



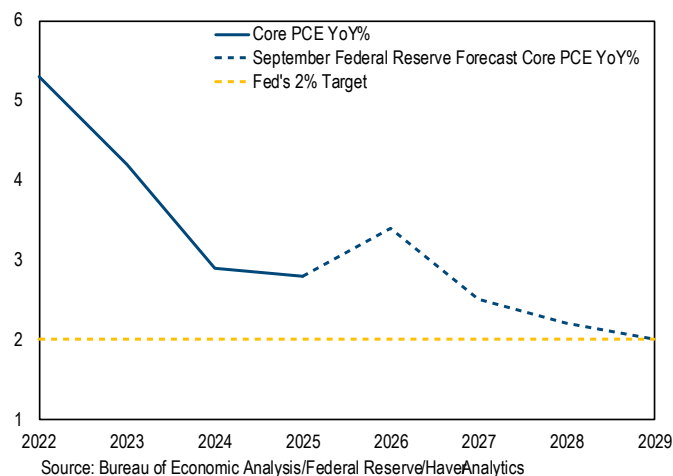
Fed Meeting Recap

Yesterday in a highly anticipated move, the Federal Reserve opted to raise rates 25bps to a range of 3.75-4.00%. After holding policy steady for five consecutive meetings, this marks the first rate increase since 2023.

In the statement, the Fed's relatively impressive assessment of the economy was virtually unchanged with the Committee continuing to characterize growth as *"solid,"* and jobs gains as keeping *"pace with the workforce."* At the same time, the Committee acknowledges the still *"elevated"* level of inflation. In fact, assigning new language, the statement goes on to say that September's hike will *"support a timelier return to the Committee's 2 percent goal."*

In the updated Summary of Economic Projections, or the SEP, GDP was revised slightly higher to 2.3% this year and 2.4% next and keeping the 2028 forecast unchanged at 2.2%.

Additionally, the Committee's forecast for the unemployment rate was revised down by two tenths of a percentage point to 4.1% this year and next and expected to hold steady at 4.1% through 2029.



The Committee's inflation forecast, meanwhile, was revised higher with the headline PCE anticipated to rise 3.7% this year and 2.3% next year, although the 2.3% forecast was unchanged from the June forecast. While excluding food and energy, the core PCE is expected to rise 3.4% this year and 2.5% in 2027 with members not expecting to reach the 2.0% target until 2029, now a full year later than previously forecasted.

Lastly, with inflation notably elevated, the dots in the dot plot also shifted higher in the latest September edition. The majority of officials (16 of the 18 officials that submitted a forecast) now see at least one more rate hike in the remaining months of the year (with four of the 16 anticipating two hikes) on the other hand, two officials anticipate no change at the remaining two meetings in 2026. Looking out to 2027, a more sizable divide among policy makers appears to return with eight officials anticipating further policy firming, while four expect at least some easing.

September 17, 2026

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Economics Publications:

[Economic Insight](#)

September 4, 2026

[Economic Forecast Grid](#)

July 2026

[Month in Review](#)

August 2026

Upcoming Events:

Sep. 21: [Kentucky Bankers Association 2026 Annual Convention](#)

Oct. 1: [SMIFC 2026 Conference](#)

Oct. 6: [The Bank Holding Company Association's Fall Seminar](#)

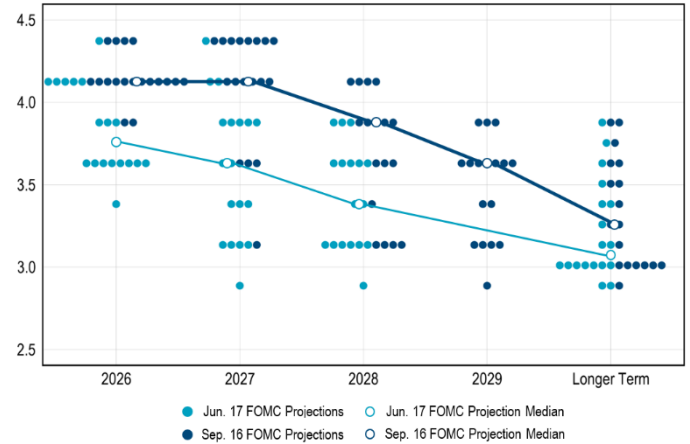
Nov. 5: [Indiana Bankers Association Women in Banking Conference](#)

