

ECONOMIC PREVIEW



REGIONS

Week of October 20, 2025

Indicator/Action

Economics Survey:

Last

Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the October 28-29 FOMC meeting):</i> 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%	So that the BLS can provide the information needed to calculate the annual cost of living increase in Social Security Benefits, those workers tasked with producing the monthly CPI report were called back to work from furlough. The September report, set for release on Friday, will give the FOMC another read on inflation pressures ahead of their late-October meeting, but the September CPI is unlikely to be the deciding factor in the call on whether or not to cut the Fed funds rate this month. Absent the regular flow of data, those members more focused on the downside risks to the labor market will be inclined to favor another "risk management" cut at this month's meeting.
September Leading Economic Index Range: N/A Median: N/A	Monday, 10/20 Aug = -0.5%	N/A Absent observations for five of the ten index components, missing due to the federal government shutdown, the Conference Board is unable to produce the leading index for September.
September Existing Home Sales Range: 4.00 to 4.12 million units Median: 4.06 million units SAAR	Thursday, 10/23 Aug = 4.00 million units SAAR	Up to an annual rate of 4.06 million units. On a not seasonally adjusted basis, we look for sales of 348,000 units, down 7.5 percent from August. This is, however, well smaller than the typical September decline, so seasonal adjustment should prove somewhat friendly to the headline sales number. Our forecast would leave unadjusted sales up 5.5 percent year-on-year, but there was one more sales day this September than in 2024 and adjusting for that differential yields a year-on-year increase of 0.4 percent. Existing home sales are booked at closing, with September closings mostly reflecting sales contracts signed from late July through August, a period over which there was a modest downward drift in mortgage interest rates. While that may have prompted some buyer activity, it didn't provide much relief for prospective buyers battling affordability constraints given still-elevated sales prices. The much sharper decline in mortgage interest rates in September may have had more of an impact, which would be reflected in the October existing home sales data. While our forecast anticipates a modest decline in inventories, in line with a typical September decline, it would nonetheless yield a nineteenth straight double-digit increase on a year-on-year basis. Our forecast anticipates the median existing home sales price being up by just under two percent year-on-year.
September Consumer Price Index Range: 0.2 to 0.5 percent Median: 0.4 percent	Friday, 10/24 Aug = +0.4%	Up by 0.3 percent, which would yield a year-on-year increase of 3.0 percent. On a not seasonally adjusted basis, retail gasoline prices rose by over one percent in September, at odds with typical seasonal patterns. As such, seasonal adjustment will amplify the increase, to the point that higher gasoline prices will add just over one-tenth of a point to the monthly change in the total CPI. In contrast, on the heels of the 0.6 percent increase seen in August, we look for prices of food consumed at home to have fallen modestly in September, which would be in line with the August data from the Producer Price Index, though the pass-through from the PPI to the CPI is not always nice and neat. If we're correct, however, this would leave the overall index of food prices unchanged even allowing for a trend-like increase in prices of food consumed away from home. As for the core CPI, we look for new vehicle prices to build on the 0.3 percent gain seen in August, with tariff pass-through becoming more pronounced with the turn of the model year. Data on wholesale prices suggest a smaller increase in prices of used vehicles than the 1.0 percent increase seen in August. More broadly, though to this point evidence of tariff pass-through in the retail level inflation data has been somewhat sporadic, that still leaves core goods inflation running at its fastest pace since mid-2023 when it was retreating from the post-pandemic peak, and we continue to expect further acceleration in core goods price inflation in the months ahead. Keep in mind that core goods prices have a much lower weighting in measures of retail level inflation than do services prices, one implication being that even if we do see core goods price inflation accelerate further, the impact on overall core inflation will be somewhat blunted. To that point, we look for unadjusted air fares and lodging rates to be a bit weaker than is typical for the month of September, which in turn would dampen the increase in the core CPI on a seasonally adjusted basis. Obviously, if we're wrong on this point, our forecast for the core CPI (see Page 2) will be too low. Either way, even with limited tariff pass-through, core inflation is already easily above the FOMC's 2.0 percent target and, barring a downturn in the broad economy, is likely to linger above that target for some time to come.

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September Consumer Price Index: Core Range: 0.2 to 0.4 percent Median: 0.3 percent	Friday, 10/24	Aug = +0.3%	Up by 0.2 percent, which would translate into a year-on-year increase of 3.0 percent.
September New Home Sales Range: 650,000 to 766,000 units Median: 710,000 units SAAR	Friday, 10/24	Aug = 800,000 units SAAR	N/A The release of the September data on residential construction data have been delayed by the federal government shutdown. Absent this key input to our forecast, we are unable to produce a forecast of September new home sales.

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