

# ECONOMIC PREVIEW



Week of January 19, 2026

## Indicator/Action

### Economics Survey:

## Last

### Actual:

### Regions' View:

#### Fed Funds Rate: Target Range Midpoint (After the January 27-28 FOMC meeting):

Target Range Mid-point: 3.625 to 3.625 percent  
Median Target Range Mid-point: 3.625 percent

Range:  
3.50% to 3.75%  
Midpoint:  
3.625%

A holiday-shortened week will bring the delayed release of the October and November data on personal income and spending. The spending data will be our first look at how services spending was tracking during Q4. We know from the retail sales data that goods spending was solid over the first two months of Q4, albeit with some unwelcome help from higher goods prices, and the question is whether the firmer tone of discretionary services spending that took hold in Q3 carried into Q4. Other indicators suggest that it did, but BEA's data on overall consumer will offer a more definitive answer which, in turn, will help refine our view of Q4 real GDP growth.

We think it worth making a few points about the weekly data on initial claims for unemployment insurance. Recall that last week's report showed claims falling from 207,000 in the week ending January 3 to 198,000 in the week ending January 10, a number that many found surprisingly low and took as a reassuring signal of the health of the labor market. While we don't dispute that the jobless claims data were saying something about the state of the labor market, our interpretation of what the data were saying differs from how the data were generally interpreted. The not seasonally adjusted data show there were 31,984 more initial claims in the week ending January 10 than in the prior week. While that may seem like a large, perhaps even an alarmingly large, increase, in reality it was a smaller increase than the seasonal factor used by the Department of Labor to adjust the data was anticipating, hence the decline shown in the seasonally adjusted data. Our interpretation is that what was weak holiday season hiring in late-2025 has, over the first weeks of January, translated into fewer post-holiday layoffs than are typically seen. As we noted in our review of the December employment report, 2025 was the weakest year for seasonal (October through December) hiring in retail trade and in warehousing and delivery services since 2009 which, as these things go, is a notably low bar to clear. It follows, then, that there would also be fewer post-holiday layoffs than seen over recent years, which the not seasonally adjusted claims data are showing to be the case. As such, the seasonally adjusted estimate of January job growth could easily be biased higher.

Our point here isn't to argue that the labor market is on the verge of toppling over, and we have for some time held a more constructive view of overall labor market conditions than have many others. The "low hire-low fire" labor market narrative seems very much still in place, and we've argued that labor supply issues have contributed to the low hire part of that narrative. And, while we have for some time pointed to the weekly data on initial claims as the most important labor market indicator at our disposal, given what in our view is the diminished reliability of the monthly estimates of nonfarm job growth, we've also been quite consistent in noting that we rely on the not seasonally adjusted claims data. As the typical early-year seasonal patterns run their course, we'll continue to look to the unadjusted claims data for any signs of a rising pace of layoffs. We do not expect a significant and sustained upturn in layoffs and even see grounds to think the pace of hiring could pick up somewhat in the weeks and months ahead. Again, though, the best place to look – on either front – will be the not seasonally adjusted data.

#### September/Oct. Construction Spending

Wednesday, 1/21

Range: N/A  
Median: N/A

N/A

Census will release the September and October data on construction spending which was delayed by the government shutdown. The release of the November data has not yet been scheduled.

#### Oct./Nov. Personal Income/Spending

Thursday, 1/22

Range: N/A  
Median: N/A

N/A

BEA will release the October and November data on personal income and spending and the October and November data on the PCE Deflator.

#### Q3 2025 Real GDP: Revised

Thursday, 1/22

Range: 4.2 to 4.5 percent  
Median: 4.3 percent SAAR

Q3: prelim = +4.3%  
SAAR

Up at an annual rate of 4.4 percent.

#### Q3 2025 GDP Price Index: Revised

Thursday, 1/22

Range: 3.8 to 3.8 percent  
Median: 3.8 percent SAAR

Q3: prelim = +3.8%  
SAAR

Up at an annual rate of 3.8 percent.

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