Nov. 17: [SIFMA Market Structure Conference](#)



Bottom Line: After more than five years of significantly elevated inflation, a period which included a rate cutting cycle, the new Warsh Fed appears to be taking a step in the right direction to combat dangerously high price pressures. Furthermore, with the latest SEP signaling the majority of Fed officials support some further policy firming by year-end, the Committee appears sincere in its commitment to restore price stability.

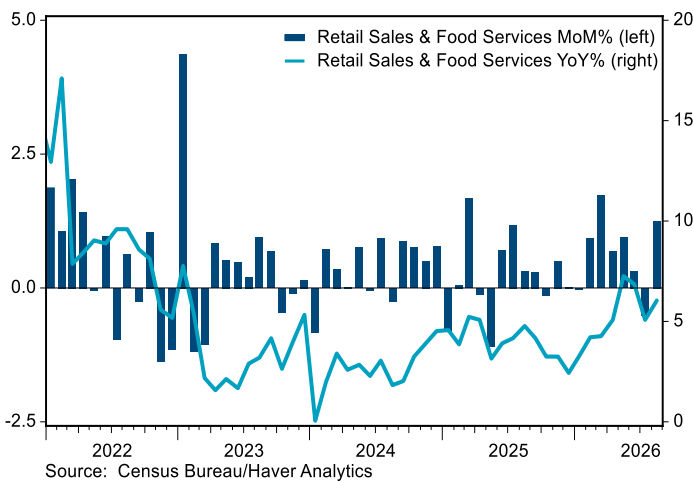
That being said, with double-digit price gains across nearly every key category of expenditure over the past five years coupled with the latest energy price spike, it will take solid conviction and more than two rate hikes to ensure a return to the longstanding 2% target. In fact, despite the statement's claim that yesterday's increase will return the market to a more palatable level of inflation in a more timely manner, the SEP showed the Committee's forecast for reaching 2% has been pushed out by a year with a notable number of Committee members anticipating potential rate *cuts* before the inflation target has been achieved. A stronger showing of a 50bp hike and a significant shift higher in the dot plot, coupled with an assurance of "whatever it takes" would offer more confidence that the Fed wasn't setting up for a second-round policy error after the Committee failed to raise rates to a sufficiently restrictive level in 2023.



Source: Federal Reserve/Bloomberg

Following the first rate hike in more than three years, the 10-year UST yield moved higher, rising 2bps to close at 5.02%, marking the highest close in 19 years. Equities, on the other hand, declined with the S&P 500 dropping 0.45% to close at 7,551.81.

This morning, the 10-year is down 6bps at 4.96%, while equities are trading higher with the S&P 500 up 0.9% at 7,620.64 as of 10:14 a.m. ET.



Source: Census Bureau/Haver Analytics

On the economic calendar yesterday, U.S. retail sales jumped 1.2% in August, well surpassing the 0.8% gain expected and marking the largest monthly gain in five months. Year-over-year, retail sales climbed 6.0% in August, up from the 5.0% increase in July and marking the largest gain in two months.

Car sales rose 0.6% in August following a 1.8% decrease the month prior, while gasoline station sales jumped 3.1%, marking the largest gain since April. Excluding autos, retail sales rose 1.4% in August and climbed 6.9% over the past 12 months. Furthermore, excluding autos and gasoline, retail sales increased 1.2% in August and rose 5.6% year-over-year. Finally, excluding food, autos, building materials and gasoline station sales, control group sales – which feed directly into the GDP calculation – surged 1.4% in August, well surpassing the 0.5% gain expected and marking the largest monthly rise since September 2024. Over the past 12 months, control group sales increased 5.6%, marking the strongest pace since June.

