

ECONOMIC PREVIEW



REGIONS

Week of October 6, 2025

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint

(After the October 28-29 FOMC meeting):

Target Range Mid-point: 3.875 to 3.875 percent

Median Target Range Mid-point: 3.875 percent

Range:

4.00% to 4.25%

Midpoint:

4.125%

The first economic data casualty of the federal government shutdown was the September employment report, which had been scheduled for release last Friday. As it turns out, the schedule of releases this week is particularly light, with the report on August international trade the lone release, but with the September data on retail sales, industrial production, the Producer Price Index, and the Consumer Price Index all on next week's docket, the impact of the shutdown, if not settled, on the flow of data becomes more pronounced. As is our custom during shutdowns, those releases delayed by the shutdown will be highlighted in red in our weekly previews. While we are still able to access the weekly data on initial and continuing claims for unemployment insurance and privately produced data series will still be released, including many "alternative" data series, we'll nonetheless have significantly less visibility into the state of the economy for the duration of the shutdown. That said, it isn't as though having the full slate of data exactly settled the question, as assessments of the state of the economy prior to the shutdown were all over the map.

That was also the case, at least to some extent, of the assessments made by individual FOMC members, as was apparent in the Summary of Economic Projections (SEP) released in conjunction with the September FOMC meeting, including the updated dot plot. That makes the Wednesday release of the minutes of that meeting of even more interest. While the updated dot plot implied two additional twenty-five basis point cuts in the Fed funds rate by year-end 2025, there was hardly a strong consensus around that view, as is evident in the dispersion of the individual dots. It could be that the tone of the discussion was a bit more hawkish than implied by the dot plot, with several members likely expressing reservations about the extent of further funds rate cuts given ongoing concerns around the inflation outlook.

August Trade Balance

Range: -\$80.0 to -\$54.5 billion

Median: -\$61.0 billion

Tuesday, 10/7

Jul = -\$78.3 billion

Narrowing to -\$59.2 billion. Though the release seems likely to be delayed by the shutdown, we do know from the advance data on trade in goods that the deficit in the goods account narrowed considerably in August. August typically marks the start of the holiday season build in inventories amongst retailers, which is seen in large increases in imports of non-food consumer goods. This year, a good portion of that initial build was pulled forward into July, as firms attempted to time tariff increases. The narrowing of the deficit in the goods account seen in the August data will carry over into the overall trade deficit when the August data are ultimately released. Unlike the first two quarters of 2025, when large swings in the trade deficit had an outsized impact on top-line real GDP growth, net exports should be a much more neutral factor for Q3 growth.

This Economic Preview may include opinions, forecasts, projections, estimates, assumptions, and speculations (the "Contents") based on currently available information, which is believed to be reliable and on past, current, and projected economic, political, and other conditions. There is no guarantee as to the accuracy or completeness of the Contents of this Economic Preview. The Contents of this Economic Preview reflect judgments made at this time and are subject to change without notice, and the information and opinions herein are for general information use only. Regions specifically disclaims all warranties, express or implied, with respect to the use of or reliance on the Contents of this Economic Preview or with respect to any results arising therefrom. The Contents of this Economic Preview shall in no way be construed as a recommendation or advice with respect to the taking of any action or the making of any economic, financial, or other plan or decision.