

U.S. ECONOMIC DEVELOPMENTS

July 17, 2026

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FEDERAL RESERVE BANK
OF MINNEAPOLIS

TODAY'S KEY POINTS

- Economic activity has been resilient but uneven.
- The labor market is broadly balanced.
- Inflation is above target and has been rising.

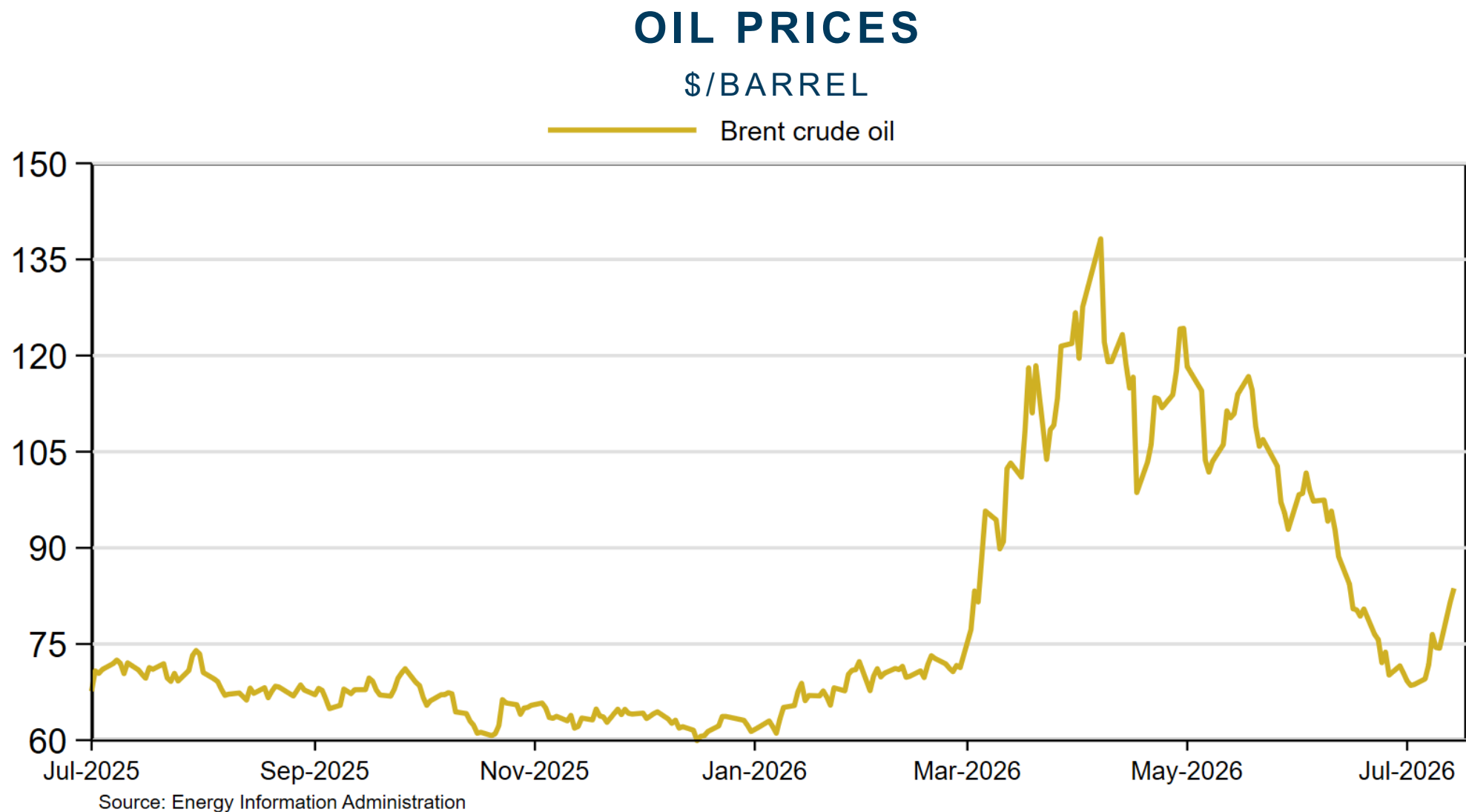


DEVELOPMENTS IN THE FIRST HALF OF 2026

- Key driving forces / shocks
 - Tariffs
 - Technology (AI)
 - Tensions in the Middle East
- Uncertainty remains elevated
 - How will upcoming tariff announcements change the effective rate?
 - How will the AI boom play out?
 - How much traffic will move through the Strait of Hormuz?



