

ECONOMIC PREVIEW



REGIONS

Week of October 5, 2026

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint

(After the October 27-28 FOMC meeting):

Target Range Mid-point: 3.875 to 4.125 percent

Median Target Range Mid-point: 3.875 percent

Range:

3.75% to 4.00%

Midpoint:

3.875%

This week's light economic data docket is a welcome respite after last week's heavy load of releases, including the BEA's annual revisions to the data from the National Economic Accounts, including GDP and personal income. The revised data show real GDP grew at a faster pace over 1H 2026 than previously reported and also grew by more over the Q1 2021 through Q2 2026 period than shown in prior estimates. It is noteworthy that the upward revision to real GDP growth over this longer period was largely a function of faster growth in business investment spending – structures, equipment and machinery, and intellectual property products – than had been reported. Moreover, the upward revision to prior estimates of imports of goods into the U.S. was largely driven by higher imports of non-automotive capital goods than had been previously reported. Our interest isn't so much what all of this means for recent/current real GDP growth but instead what all of this might mean for growth in future quarters, as the strength in recent/current business investment is laying the groundwork for faster growth down the line.

This week also brings the release of the minutes of the September FOMC meeting (Wednesday). The unanimous vote to raise the Fed funds rate at that meeting may seem more consistent with the Committee having held hands while singing “Kumbaya” than as having, to use Chair Warsh's term, a good family fight, and the updated dot plot showed almost all members saw at least one additional funds rate hike by year-end as being appropriate. That said, the dispersion of the dots around the year-end medians suggests differing views of when inflation will be at, or at least much closer to, the FOMC's 2.0 percent target. The meeting minutes may shine some light on the discussion around these views. Keep in mind, however, that recent data releases – the revised PCE Deflator, the September employment report – have generally been seen as lessening any sense of urgency around further funds rate hikes. In other words, even if the minutes strike a fairly hawkish tone, subsequent data seem consistent with a more patient approach, which would be in keeping with recent comments from Vice Chair Jefferson and New York Fed President Williams.

September ISM Non-Manufacturing Index Monday, 10/5

Range: 53.5 to 56.3 percent

Median: 55.0 percent

Aug = 55.4%

Down to 53.5 percent.

August Trade Balance Tuesday, 10/6

Range: -\$110.0 to -\$83.0 billion

Median: -\$102.0 billion

Jul = -\$88.6 billion

Widening to -\$101.8 billion on a sharply wider deficit in the goods account. Growth in imports of goods has primarily been driven by imports of non-consumer capital goods, largely reflecting AI related investment. Though GDP accounting treats the spike in imports as a drag on real GDP growth, these imports will be a prime contributor to faster real GDP growth down the line, which is of far more relevance.

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