropriate path of monetary policy. Anyone who's ever been confused over and/or frustrated by good (bad) news for the economy being treated as bad (good) news by the markets will surely appreciate this change.</p>
<p><b>Q1 Current Account Balance</b>                  Range: -\$371.6 to -\$177.5 billion                  Median: -\$208.8 billion</p>	<p>Wednesday, 6/24</p>	<p>Q4 = -\$190.7 billion  <u>Widening</u> to -\$208.8 billion.</p>
<p><b>May New Home Sales</b>                  Range: 605,000 to 655,000 units                  Median: 640,000 units SAAR</p>	<p>Wednesday, 6/24</p>	<p>Apr = 622,000 units SAAR  <u>Up</u> to an annual rate of 636,000 units. On a not seasonally adjusted basis, we look for sales of 56,000 units, down 3.5 percent from April.</p>
<p><b>Q1 Real GDP: 3<sup>rd</sup> Estimate</b>                  Range: 1.4 to 2.5 percent                  Median: 1.6 percent SAAR</p>	<p>Thursday, 6/25</p>	<p>Q1: 2<sup>nd</sup> est. = +1.6% SAAR  <u>Up</u> at an annualized rate of 1.8 percent.</p>
<p><b>Q1 GDP Price Index: 3<sup>rd</sup> Estimate</b>                  Range: 3.5 to 3.6 percent                  Median: 3.5 percent SAAR</p>	<p>Thursday, 6/25</p>	<p>Q1: 2<sup>nd</sup> est. = +3.5% SAAR  <u>Up</u> at an annualized rate of 3.5 percent.</p>
<p><b>May Personal Income</b>                  Range: 0.2 to 0.7 percent                  Median: 0.4 percent</p>	<p>Thursday, 6/25</p>	<p>Apr = 0.0%  <u>Up</u> by 0.3 percent. Our forecast anticipates a 0.3 percent increase in private sector wage and salary earnings. While this is a softer increase than implied by the earnings details in the May employment report, note that the BEA's measure is much more closely aligned with the data from the Quarterly Census of Employment and Wages (QCEW) than is the BLS's measure and has shown a weaker trajectory of growth than that implied by the monthly employment reports. We'll further note that the gain implied by the May employment report looked curiously strong to us given the extent to which private sector job growth was driven by leisure and hospitality services. If we're wrong here, our forecast for total income growth will likely prove too low. Another factor that could steer our forecast off course would be transfer payments, contrary to our expectations, breaking out of what has been a string of weak monthly prints. Between steadily declining unemployment insurance benefit payouts, lower ACA enrollments, and reductions in SNAP benefits, transfer payments have been notably weak over the course of 2026, acting as a drag on growth in total personal income as measured in the BEA accounts. We expect that to have remained the case in the May data. On the flip side, we expect asset-based income and nonfarm proprietors' income, a proxy for small business profits, to be supportive of May income growth. Either way, based on our expectations for the PCE Deflator, we think the May data will show a fourth straight monthly decline in real after-tax personal income, though the sharp decline in retail gasoline prices over the past four weeks all but ensures a reversal in the June data.</p>
<p><b>May Personal Spending</b>                  Range: 0.4 to 1.0 percent                  Median: 0.6 percent</p>	<p>Thursday, 6/25</p>	<p>Apr = +0.5%  <u>Up</u> by 0.7 percent. Control retail sales, a direct input into the BEA's series on goods spending, rose by 0.7 percent in May which, along with another hefty increase in spending on gasoline, will be supportive of goods spending. That said, we don't expect the BEA's measure to show spending on motor vehicles rising as strongly as reported in the May retail sales data. Even so, we expect a stronger showing from</p> <p><b>Continued on Page Two:</b></p>

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<b>May Personal Spending</b> Range: 0.4 to 1.0 percent Median: 0.6 percent	Thursday, 6/25	Apr = +0.5%	<b>Continued from Page One:</b> spending on consumer durable goods in May after the BEA's measure was flat in April. Some are pointing to the reported decline in restaurant sales in the May retail sales data as tipping a weak print on services spending in the BEA data. Aside from the BEA using a different measure of restaurant spending than that used in the retail sales data, the reported May decline in the retail sales data was a function of amped up seasonal adjustment, as the not seasonally adjusted retail sales data show restaurant sales rose by 6.7 percent in May. At the same time, there are no signs of weakness in spending on lodging or air travel in various May spending trackers. As such, our forecast anticipates a solid gain in total services spending, even if the risks to that call seem tilted to the downside. Even if our forecast on total nominal spending is on the mark, if the PCE Deflator is up as much as we and the consensus expect that will leave only a modest gain in real consumer spending for May.
<b>May PCE Deflator</b> Range: 0.3 to 0.7 percent Median: 0.5 percent	Thursday, 6/25	Apr = +0.4%	<u>Up</u> by 0.5 percent, which would yield a year-on-year increase of 4.1 percent, the largest such increase since April 2023. We look for the <u>core PCE Deflator</u> to be <u>up</u> by 0.4 percent, which would put the year-on-year increase at 3.4 percent, for the largest such increase since October 2023. While we expect May to mark the peak of total PCE inflation as lower energy prices act as a drag, we continue to expect core PCE inflation to be more persistent, which is a point we were making well before the start of the conflict in the Middle East.
<b>May Durable Goods Orders</b> Range: -9.0 to -2.6 percent Median: -4.9 percent	Thursday, 6/25	Apr = +8.0%	<u>Down</u> by 6.2 percent, but May's decline simply marks the unwinding of the April surge fueled by a sizable increase in civilian aircraft orders. Of far more relevance will be core capital goods orders, a series that has been unusually volatile over the past two months, with a 3.8 percent increase in March followed by a 1.0 percent decline in April. That still left core capital goods orders, an early indicator of business investment in equipment and machinery as reported in the GDP data, firmly on the upward trend that began over the latter half of 2025 and which we think has much further to run. As this upward trend has persistent, growth in core capital goods orders has become more broadly based, even if AI gets all the attention.
<b>May Durable Goods Orders: Ex-Trnsp.</b> Range: 0.0 to 0.9 percent Median: 0.5 percent	Thursday, 6/25	Apr = +1.1%	We look for <u>ex-transportation</u> orders to follow up April's jump with a more sedate <u>increase</u> of 0.2 percent in May, and we look for <u>core capital goods</u> orders (nondefense capital goods excluding aircraft and parts) to be <u>up</u> by 0.9 percent.
<b>May Advance Trade Balance: Goods</b> Range: -\$91.0 to -\$80.0 billion Median: -\$85.0 billion	Friday, 6/26	Apr = -\$83.0 billion	<u>Narrowing</u> to -\$81.5 billion.

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