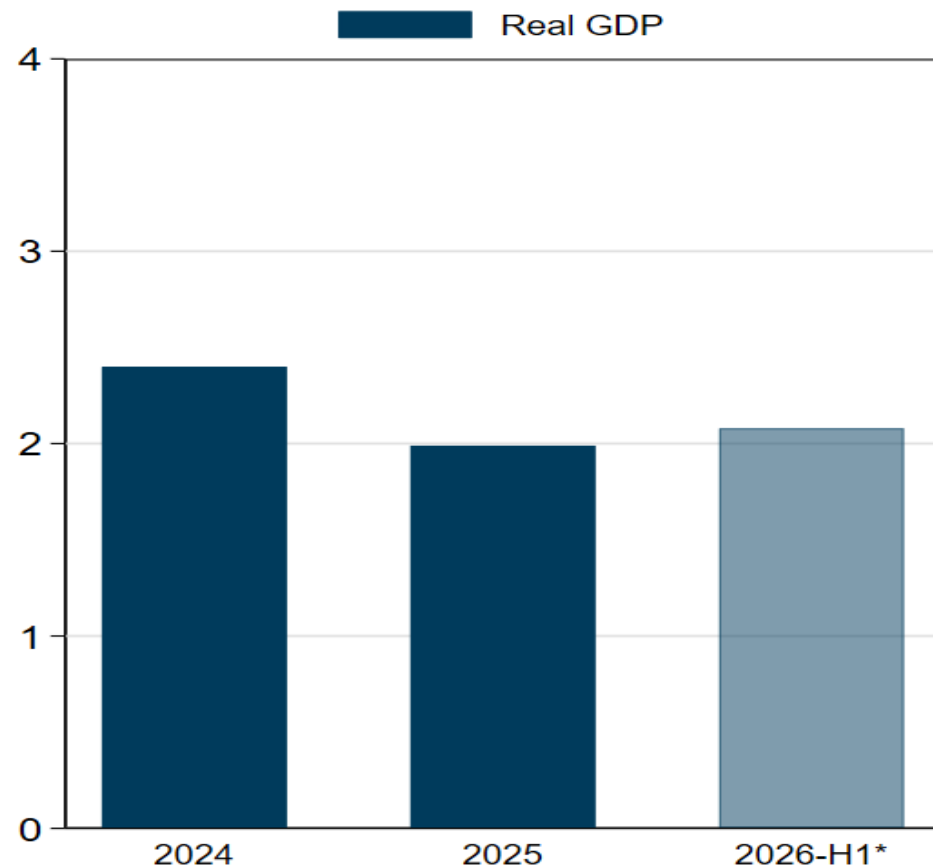
ENERGY PRICES DOWN, BUT UNCERTAINTY REMAINS



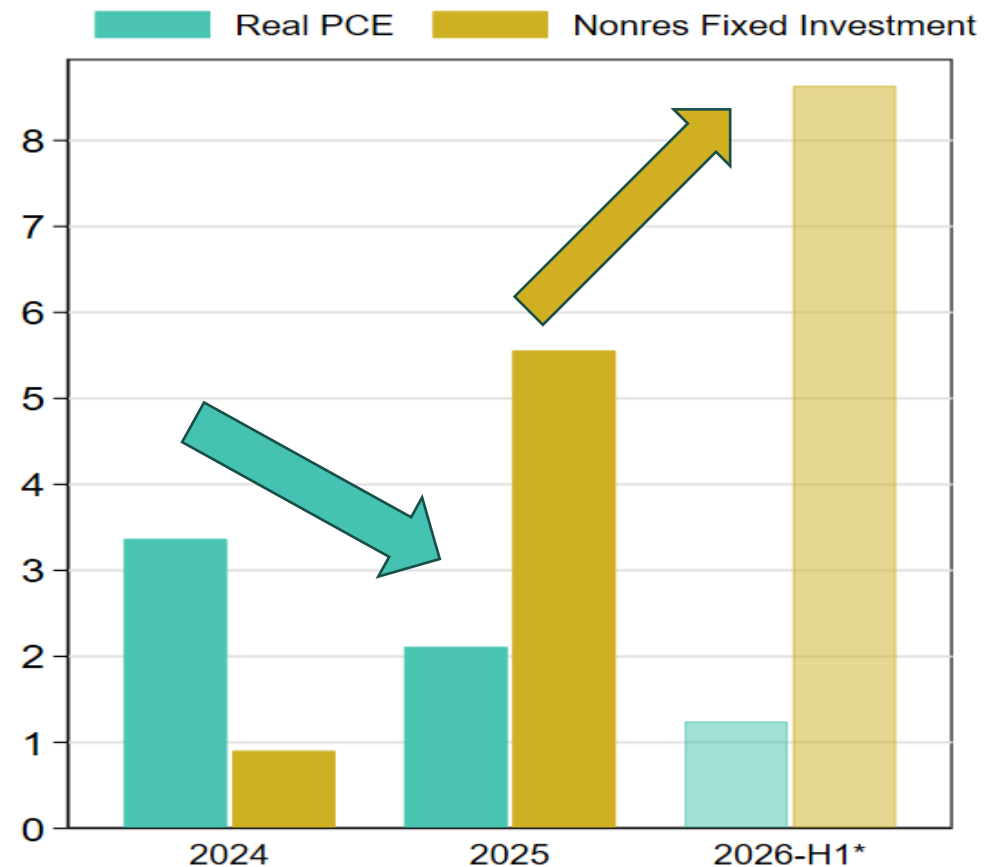
ACTIVITY REMAINS RESILIENT, BUT UNEVEN

OUTPUT

PERCENT CHANGE FROM PRIOR Q4 TO END OF PERIOD



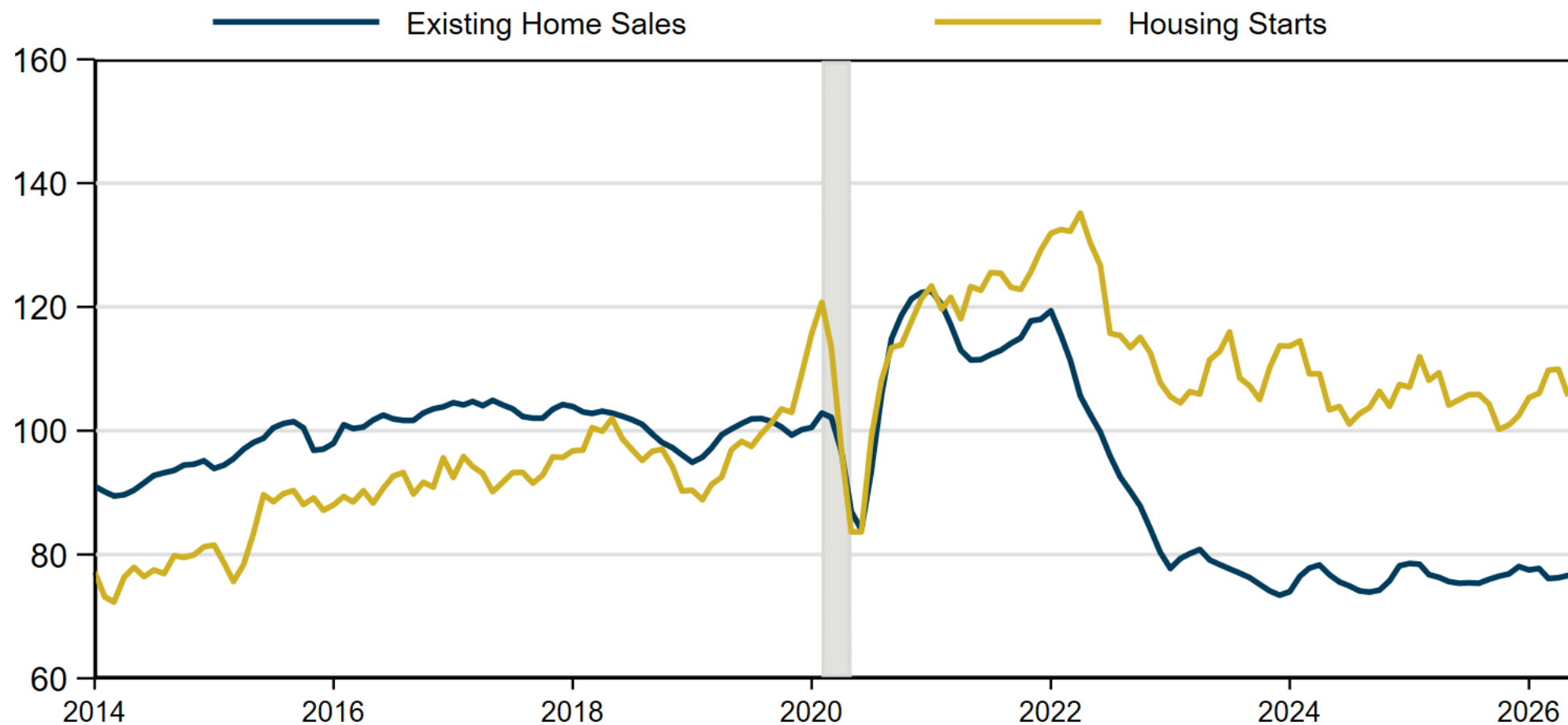
CONSUMPTION & INVESTMENT



*Note: 2026 represents an estimate.
Source: Bureau of Economic Analysis and Blue Chip.

UNEVEN ACTIVITY: HOUSING HAS REMAINED SOFT

3-MO MOVING AVERAGE, INDEX 2019 = 100, SAAR

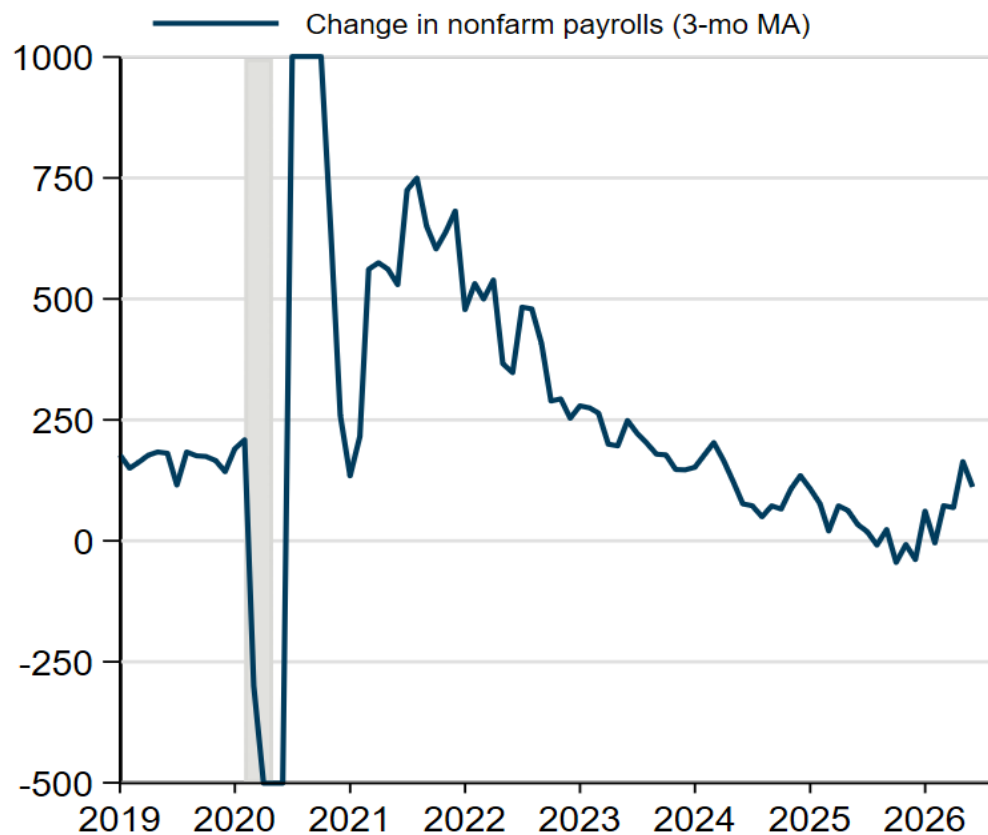


Source: National Association of Realtors, Census Bureau.