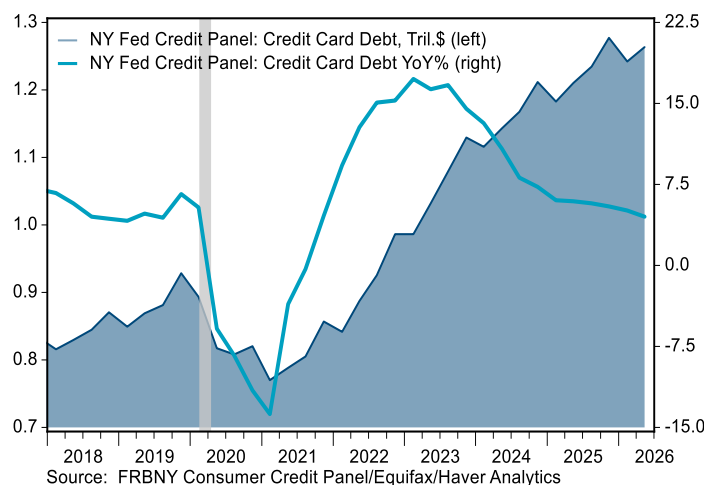
On the economic calendar yesterday, U.S. retail sales jumped 1.2% in August, well surpassing the 0.8% gain expected and marking the largest monthly gain in five months. Year-over-year, retail sales climbed 6.0% in August, up from the 5.0% increase in July and marking the largest gain in two months.

In the details of the report, a total of 12 of the 13 categories increased in August. Online sales surged 2.6%, marking the largest gain since February 2025, miscellaneous sales jumped 1.9%, and electronics sales increased 1.6%. Also, eating and drinking sales increased 1.2% as did sporting goods sales, and health and personal care sales increased 0.9% with furniture sales posting a similar rise. Meanwhile, clothing sales rose 0.7% in August, as did general merchandise sales, and food and beverage sales climbed 0.4% in the second month of Q3. On the other hand, building materials sales fell 0.2%, marking the second consecutive monthly decline.



Bottom Line: A stronger-than-expected showing in retail expenditures underscores the ongoing resilient nature of the American consumer despite rising prices at the pump, at least for now. Increasingly reliant on credit cards and Buy Now Pay Later options, however, the American consumer is not strong enough to perpetually withstand elevated energy costs. Eventually, higher priced fuel will further erode purchasing power, slowing activity, and eventually choking off spending, potentially resulting in a notably weaker activity level.

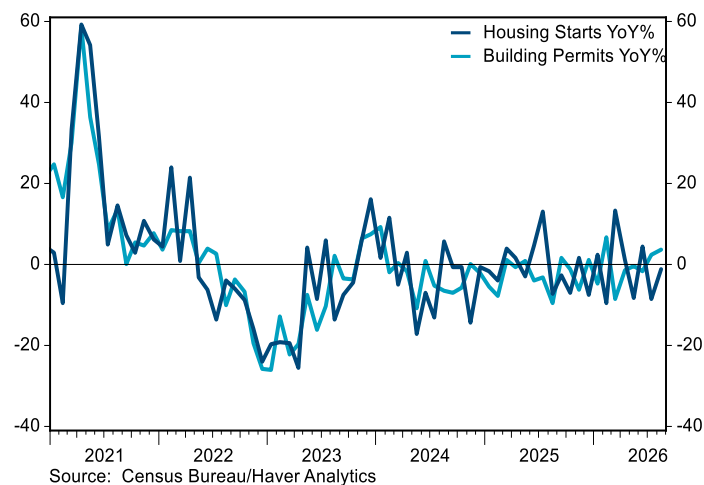
Additionally, yesterday, import prices rose 0.7% in August, surpassing the 0.5% gain expected and marking the largest gain since May. Meanwhile, export prices climbed 0.6%, as expected, and also marking the biggest gain in three months. Over the past 12 months, import prices jumped 7.0%, marking the largest gain since August 2022, and export prices climbed 8.6%, the largest gain in two months.



