ECONOMIC PREVIEW

REGIONS

Week of November 23, 2026

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the December 8-9 FOMC meeting):* Target Range Mid-point: 3.875 to 4.375 percent Median Target Range Mid-point: 4.125 percent	Range: 3.75% to 4.00% Midpoint: 3.875%	Heading into a holiday shortened week, market participants are somewhat on edge over the pace of, and potential returns on, AI-related investment. That obviously is more than just a matter for the markets, given the extent to which such investment has been a catalyst for real GDP growth. If there are cracks emerging in AI-related investment, one of the first places we'd see that in the macro data would be in orders for core capital goods, making Wednesday' release of the October data (see Page 2) all the more worth watching, though the November data will likely be a better test. Thus far, the worries being expressed in asset prices are not reflected in most of the economic data, but it remains to be seen how this divergence will be resolved.
November Consumer Confidence Tuesday, 11/24 Range: 89.0 to 94.7 percent Median: 92.1 percent	Oct = 91.7%	Up to 94.5 with rapidly falling gasoline prices and a steady labor market bolstering consumer moods. Between the end of the October and November survey periods, retail gasoline prices fell by almost fifty cents a gallon, and while that still left them up roughly twenty-four percent year-on-year, they were at least falling, which tends to lift consumer confidence. More importantly, as the Conference Board's survey is heavily tilted toward labor market conditions, consumers seem to be getting at least a bit more comfortable with the "low hire-low fire" labor market, which should also help the top-line confidence print. A better indication of this will be the "jobs plentiful-jobs hard to get" spread, which improved in the October survey on a rising share of respondents who saw jobs as "plentiful." To be sure, the spread remains narrow, but at the same time it has remained positive since February 2021. One caveat here is that over the past several months the preliminary estimates of the headline confidence print and the labor market spread have been prone to revisions large enough to change the tone of the results, and the magnitude of the increase in the headline index in the October survey may leave it vulnerable to a downward revision. If so, our forecast will be too high, but we still think we'll be correct directionally, i.e., the November read will be higher than the October read.
Q3 Real GDP: 2nd Estimate Wednesday, 11/25 Range: 3.2 to 4.2 percent Median: 3.5 percent SAAR	Q3: 1st est. = +3.4% SAAR	Up at an annualized rate of 3.7 percent.
Q3 GDP Price Index: 2nd Estimate Wednesday, 11/25 Range: 2.3 to 2.3 percent Median: 2.3 percent SAAR	Q3: 1st est. = +2.3% SAAR	Up at an annualized rate of 2.3 percent.
October Personal Income Wednesday, 11/25 Range: 0.2 to 0.6 percent Median: 0.4 percent	Sep = +0.2%	Up by 0.4 percent. Firmer growth in private sector labor earnings and asset-based income should support top-line income growth. Though the gap is narrower, both private sector labor earnings and total personal income excluding transfer payments continue to grow at a rate faster than inflation, thus acting as supports for spending.
October Personal Spending Wednesday, 11/25 Range: 0.3 to 0.6 percent Median: 0.4 percent	Sep = +0.5%	Up by 0.3 percent. Spending on consumer durable goods likely acted as a drag on overall goods spending for a second straight month. Unit sales of new motor vehicles declined in October, and the October retail sales data point to weakness in spending on furniture, electronics, and appliances. On the flip side, the retail sales data show a healthy increase in control group sales, which should be sufficient to ensure an increase in overall goods spending, with an assist from higher gasoline sales. Though not an input into the BEA's estimates of consumer spending, the retail sales measure of restaurant spending posted its smallest monthly increase since March. Should this carry through to the BEA's measure, it would temper growth in services spending, as will sharply lower utilities outlays. Two points to keep in mind: first, based on the sizable upward revisions to August and September control retail sales, real consumer spending grew at a faster pace in Q3 than had previously been reported, and the upward revisions set a higher bar for spending growth in October and for Q4 as a whole. Additionally, if our forecasts of personal spending and the PCE Deflator are on or near the mark, that will yield little, if any, change in real consumer spending, magnifying the effects of tougher base effects. This would set a soft tone for Q4 real spending growth, even allowing for firmer growth in November and December.
October PCE Deflator Wednesday, 11/25 Range: 0.3 to 0.4 percent Median: 0.3 percent	Sep = +0.5%	Up by 0.3 percent, which would yield a year-on-year increase of 3.8 percent. We look for the core PCE Deflator to also be up by 0.3 percent, which would push the over-the-year increase up to 3.2 percent.

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October Durable Goods Orders Wednesday, 11/25 Range: -1.9 to 2.5 percent Median: 0.5 percent	Sep = +1.9%	Up by 1.8 percent. Boeing booked 165 net orders in October, and while that matches September's count, we nonetheless expect non-defense aircraft to contribute to top-line orders growth, which would simply reflect catching up after the Census measure of the dollar volume of September orders seemed too low. It could be that the September figure is revised higher, in which case our forecast of October order growth will be too high. This is yet another illustration of why we put so little emphasis on the headline orders number, as it is routinely swayed by the Census treatment of non-defense aircraft orders. As we routinely note, we see core capital goods orders as the single most important line item in the monthly reports on durable goods orders, as this is a very early indicator of business investment in equipment and machinery as reported in the GDP data. While core capital goods orders have been on a tear for the better part of the past two years, there are reasons to think that this is about to change, the primary reason being growing doubts over the pace of, and return on, AI related investment and what in the very near future could be a much harsher regulatory climate around such investment. At the same time, the pace of "traditional" business investment spending seems to be slowing given what have become less accommodative financial conditions and growing uncertainty around the outlook for the broader economy. We've noted that when the run of growth in core capital goods orders does end, we expect that to be an abrupt end rather than an orderly and steady deceleration in growth. One reason to think so is that backlogs of unfilled orders have been growing, including swollen backlogs of AI related projects, which leaves order books vulnerable to sharp pullbacks. As implied by our forecast (see below), we don't expect that to have been the case in October, but it does seem that the risks to our forecast are weighted to the downside.
Oct. Durable Goods Orders: Ex. Trnsp. Wednesday, 11/25 Range: 0.2 to 0.7 percent Median: 0.5 percent	Sep = +0.5%	We look for ex-transportation orders to be up by 0.7 percent, and we look for core capital goods orders (non-defense capital goods excluding aircraft and parts) to be up by 0.8 percent.
October New Home Sales Wednesday, 11/25 Range: 600,000 to 675,000 units Median: 650,000 units SAAR	Sep = 676,000 units SAAR	Down to an annual rate of 646,000 units. Though down sharply from September's sales pace, our forecast may still seem too high given what was a sizeable decline in applications for purchase mortgage loans during October and homebuilder sentiment sinking to a fourteen-year low (before falling even further in November). Still, if there is ever a good month to have a bad month, October is it, at least for new home sales. Since 2021, October has been the weakest month for new home sales (based on the monthly changes in the not seasonally adjusted data), and that has been particularly true over the past two years. To that point, on a not seasonally adjusted basis, we look for sales of 48,000 units, down 14.3 percent from September, but the headline sales number will be spared from looking even worse by what should be favorable seasonal adjustment. Already contending with labor shortages and higher materials costs, builders are having to be increasingly aggressive in the use of incentives to clear elevated spec inventories, pressuring margins. The reality is that there is no quick or easy way out of this, which helps account for why our baseline forecast anticipates further cuts in single family housing starts over coming months.
October Advance Trade Balance: Goods Friday, 11/27 Range: -$144.5 to -$127.4 billion Median: -$134.2 billion	Sep = -$131.5 billion	Widening to -$139.3 billion

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