ECONOMIC PREVIEW

REGIONS

Week of August 24, 2026

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the September 15-16 FOMC meeting):* Target Range Mid-point: 3.375 to 3.875 percent Median Target Range Mid-point: 3.625 percent	Range: 3.50% to 3.75% Midpoint: 3.625%	A crowded slate of economic data releases will no doubt be overshadowed by the strong sense of dread many analysts and market participants will likely be feeling as they look ahead to Friday of this week. Forecasts will be revised, markets will be moved, and financial talk TV will be a nonstop barrage of "what does it all mean" chatter, all of which is perfectly understandable given recent history. Yes, Friday brings the release of BLS's preliminary estimate of the annual benchmark revision to the recent historical data on nonfarm employment. What did you think we were referring to? Oh, sure, we'll get to *that* in a moment. What used to be more or less a nonevent has turned into a big, not to mention unsettling, deal over the past two years, as the preliminary estimates have shown historically large downward revisions to estimates of nonfarm payrolls, though it does help to recall the final estimate, to be released in February 2027, can differ substantially from the preliminary estimate. Either way, given the experience of the past two years coupled with what is now a much slower trend rate of job growth, it's no wonder many will be anxious heading into Friday. As for us, we expect only a modest revision, smaller than the historical average, and think it more likely the revision will be upward than downward (i.e., the level of nonfarm employment as of March 2026 will be revised modestly higher), but it is the final revision, not the preliminary revision, that will matter. As for Friday's other happening, Fed Chair Warsh will give the keynote address at the Kansas City Fed's annual Jackson Hole Symposium. As has usually been the case over recent years, this year's Jackson Hole gathering takes place amid a challenging monetary policy backdrop, and the reaction amongst many analysts and market participants to Chair Warsh's press conference following the July FOMC meeting is adding to the anticipation surrounding this year's event. The reality, however, is that these annual events are seldom of any consequence for the near-term trajectory of monetary policy. While Chair Warsh's inclination to say less, not more, about the potential path of monetary policy would suggest there is little reason to expect this year to be one of the few exceptions to that general rule, it could be that he wishes to refine the somewhat muddled message sent in that July press conference. He could also opt to take more of a "big picture" approach and discuss the work being done by the various task forces he has commissioned and how those may collectively shape the FOMC's approach to monetary policy. Either way, of Friday's two "big" events, our regular readers will well know which one we'll be paying the most attention to, but Chair Warsh's Jackson Hole address will almost surely elicit a much larger reaction, for better or worse, from the financial markets.
August Consumer Confidence Tuesday, 8/25 Range: 88.0 to 92.7 Median: 90.2	Jul = 90.8	<u>Down</u> to 89.7, which would keep the headline index within the narrow range within which it has bumped around thus far in 2026. As always, our main focus will be on consumers' assessments of labor market conditions, which remain only marginally positive. In a sense, that seems entirely fitting in our low hire-low fire labor market. Though the "jobs plentiful-jobs hard to get" spread remains modestly positive, fewer see the "plentiful" part and more see the "hard to get" part than was the case coming into the year. We expect the spread to have remained positive, even if only narrowly so, in the August survey.
July New Home Sales Tuesday, 8/25 Range: 600,000 to 650,000 units Median: 620,000 units SAAR	Jun = 628,000 units SAAR	<u>Down</u> to an annual rate of 609,000 units. On a not seasonally adjusted basis, we look for sales of 50,000 units, down 7.4 percent from June and down 5.7 percent year-on-year.
July Durable Goods Orders Wednesday, 8/26 Range: -1.5 to 1.6 percent Median: 0.5 percent	Jun = +0.5%	<u>Down</u> by 0.4 percent, though the risks to our forecast seem tilted to the upside. If you recall, last month we anticipated a sizable gain in headline orders as Boeing saw a jump in net orders, most of which came from the Farnborough International Airshow. That does not, however, seem to have been picked up in the Census data and, as such, top-line orders increased by much less than our forecast anticipated. So, either that order turns up in the July Census data, in which case our forecast for July orders will be far too low, or the June orders data are revised higher. While this is a perfect illustration of our standard caveat about the headline durable goods orders print, i.e., that the Census data on civilian aircraft orders do not always align with the industry data, it is also of absolutely no relevance in terms of current economic activity. For **Continued on Page Two**:

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July Durable Goods Orders Wednesday, 8/26 Range: -1.5 to 1.6 percent Median: 0.5 percent	Jun = +0.5%	**Continued from Page One**: that, the place to go is core capital goods orders, an early indicator of business investment in equipment and machinery as reported in the GDP data. Core capital goods orders have been on a torrid streak since July 2025, and while that streak will ultimately come to an end, more likely to be abrupt than gradual, we just don't think that time is now, as evident in our forecast (see below).
July Durable Goods Orders: Ex-Trnsp. Wednesday, 8/26 Range: 0.0 to 1.2 percent Median: 0.5 percent	Jun = +0.7%	We look for ex-transportation orders to be up by 1.2 percent and look for core capital goods orders (nondefense capital goods excluding aircraft and parts) to be up by 1.1 percent.
Q2 Real GDP: 2nd Estimate Wednesday, 8/26 Range: 1.0 to 1.9 percent Median: 1.5 percent SAAR	Q1: 1st est = +1.5% SAAR	Up at an annualized rate of 1.7 percent. In addition to revisions to their first pass at Q2 real GDP growth, this week's release brings BEA's initial estimate of Q2 corporate profits. Recall that the initial estimate of Q2 GDP showed nominal final sales of domestic product (final sales), a good proxy for total revenue, grew at an annual rate of 8.7 percent in Q2, the fastest quarterly growth rate since Q1 2023. That real final sales grew at an annual rate of just 2.2 percent indicates the pace at which prices were rising during the quarter, but corporate revenue and profits are measured in nominal terms. That growth in nominal final sales has been so robust over the past several years has been a key fuel for profit growth, with revenue growing at a rate faster than the rate at which input prices have been rising, leaving both before-tax and after-tax profit margins bumping against all-time highs (keep in mind the GDP data on profits covers a much wider universe of firms than the S&P 500). We expect this week's release to show margins widened further in Q2.
Q2 GDP Price Index: 2nd Estimate Wednesday, 8/26 Range: 5.8 to 6.2 percent Median: 6.2 percent SAAR	Q1: 1st est = +6.2% SAAR	Up at an annualized rate of 6.2 percent.
July Personal Income Wednesday, 8/26 Range: 0.1 to 0.7 percent Median: 0.2 percent	Jun = +0.2%	Up by 0.2 percent. Our forecast anticipates another month of tepid growth in private sector wage and salary earnings, the largest block of total personal income, with an increase of just 0.1 percent after a 0.2 percent increase in June. That our forecasts of earnings growth in the personal income data are mainly based on the earnings detail from the monthly employment reports leaves a lot of room for error these days. Even allowing for the month-to-month noise in the data, however, it is clear that growth in private sector earnings has settled into a slower trend rate, but one which nonetheless remains above the rate of inflation. As was the case in June, we look for July growth in asset-based income to have outpaced growth in labor earnings, with interest income and rental income the main drivers. Two potential swing factors in the July data are farm proprietors' income and transfer payments. Though accounting for only a small share of total personal income, farm income has been rather volatile over the past several months – including two triple-digit percentage changes over the prior four months – reflecting the impact of various government subsidy programs. A large enough change here can easily account for one-tenth of a percentage point, in either direction, in the monthly change in total income. Transfer payments can more easily impact the monthly change in total income, and our forecast anticipates a smaller July increase than that seen in June. If we're wrong on this point, however, our forecast of July growth in total personal income will be too low.
July Personal Spending Wednesday, 8/26 Range: -0.1 to 0.5 percent Median: 0.1 percent	Jun = +0.3%	Up by 0.2 percent. Our forecast anticipates a sizable decline in spending on consumer durable goods dragging total goods spending lower on a nominal basis, but unlike June, lower goods prices in July won't be enough to salvage real goods spending; recall that in June nominal goods spending was up by just 0.1 percent but real goods spending was up by 0.7 percent. We do, however, look for a sturdy enough increase in services spending to more than offset our expected decline in goods spending, leaving total consumer spending up modestly in July. Still, if our forecast is on or near the mark, this sets a weaker trajectory for Q3 growth in real consumer spending after annualized growth of 3.2 percent in Q2.

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July PCE Deflator Wednesday, 8/26 Range: 0.0 to 0.2 percent Median: 0.1 percent	Jun = -0.1%	<u>Up</u> by 0.1 percent, which would translate into a year-on-year increase of 3.6 percent. We look for the core PCE Deflator to be up by 0.2 percent, which would push the year-on-year increase down to 3.2 percent. We frequently point to the market based core PCE Deflator, free of the imputed measures that are often far more noise than signal, particularly of late, as the more meaningful guide to underlying inflation pressures. To that point, the imputed measure of portfolio management fees will show a sizable increase in July which we think will account for just over one-half of the monthly increase in the core PCE Deflator but which says nothing at all about the intensity of underlying inflation pressures. By way of comparison, the over-the-year percentage change in the core measure has consistently been twenty to thirty basis points higher than in the market based core over the past year. To be sure, either measure leaves core inflation well above where the FOMC is comfortable with it being, but there's still something to be said for aiming at the proper target, though we understand there's a task force for that . . .
July Advance Trade Balance: Goods Thursday, 8/27 Range: -\$106.5 to -\$94.7 billion Median: -\$99.5 billion	Jun = -\$101.4 billion	<u>Widening</u> to -\$105.3 billion.

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