ECONOMIC PREVIEW

REGIONS

Week of August 18, 2025

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the September 16-17 FOMC meeting):* Target Range Mid-point: 4.375 to 4.375 percent Median Target Range Mid-point: 4.375 percent	Range: 4.25% to 4.50% Midpoint: 4.375%	In a light week for economic data releases, market participants will look to Friday, when Chair Powell speaks at the Jackson Hole conference. Though many are looking for Chair Powell to signal a turn in the stance of monetary policy, don't be surprised if he maintains a fairly hawkish posture on inflation.
July Building Permits Tuesday, 8/19 Range: 1.335 to 1.415 million units Median: 1.388 million units SAAR	Jun = 1.393 million units SAAR	<u>Down</u> to an annual rate of 1.386 million units. On a not seasonally adjusted basis, we look for total permit issuance of 119,200 units, down 7.2 percent from June with declines in both single family and multi-family permits. That this would yield such a small change in the headline permits number simply reflects what should be somewhat friendly seasonal adjustment. Of more relevance, our forecast would leave unadjusted single family permits down 11.4 percent year-on-year, marking a seventh straight month of year-on-year declines. Elevated spec inventories of new homes for sale have led many builders to pull back on new construction, although that has been more apparent in permits than in starts over recent months. One reason for that could be what remains an elevated backlog of single family units already permitted but not yet started, meaning that any pullback on the part of builders would be seen first in permit issuance, as has been the case over recent months. Given the magnitude of the backlog of single family units already permitted – hovering at levels last seen in 2006 – the pullback in single family permit issuance could still have a long way to run. One source of uncertainty in the residential construction data side is whether, or to what extent, the provisions in the recently passed OBBB Act aimed at supporting low-income housing will lead to a bump in multi-family permits and starts. It could be that July is too soon to have seen any such effects – which would show up first in the permits data – and it could be that there would not necessarily be a rush since these provisions are not time-limited, such that the effects would occur more gradually over time. This will be something to watch for in the data, but, for now, while our forecast anticipates a double-digit decline in multi-family permit issuance in July, this would come on the heels of the 19.4 percent increase seen in June, and our forecast for July would leave multi-family permit issuance right in line with the fairly stable rate of permit issuance seen over the past several months.
July Housing Starts Tuesday, 8/19 Range: 1.236 to 1.351 million units Median: 1.300 million units SAAR	Jun = 1.321 million units SAAR	<u>Down</u> to an annual rate of 1.236 million units. On a not seasonally adjusted basis, we look for total starts of 111,900 units, down 9.2 percent from June and down 3.0 percent year-on-year. Much of the decline our forecast anticipates reflects what we expect will be multi-family starts settling back after having jumped by 28.5 percent in June. Our forecast would leave unadjusted single family starts down 4.4 percent from June and down 0.3 percent year-on-year. As noted above, though elevated spec inventories have led many builders to pull back on new single family construction, thus far the pullback has been more pronounced in permits than in starts. While to some extent this could reflect builders working through the backlog of units already permitted but not yet started, that doesn't rule out a larger decline in starts given how little progress has been made to date in paring down spec inventories. Though the recent decline in mortgage interest rates will likely be supportive of new home sales, the degree to which that will be the case is highly uncertain given that the decline in rates seen thus far will bring only limited relief from affordability constraints. That point notwithstanding, with builders so keenly focused on paring down elevated spec inventories, they would likely respond to any pick-up in demand brought about by lower mortgage interest rates by doubling down efforts to move spec units before committing to additional starts. As such, while new home sales may indeed benefit from lower mortgage interest rates, that may not be the case for single family starts.
July Leading Economic Index Thursday, 8/12 Range: -0.4 to 0.2 percent Median: -0.1 percent	Jun = -0.3%	<u>Down</u> by 0.1 percent.
July Existing Home Sales Thursday, 8/12 Range: 3.85 to 4.01 million units Median: 3.92 million units SAAR	Jun = 3.93 million units SAAR	<u>Down</u> to an annual rate of 3.91 million units. On a not seasonally adjusted basis, we look for sales of 386,000 units, down 1.3 percent from June and down 1.0 percent year-on-year. Affordability constraints continue to weigh on demand, and we think the extent to which asking prices are being cut is masking some of the weakness in pricing as it still allows for increases in measured sales prices. To that point, we look for the median existing home sales price to be up by around 2.0 percent year-on-year.

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