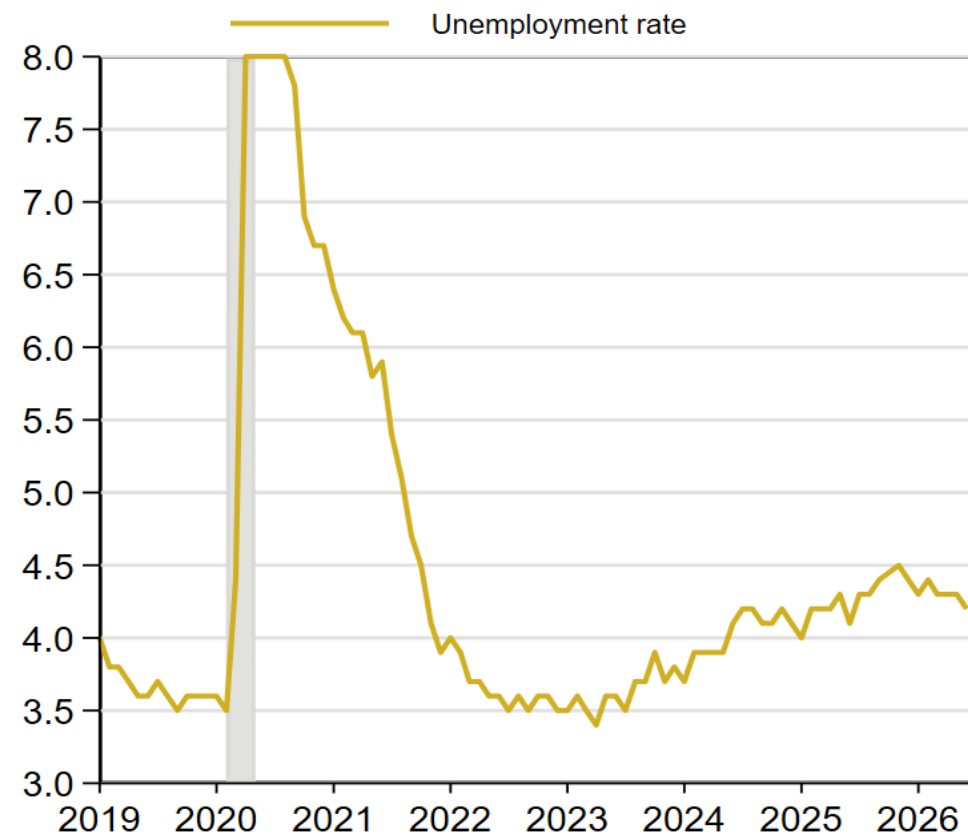
THE LABOR MARKET HAS STABILIZED ...

EMPLOYMENT GROWTH THOUSANDS



Source: Bureau of Labor Statistics.

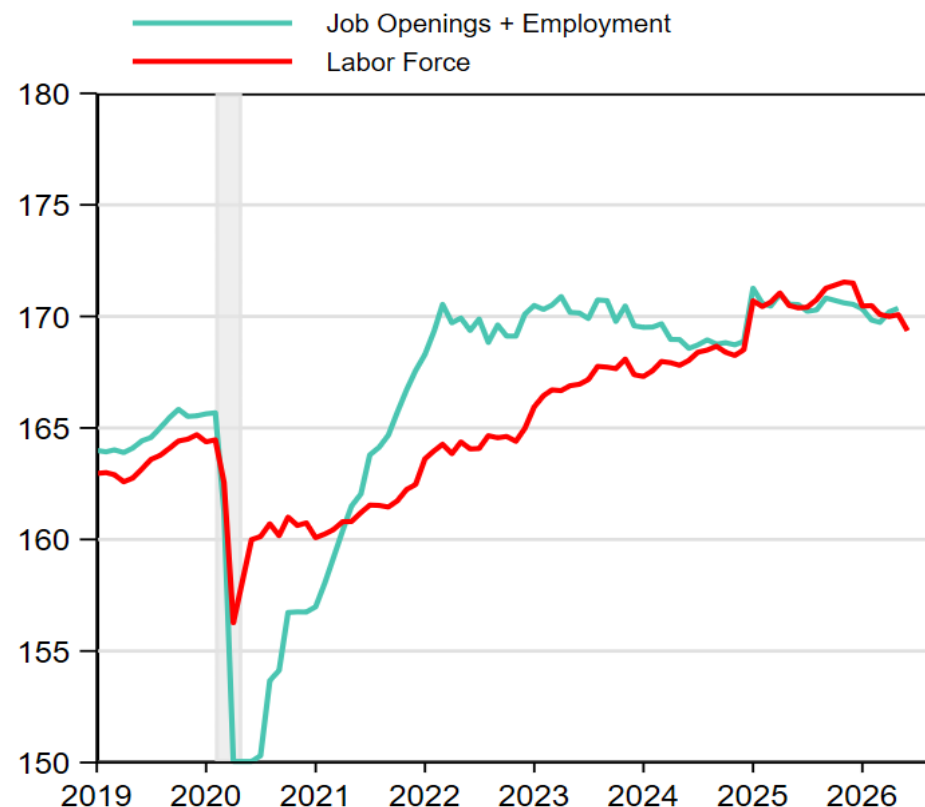
UNEMPLOYMENT RATE PERCENT



... AND APPEARS BROADLY BALANCED.

JOB-WORKERS GAP

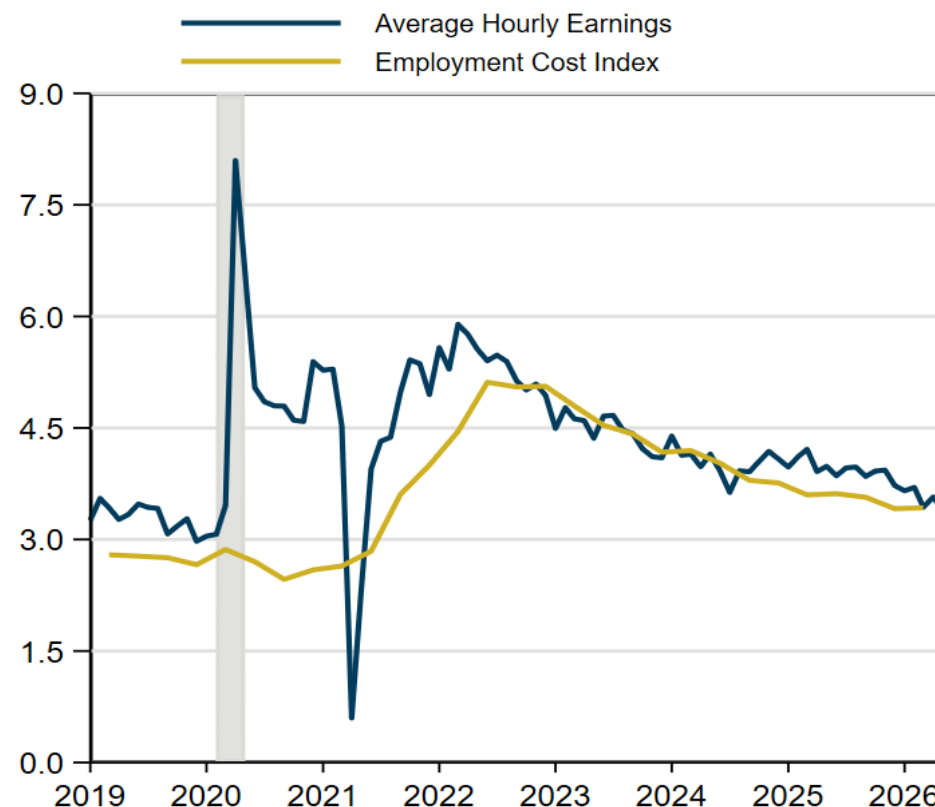
MILLIONS



Note: Job openings + employment is truncated at 150M for readability.
Source: Bureau of Labor Statistics.