On the housing front, MBA mortgage applications dropped 4.1% in the week ending September 11 following a 2.7% decline the week prior. The 30-year mortgage rate, meanwhile, jumped 12bps to 6.97%, marking the fourth consecutive weekly rise and the highest level in over a year.

Meanwhile, the NAHB Housing Market Index fell three points to a reading of 32 in September, surpassing the expected drop to a reading of 34 and marking a one-year low.

Finally, business inventories rose 0.8% in July, as expected and marking the biggest increase in four months. Over the past 12 months, inventories increased 3.8%, marking the fastest pace since May 2023.



This morning, housing starts unexpectedly fell 2.6% in August, pulling the annual pace down from 1.31M to 1.28M, a three-month low. According to the median forecast, starts were expected to climb 6.7%. Single-family starts rose 7.6%, while multi-family starts dropped 21.7% in August, marking a monthly decline for a second consecutive month. Year-over-year, housing starts slipped 1.2% in August following an 8.6% drop in July.

Building permits, meanwhile, fell 2.7% in August, surpassing the 1.5% decline expected, and pulling the annual pace down from 1.43M to 1.39M, a two-month low. Single-family permits fell 1.8% and multi-family permits declined 4.3% in August marking the largest monthly drop since May. Year-over-year, however, building permits rose 3.5% in August, marking the strongest pace since February 2026.

Additionally, initial jobless claims unexpectedly fell 10k to 196k in the week ending September 12, marking the lowest level in two months and suggesting that broad-based workforce reductions continue to be limited. Smoothing out some of the week-to-week volatility, the four-week average ticked down from 206k to 203k. Additionally, continuing claims, a proxy for the number of people claiming ongoing unemployment benefits, also declined, dropping by 39k to 1.73M in the week ending September 5.

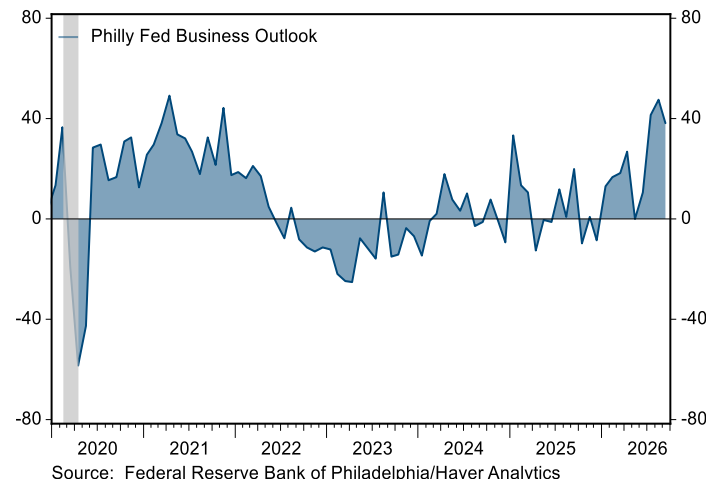


Also, the Philly Fed Business Outlook Index declined from 47.4 to a reading of 37.8 in September, marking a three-month low. In the details of the report, prices paid increased nearly eight points to a reading of 48.6, a two-month high, and prices received climbed from 17.7 to 31.3, marking the highest reading since April. Meanwhile, shipments held steady at a reading of 27.7 for a second consecutive month. On the other hand, new orders slipped from 30.1 to 29.2, a three-month low, the number of employees declined 16.1 points to a reading of 11.8 in September, albeit still above the six-month average of 8.3, and the six-month outlook plunged 20.7 points to 52.9, marking the lowest reading since July.

Finally, this morning, pending home sales unexpectedly rose 0.3% in August following a downwardly revised 2.6% drop in July. According to the median forecast, pending home sales were expected to decline 0.1% in the second month of the third quarter. Over the past 12 months, however, pending home sales plunged 4.9%, marking the weakest pace since February 2025.

