ECONOMIC PREVIEW

REGIONS

Week of July 20, 2026

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the July 28-29 FOMC meeting):* Target Range Mid-point: 3.625 to 3.625 percent Median Target Range Mid-point: 3.625 percent	Range: 3.50% to 3.75% Midpoint: 3.625%	This week is a quiet one, both in terms of economic data releases and Fed speak with the FOMC in their communications blackout period ahead of this month's meeting. As for last week, a heavy dose of data releases and Fed Chair Warsh's Congressional testimony didn't shed much light on the state of the economy or the outlook for inflation. That the headline Consumer Price Index fell in June wasn't surprising given the extent to which energy prices fell during the month, but the surprise came from the core CPI being flat – down slightly if one looks at the unrounded data. Core goods prices were down slightly in June, and core services prices were notably soft, but much of that softness, particularly in air fares and lodging rates, seems more one-off in nature. If that is the case, core services price inflation will pick back up at the same time higher energy prices, if sustained, will push headline inflation higher. Any such effects, however, are unlikely to be visible in the CPI until the August data. Given the extent to which they fell during June, gasoline prices ended the month far below the monthly average and fell further in the early days of July. As such, even though having moved higher over the past several days, seasonally adjusted gas prices are still down by over six percent on a monthly average basis thus far in July, which means gasoline will be a drag on the headline CPI in the July data, though not to the same extent as in June. Moreover, even with a soft June print, core inflation seems firmly entrenched, which will keep alive the debate over whether, and to what extent, the FOMC might raise the Fed funds rate over the remainder of 2026. Aside from the CPI data, the impact of sharply lower gas prices was quite visible in the data on June retail sales, though far more so in the not seasonally adjusted data than in the seasonally adjusted data. Gasoline station sales fell by more than five percent in June, and consumers were quick to put freed up cash to use elsewhere. Again, though, that is better seen in the not seasonally adjusted data, which show this to have been a much stronger June than is typical. In addition to lower gas prices, June spending was also bolstered by the summer Amazon Prime Day(s) event being moved into June rather than its typical July slot, and there was a clear boost to sales by nonstore retailers, a category dominated by online sales. At the same time, prior estimates of control retail sales in April and May were revised higher, and on a nominal basis control group sales were up at an annualized rate of over nine percent in Q2. To be sure, higher prices account for some of that gain, but not all of it, with the net effect being that real consumer spending on goods in Q2 will have grown more strongly than had been anticipated. All that having been said, with energy prices now moving higher, non-energy spending is likely to soften, and that online sales were so strong in June thanks to the change in timing of Amazon Prime Day(s) means there will almost surely be payback in the July data. This sets up a weak July print on control retail sales, with the "truth" somewhere between the June and July data.
June Leading Economic Index Monday, 7/20 Range: -0.2 to 0.2percent Median: -0.1 percent	May = +0.1%	Up by 0.1 percent.
June New Home Sales Friday, 7/24 Range: 584,000 to 661,000 units Median: 603,000 units SAAR	May = 580,000 units SAAR	Up to an annual rate of 661,000 units. On a not seasonally adjusted basis, we look for sales of 57,000 units, up 11.8 percent from May and unchanged year-on-year.

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