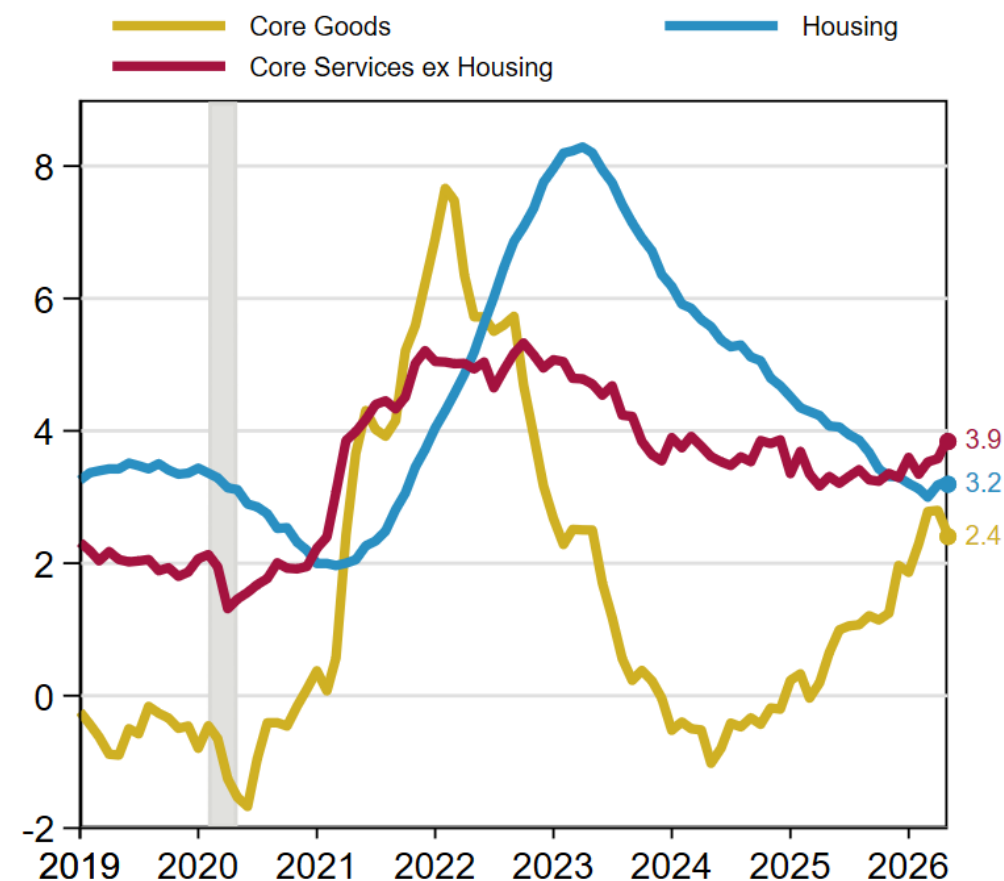
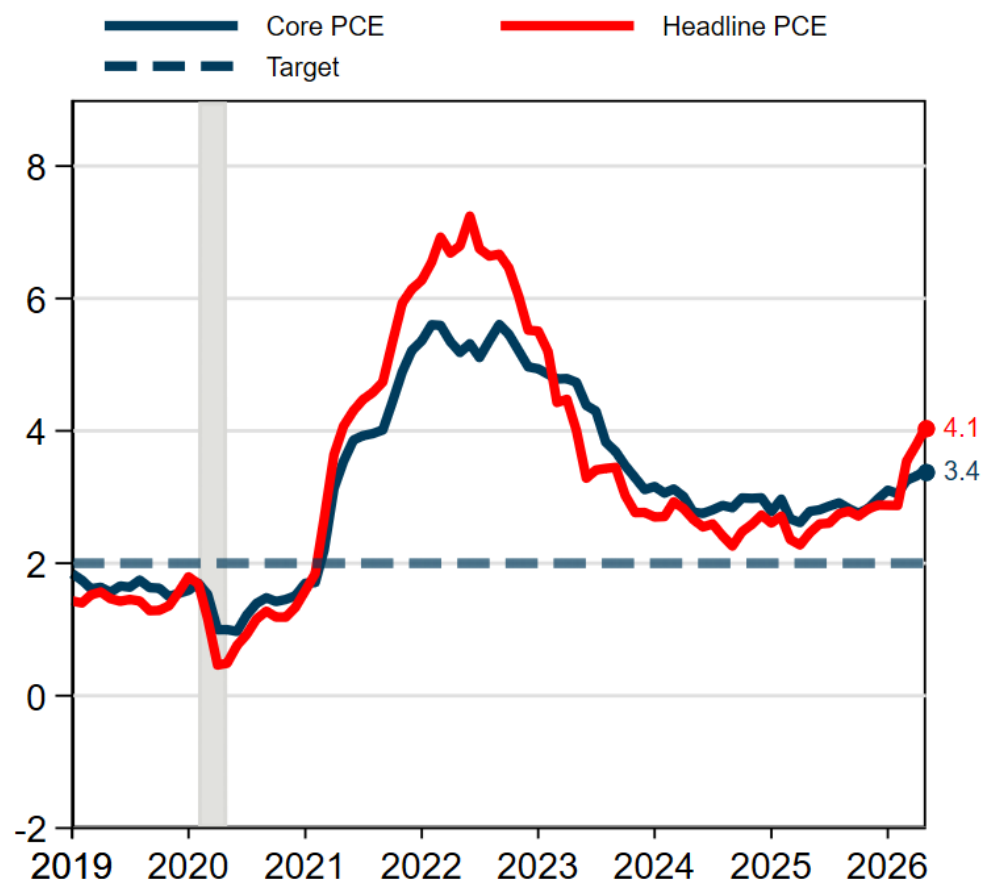
WAGES

12-MONTH PERCENT CHANGE



INFLATION HAS MOVED FURTHER ABOVE TARGET

PCE INFLATION 12-MONTH PERCENT CHANGE

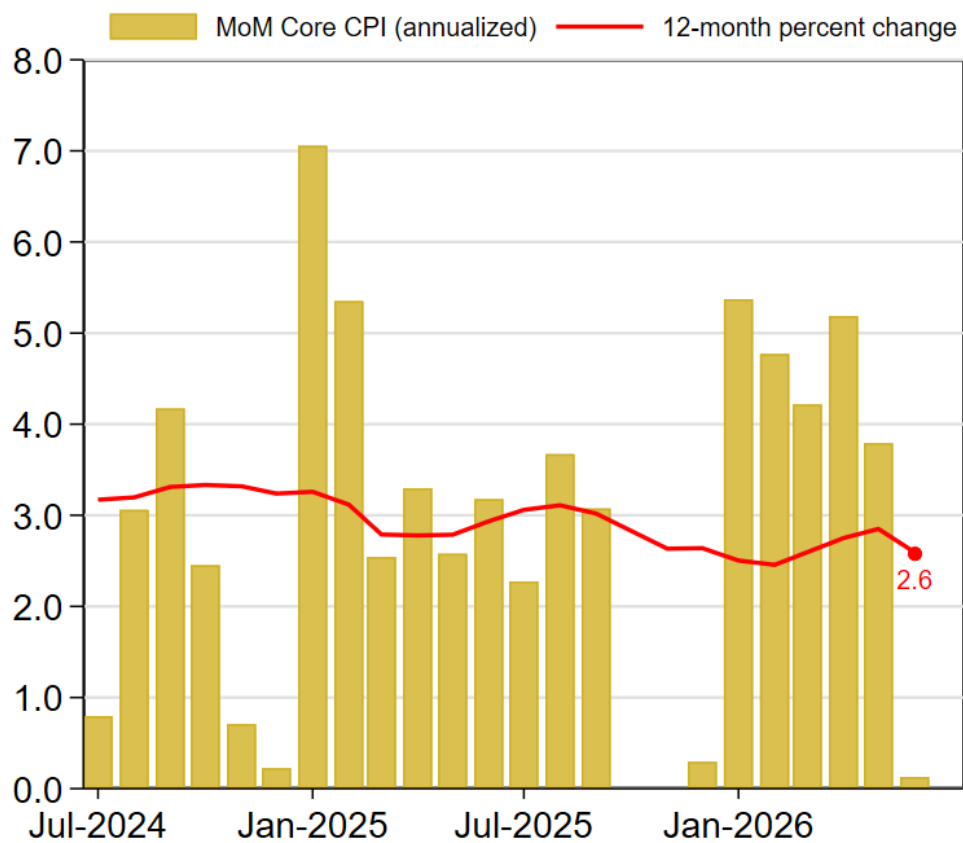


Source: Bureau of Economic Analysis.



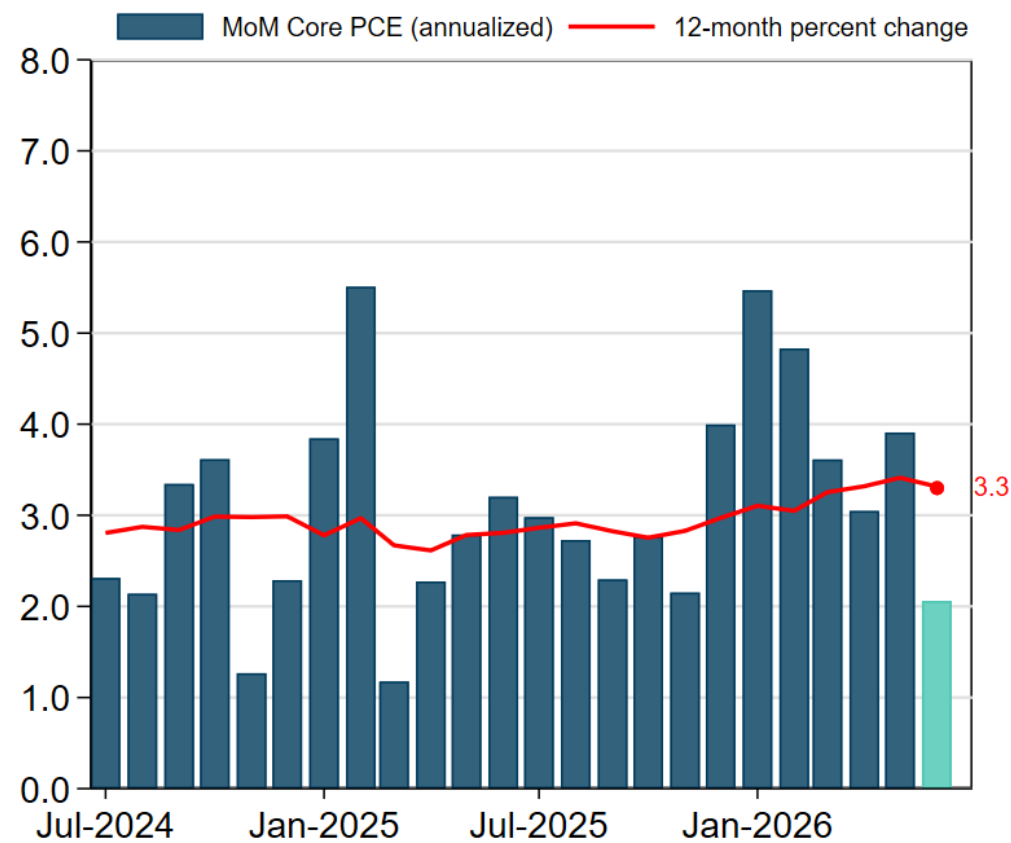
THIS WEEK'S INFLATION DATA FOR JUNE WERE SOFT

CORE CPI INFLATION PERCENT



Note: Lighter blue indicates estimates.
Source: Bureau of Economic Analysis.