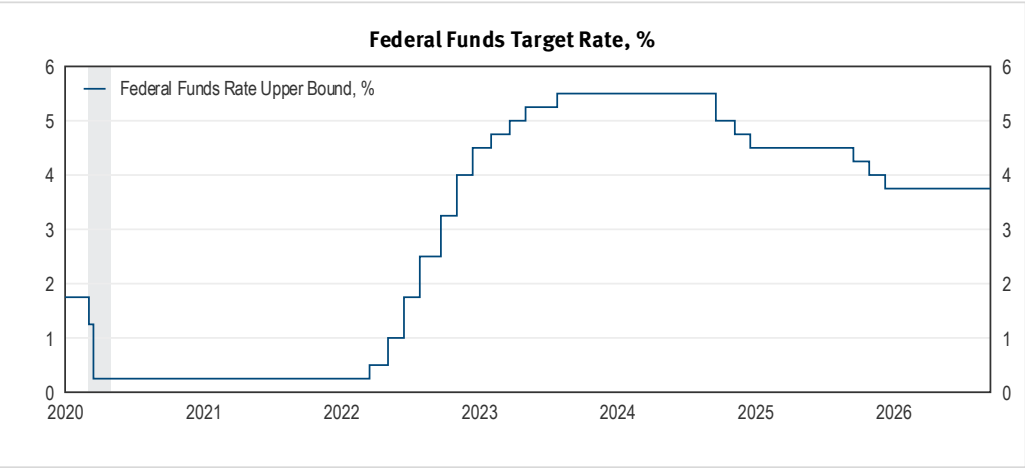
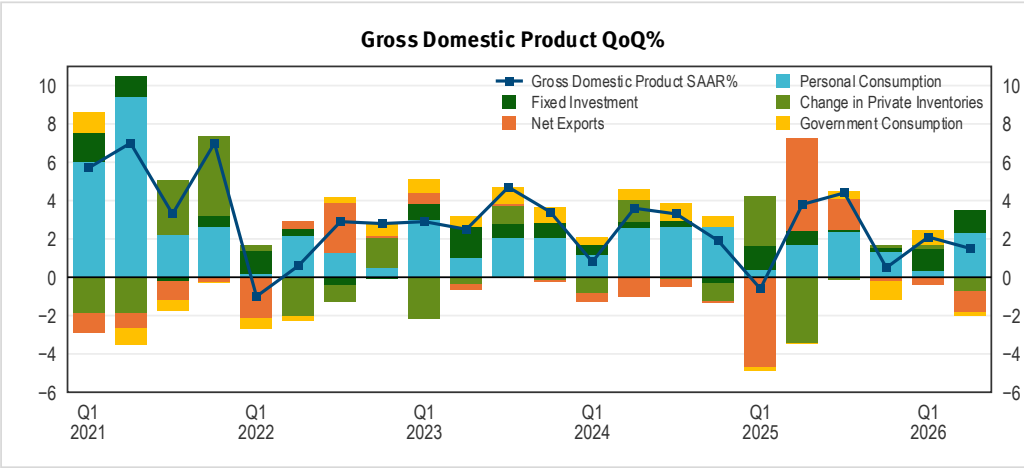
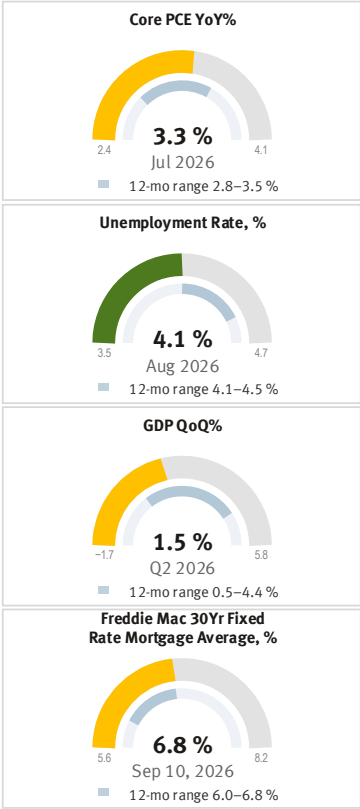
