

# ECONOMIC PREVIEW



REGIONS

Week of October 19, 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%

In a week in which the September reports on the Consumer Price Index (CPI) and the Producer Price Index (PPI) not only showed core inflation as having accelerated but also suggested a broadening out of underlying price pressures, yields on U.S. Treasuries fell sharply and Fed Chair Warsh, speaking at an IMF forum, passed on a chance to make a case for a Fed funds rate hike at this month's FOMC meeting. Yeah, right, and next thing you'll tell us is that the Dodgers won't even make, let alone win, this year's World Series. Wait, what? We can at least make some sense out of the dip in yields; even if not this month, market participants fully expect further funds rate hikes while a rotation out of tech, equities and debt, has likely pulled money into U.S. Treasuries, bringing some relief in yields. That said, we continue to think the floor under yields is higher now than had for years been the case.

#### September Housing Permits

Range: 1.341 to 1.494 million units

Median: 1.385 million units SAAR

Tuesday, 10/20

Aug = 1.403 million units SAAR

Down to an annual rate of 1.341 million units. On a not seasonally adjusted basis, we look for total permit issuance of 111,100 units, down 6.2 percent from August with declines in both single family and multi-family permits. While September is a seasonally weak month for permit issuance, particularly single family permits – the only year since 2000 in which not seasonally adjusted single family permits rose in the month of September was, go figure, 2020 – the decline our forecast anticipates is smaller than the typical September decline, owing in part to permit issuance in August having been much weaker than is typical for the month. Even prior to the recent jump in mortgage interest rates, we had for some time been looking for a pullback in single family permit issuance given elevated inventories of spec homes for sale and a hefty backlog of single family units permitted but not yet started. We think the run-up in mortgage interest rates, which hit 7.50 percent last week, will lead to a more pronounced pullback in single family permit issuance. On the multi-family side, we're looking for permit issuance to have eased in September after fairly robust issuance over the past several months; our forecast would put the seasonally adjusted annualized rate below the 500,000 units mark for the first time since March. More fundamentally, higher financing costs figure to weigh on multi-family development, particularly with many markets still trying to digest the heavy wave of deliveries that crested in 2025. Our forecast would put the running twelve-month total of not seasonally adjusted permits, which we see as the best gauge of underlying trends, at 887,300 units on the single family side and at 528,700 units on the multi-family side, the former down sharply from a year ago. We see both drifting lower over coming months, much more strongly on the single family side than on the multi-family side.

#### September Housing Starts

Range: 1.230 to 1.350 million units

Median: 1.300 million units SAAR

Tuesday, 10/20

Aug = 1.275 million units SAAR

Up to an annual rate of 1.316 million units. On a not seasonally adjusted basis, we look for total starts of 112,700 units, up 2.0 percent from August with an increase in multi-family starts more than offsetting a sharp decline in single family starts. In what was far from our finest forecasting hour, total housing starts came in comically below our forecast in August, with our only solace being that single family starts were pretty much in line with our forecast as a notably large decline in multi-family starts (unadjusted multi-family starts fell by 28.4 percent) accounted for our forecast miss on total starts. As we noted at the time, we attributed this to multi-family doing multi-family things and pointed to multi-family permits having been little changed as evidence that the sharp drop in starts reflected the inherent volatility in the multi-family segment as opposed to a sudden shift in market fundamentals. To that point we look for there to have been some payback in September, and the better than thirty percent increase our forecast anticipates would leave unadjusted multi-family starts right in line with what prior to August had been the monthly run rate. The level of concern is greater on the single family side, as the jump in mortgage rates has made already challenging conditions even more so for builders. In what is typically a weak month for starts, our forecast anticipates the largest September decline (just under ten percent) in not seasonally adjusted single family starts since 2013. If our outlook for single family permits is on the mark, then there are further declines in store for single family starts in the months ahead, as we see little relief on the mortgage rates front anywhere out on the horizon.

#### September Leading Economic Index

Range: -0.2 to 0.2 percent

Median: -0.1 percent

Thursday, 10/22

Aug= -0.1%

Down by 0.1 percent.

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