CORE PCE INFLATION PERCENT

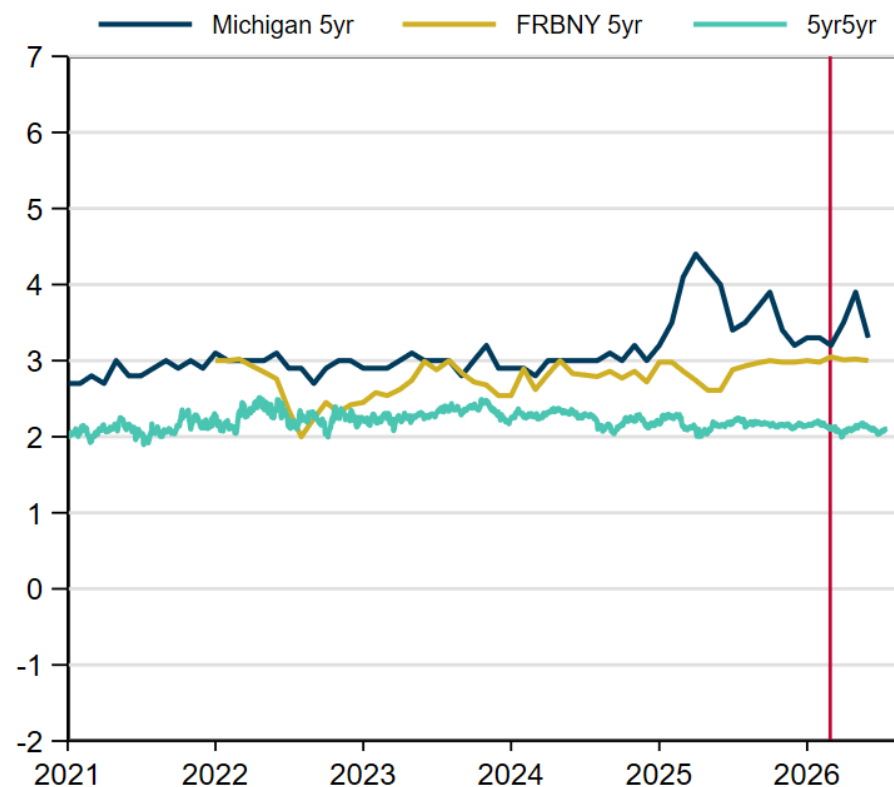
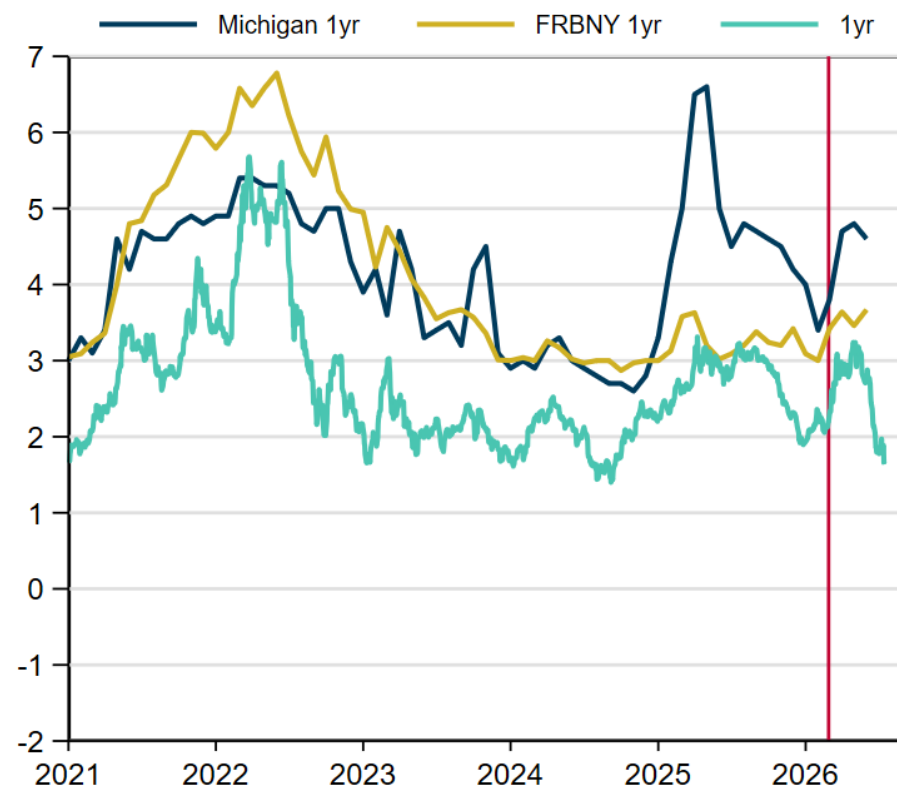


INFLATION EXPECTATIONS REMAIN ANCHORED

NEAR-TERM

LONGER-TERM

PERCENT



Note: Market-based series have -30bps adjustments.
Source: University of Michigan, Federal Reserve Bank of New York, Bloomberg.



RECAP OF ECONOMIC DEVELOPMENTS

- Incoming data reflect impact of higher energy prices
 - Headline inflation has picked up notably (before retracing somewhat in June)
 - Real consumption growth has been soft
- But the aggregate economy has generally been resilient
 - AI build-out has boosted business investment (& core prices)
 - Labor market appears broadly in balance





FEDERAL RESERVE BANK
OF MINNEAPOLIS

THE NINTH DISTRICT'S 2026 MIDYEAR OUTLOOK

July 17, 2026

Joe Mahon

Regional Outreach Director



FEDERAL RESERVE BANK
OF MINNEAPOLIS

DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.





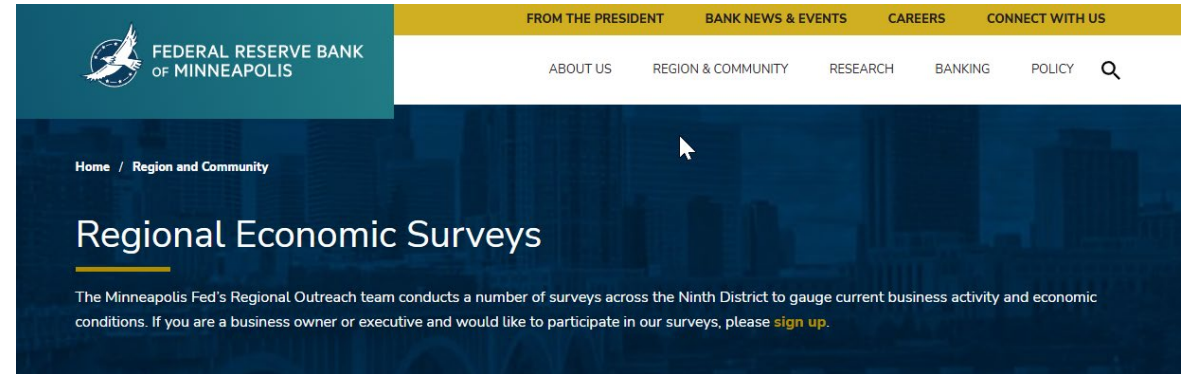
TODAY'S PRESENTATION

- Minneapolis Fed Business Pulse survey
 - Become a source!
- Survey results
 - Activity increasing since Jan. 1, so are price pressures
- Midyear outlook
 - Expectations mildly optimistic, despite year not going as planned