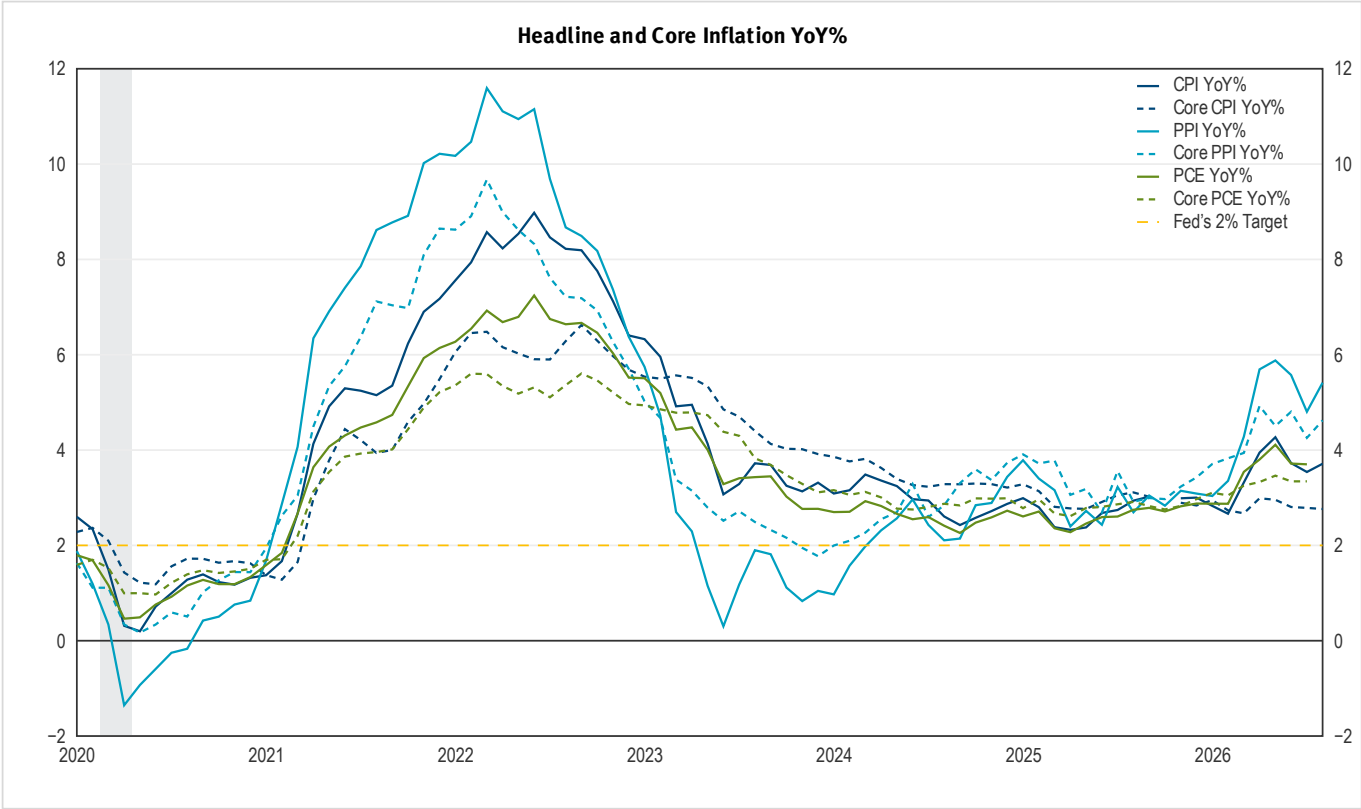
Tomorrow, we'll wrap up the week with a look at the August industrial production and capacity utilization report.

-Lindsey Piegza, Ph.D., Chief Economist



Change in Monthly Nonfarm Payrolls	
Date	Monthly NFP, Thous.
Aug 2026	162
Jul 2026	21
Jun 2026	31
May 2026	63
Apr 2026	148
Mar 2026	214
Feb 2026	-156
Jan 2026	160
Dec 2025	-17
Nov 2025	41

Median New Home Price	
Date	Median Price (\$)
Jul 2026	\$393,800
Jun 2026	\$403,100
May 2026	\$416,400
Apr 2026	\$415,700
Mar 2026	\$398,700
Feb 2026	\$412,000
Jan 2026	\$416,200
Dec 2025	\$429,100
Nov 2025	\$402,500
Oct 2025	\$404,200



Sources: FRED/Bureau of Economic Analysis/Bureau of Labor Statistics/Federal Reserve/Freddie Mac/U.S. Census Bureau

Data as of September 17, 2026



Federal Reserve's Reserve Management Purchases Operations

Announcement Date	Dec. 10, 2025
Announced Monthly Purchases	\$40 billion T-bills
Dec. 2025 Purchase Total	\$38 billion T-bills
Jan. 2026 Purchase Total	\$40 billion T-bills
Feb. 2026 Purchase Total	\$56 billion T-bills
Mar. 2026 Purchase Total	\$52 billion T-bills
Apr. 2026 Purchase Total	\$49 billion T-bills
May 2026 Purchase Total	\$33 billion T-bills
Jun. 2026 Purchase Total	\$23 billion T-bills
Jul. 2026 Purchase Total	\$29 billion T-bills
Aug. 2026 Purchase Total	\$27 billion T-bills
Total Federal Reserve Balance Sheet	\$6.684 trillion (-\$7 billion)