MINNEAPOLIS FED BUSINESS PULSE SURVEY

- Monthly survey, four years running
- Highly-engaged business contacts representing all industries, firm sizes, and District states
- Tracks a variety of business indicators and prices, looking one month back and forward
- Results published on minneapolisfed.org

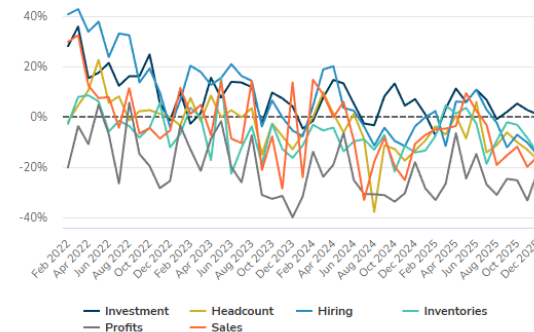


BUSINESS PULSE SURVEY RESULTS

The Minneapolis Fed's Business Pulse Survey is a monthly gauge of economic conditions in the Ninth Federal Reserve District. The short, quick survey asks how key performance indicators—including sales, hiring, investment, wages, and prices—changed over the past month and what expectations are for the month ahead. Results come from a panel of business owners and/or managers in a variety of industry sectors from across the Ninth District who have volunteered to share information with the Minneapolis Fed via [electronic survey](#). Results are summarized here as the net share of those reporting whether an indicator increased in the last month. The final data point, labeled (F), displays their forecast for that indicator over the coming month.

How business performance is changing

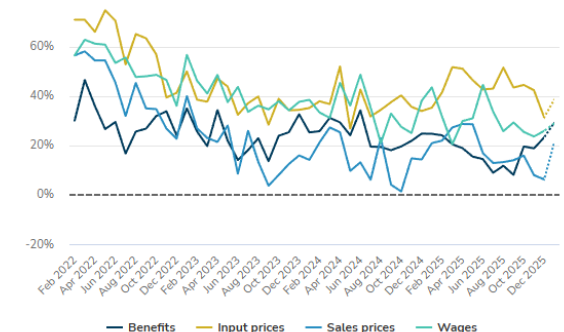
Net share of business contacts who report indicators are increasing



Source: Minneapolis Fed Ninth District Business Conditions Survey

How prices are changing for businesses

Net share of business contacts who report prices are increasing



Source: Minneapolis Fed Ninth District Business Conditions Survey



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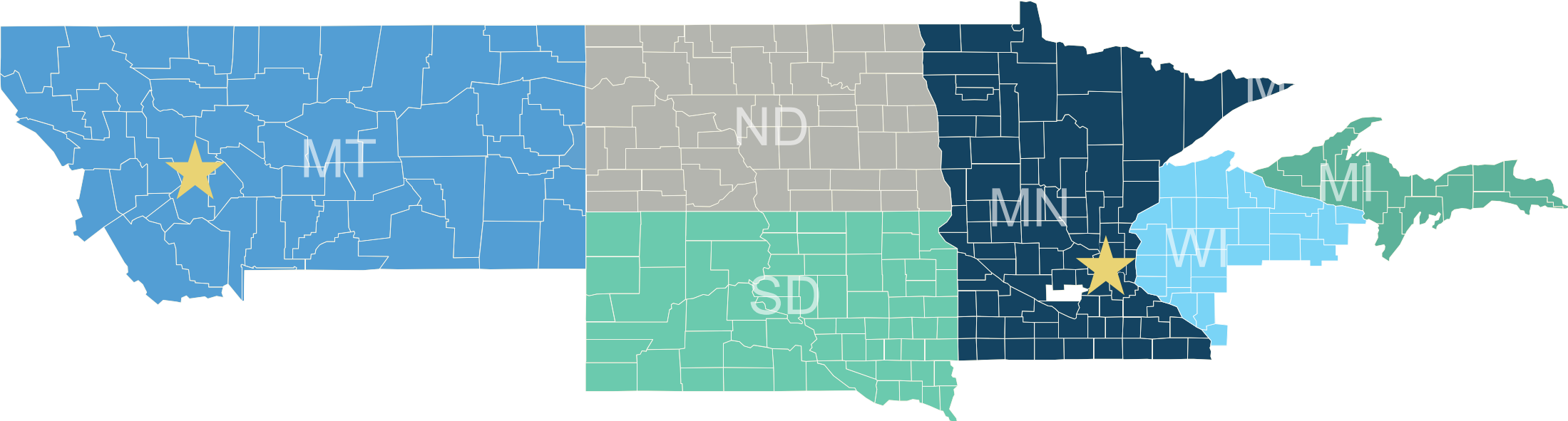
SHARE YOUR INSIGHTS WITH THE FED