Source: Federal Reserve

Glossary

GDP – Gross Domestic Product

MBA – Mortgage Bankers Association

MoM – Month-over-month

NAHB – National Association of Homebuilders

PCE – Personal Consumption Expenditures

SEP – Summary of Economic Projections

UST – United States Treasury

YoY – Year-over-year



Economic Releases

Date Time	Event	Period	Prior	Revised	Surv(H)	Surv(L)	Surv(M)	Actual
9/15/2026 7:15	ADP Weekly Employment Change	29-Aug	12.000k	12.250k	--	--	--	16.250k
9/15/2026 7:30	Empire Manufacturing	Sep	20.6	--	25.0	-9.0	15.0	7.6
9/16/2026 6:00	MBA Mortgage Applications	11-Sep	-2.7%	--	--	--	--	-4.1%
9/16/2026 7:30	New York Fed Services Business Activity	Sep	0.5	--	-2	-4.5	-2.2	-8.7
9/16/2026 7:30	Retail Sales Advance MoM	Aug	-0.6%	-0.5%	1.3%	0.1%	0.8%	1.2%
9/16/2026 7:30	Retail Sales Ex Auto MoM	Aug	-0.3%	-0.2%	1.0%	0.2%	0.6%	1.4%
9/16/2026 7:30	Retail Sales Ex Auto and Gas	Aug	-0.2%	-0.3%	1.1%	0.1%	0.4%	1.2%
9/16/2026 7:30	Retail Sales Control Group	Aug	-0.4%	--	1.3%	0.2%	0.5%	1.4%
9/16/2026 7:30	Import Price Index MoM	Aug	-0.4%	-0.3%	1.3%	-0.3%	0.5%	0.7%
9/16/2026 7:30	Import Price Index ex Petroleum MoM	Aug	0.3%	--	0.5%	-0.1%	0.3%	0.8%
9/16/2026 7:30	Import Price Index YoY	Aug	5.9%	6.1%	7.0%	6.1%	6.6%	7.0%
9/16/2026 7:30	Export Price Index MoM	Aug	-1.3%	-1.4%	1.4%	-0.7%	0.6%	0.6%
9/16/2026 7:30	Export Price Index YoY	Aug	8.2%	8.1%	9.6%	8.4%	8.9%	8.6%
9/16/2026 9:00	Business Inventories	Jul	0.0%	0.1%	1.0%	-0.3%	0.8%	0.8%
9/16/2026 9:00	NAHB Housing Market Index	Sep	35	--	36	33	34	32
9/16/2026 13:00	FOMC Rate Decision (Upper Bound)	16-Sep	3.75%	--	4.25%	3.75%	4.00%	4.00%
9/16/2026 13:00	FOMC Rate Decision (Lower Bound)	16-Sep	3.50%	--	4.00%	3.50%	3.75%	3.75%
9/16/2026 13:00	Fed Interest on Reserve Balances Rate	17-Sep	3.65%	--	4.15%	3.50%	3.90%	3.90%
9/16/2026 13:00	Fed Reverse Repo Rate	17-Sep	3.50%	--	3.80%	3.50%	3.75%	3.75%
9/16/2026 13:00	FOMC Median Rate Forecast: Current Yr	16-Sep	3.75%	--	4.25%	3.38%	4.13%	4.13%
9/16/2026 13:00	FOMC Median Rate Forecast: Next Yr	16-Sep	3.63%	--	4.41%	2.13%	3.88%	4.13%
9/16/2026 13:00	FOMC Median Rate Forecast: +2 Yrs	16-Sep	3.38%	--	4.38%	2.13%	3.63%	3.88%
9/16/2026 13:00	FOMC Median Rate Forecast: +3 Yrs	16-Sep	--	--	4.38%	2.13%	3.38%	3.63%
9/16/2026 13:00	FOMC Median Rate Forecast: Long-Run	16-Sep	3.06%	--	4.13%	2.13%	3.13%	3.25%
9/16/2026 15:00	Total Net TIC Flows	Jul	\$133.5b	\$135.5b	--	--	--	\$83.7b
9/16/2026 15:00	Net Long-term TIC Flows	Jul	\$172.7b	\$174.4b	--	--	--	-\$27.9b
9/17/2026 7:30	Philadelphia Fed Business Outlook	Sep	47.4	--	47.0	10.0	32.1	37.8
9/17/2026 7:30	Initial Jobless Claims	12-Sep	206k	--	217k	190k	207k	196k
9/17/2026 7:30	Initial Claims 4-Wk Moving Avg	12-Sep	206.00k	--	--	--	--	203.25k
9/17/2026 7:30	Continuing Claims	5-Sep	1774k	1769k	1795k	1765k	1779k	1730k
9/17/2026 7:30	Housing Starts	Aug	1239k	1309k	1448k	1200k	1320k	1275k
9/17/2026 7:30	Housing Starts MoM	Aug	-12.4%	-9.0%	10.0%	0.1%	6.7%	-2.6%
9/17/2026 7:30	Building Permits	Aug P	1433k	--	1430k	1340k	1408k	1394k
9/17/2026 7:30	Building Permits MoM	Aug P	4.3%	--	0.5%	-5.8%	-1.5%	-2.7%
9/17/2026 9:00	Pending Home Sales MoM	Aug	-2.3%	-2.6%	1.4%	-3.0%	-0.1%	0.3%
9/17/2026 9:00	Pending Home Sales NSA YoY	Aug	-2.5%	-2.9%	-2.4%	-5.3%	-3.9%	-4.9%
9/18/2026 8:15	Industrial Production MoM	Aug	0.2%	--	0.8%	0.0%	0.3%	--
9/18/2026 8:15	Manufacturing Production MoM	Aug	0.2%	--	0.6%	-0.1%	0.3%	--
9/18/2026 8:15	Capacity Utilization	Aug	76.3%	--	77.1%	76.2%	76.4%	--
9/18/2026 9:00	Leading Index	Aug	0.2%	--	0.2%	-0.2%	0.1%	--
9/21/2026 5:30	Fed's Goolsbee Speaks at Event							
9/21/2026 7:30	Chicago Fed Nat Activity Index	Aug	-0.08	--	-0.02	-0.80	-0.06	--

Source: Bloomberg

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