Sign up to become a survey respondent

www.research.net/r/fedbizpulse

FEDERAL RESERVE BANK OF MINNEAPOLIS

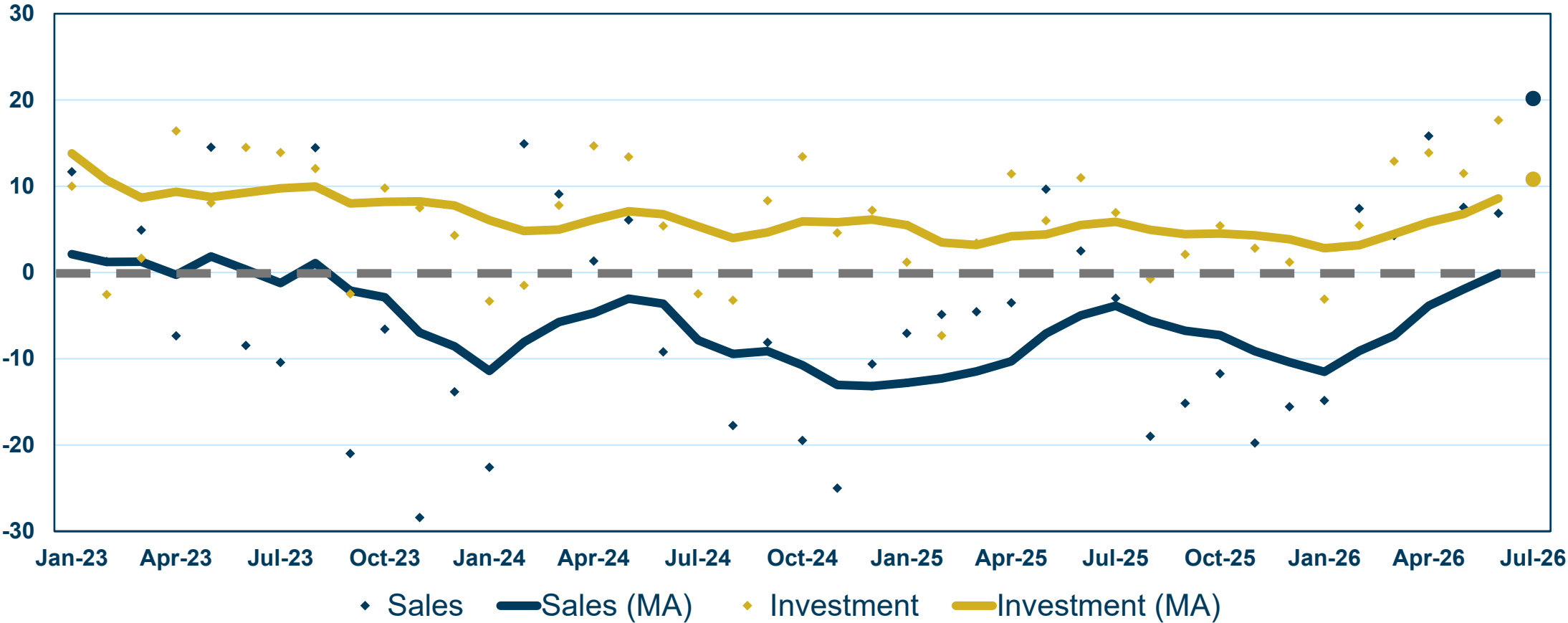
THE FED'S NINTH DISTRICT



SURVEY RESULTS

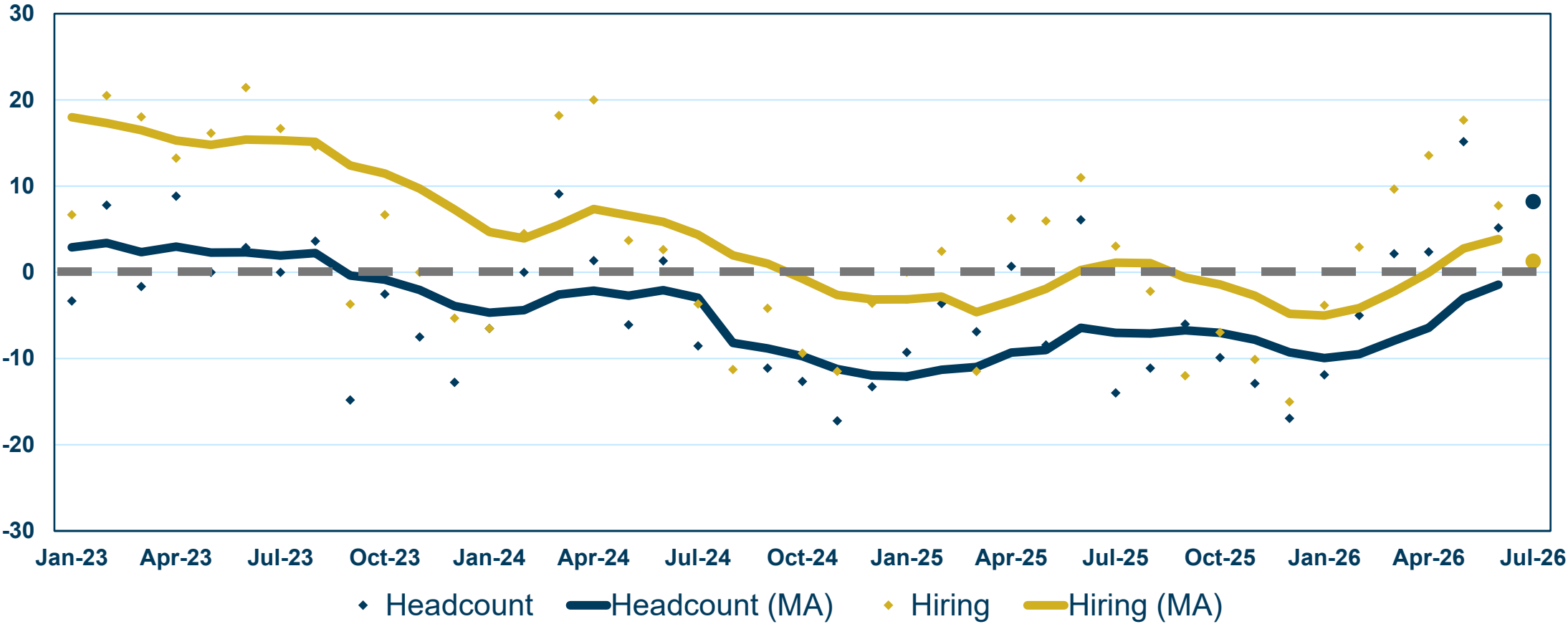
BUSINESS PERFORMANCE

Net share of respondents reporting indicator increased in past month



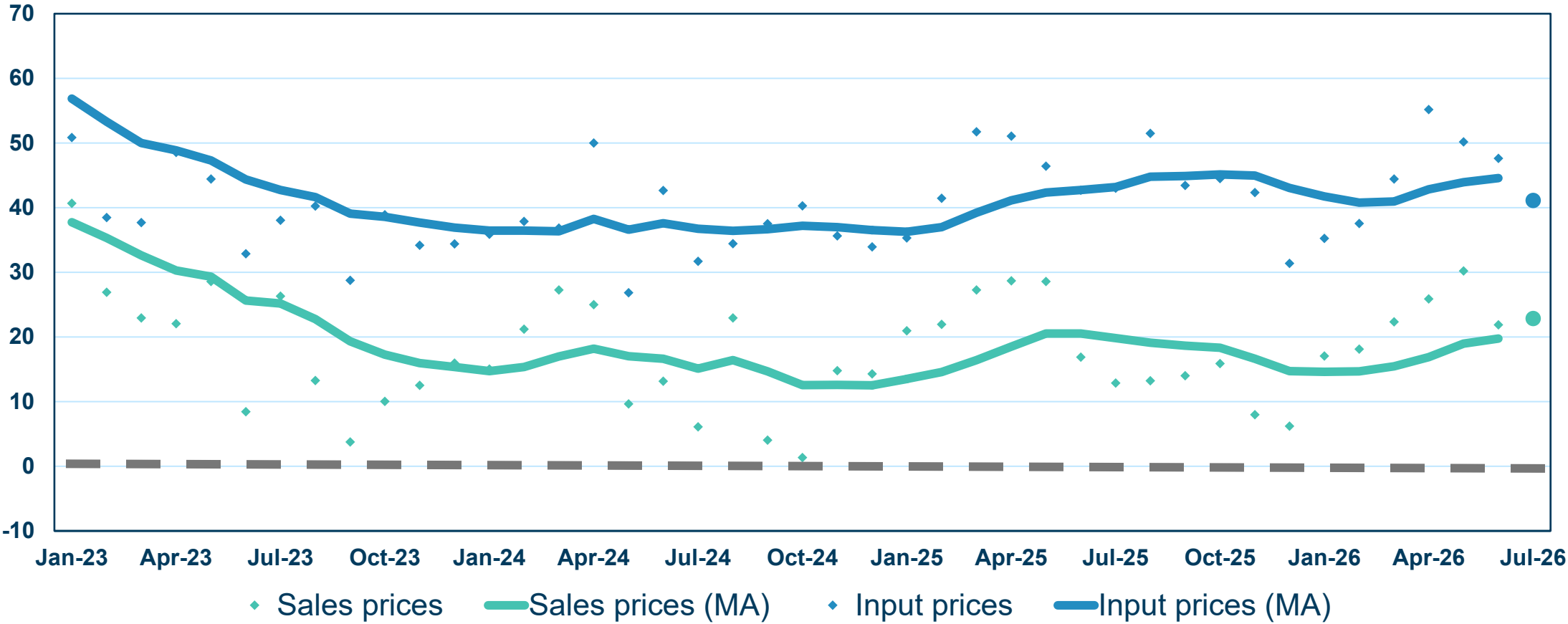
EMPLOYMENT

Net share of respondents reporting indicator increased in past month



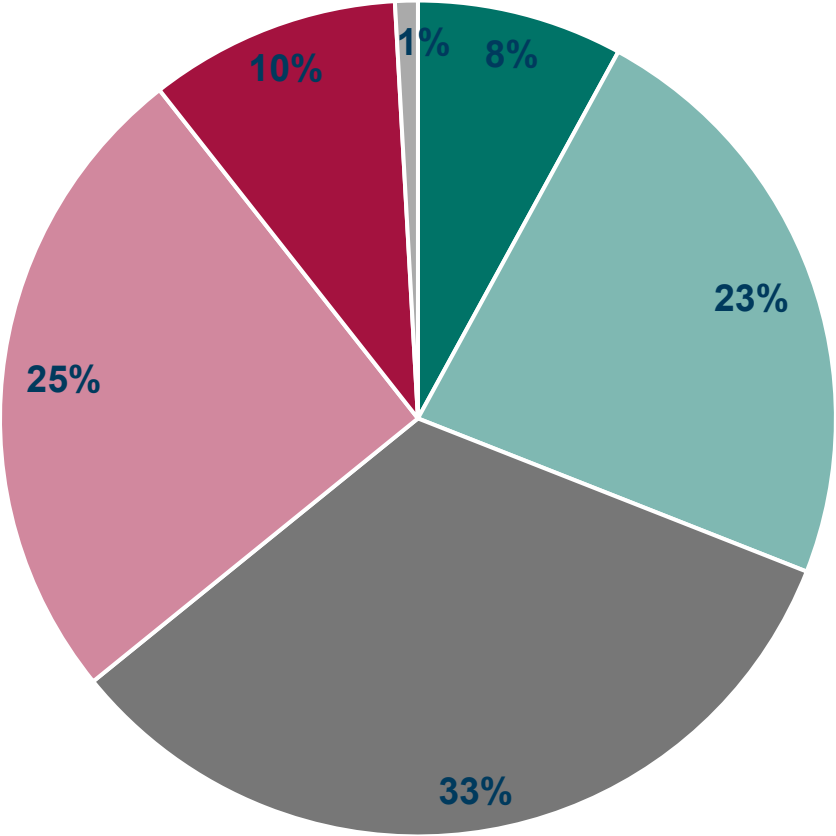
PRICES

Net share of respondents reporting prices increased in past month



ECONOMIC OUTLOOK

HOW HAS YOUR OPERATION PERFORMED IN THE FIRST HALF OF 2026 (TO DATE) RELATIVE TO YOUR EXPECTATIONS AT THE BEGINNING OF THE YEAR?

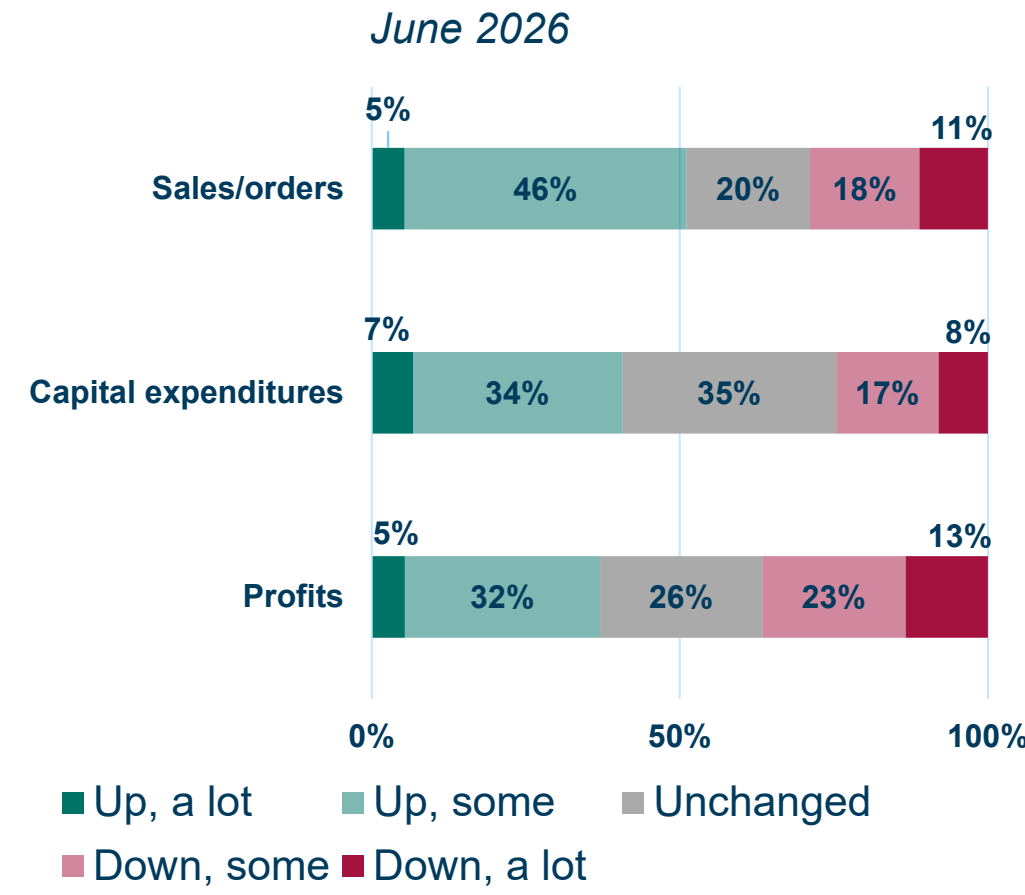
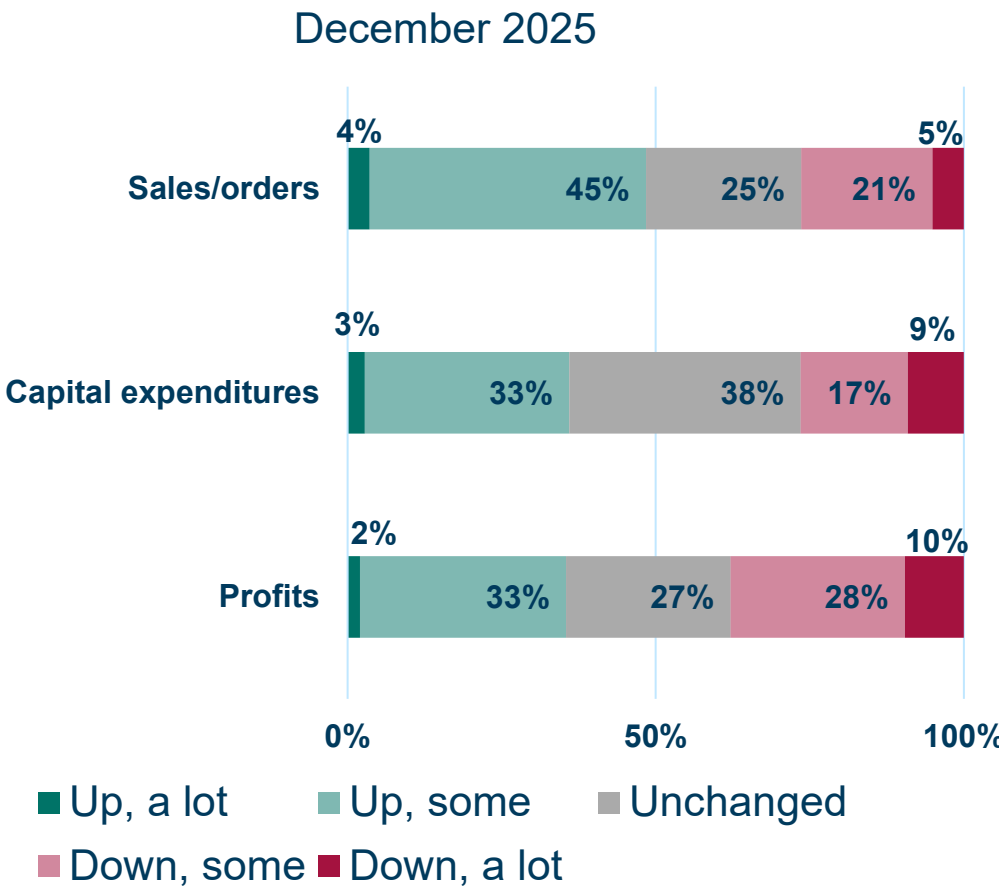


- Much better than expected
- Somewhat better than expected
- About as expected
- Somewhat worse than expected
- Much worse than expected
- N/A



ECONOMIC OUTLOOK

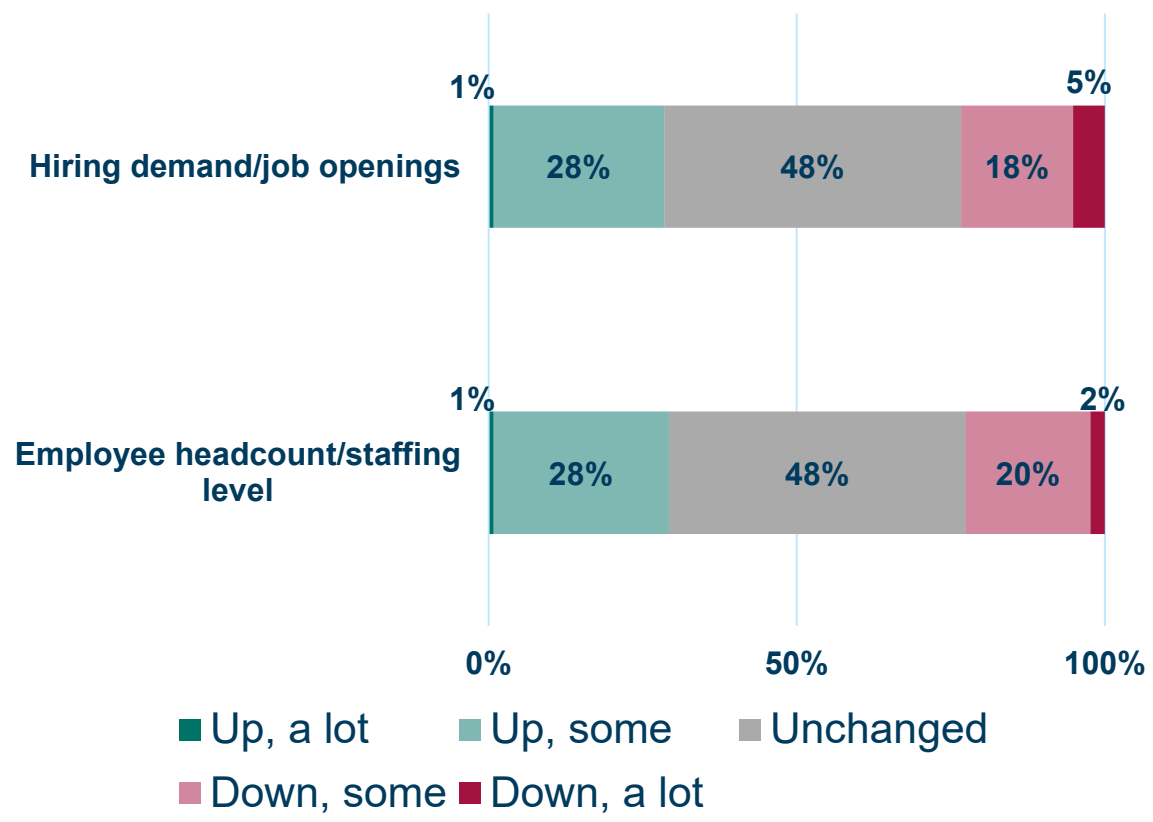
HOW DO YOU EXPECT OPERATIONS TO CHANGE IN 2026 COMPARED WITH 2025?



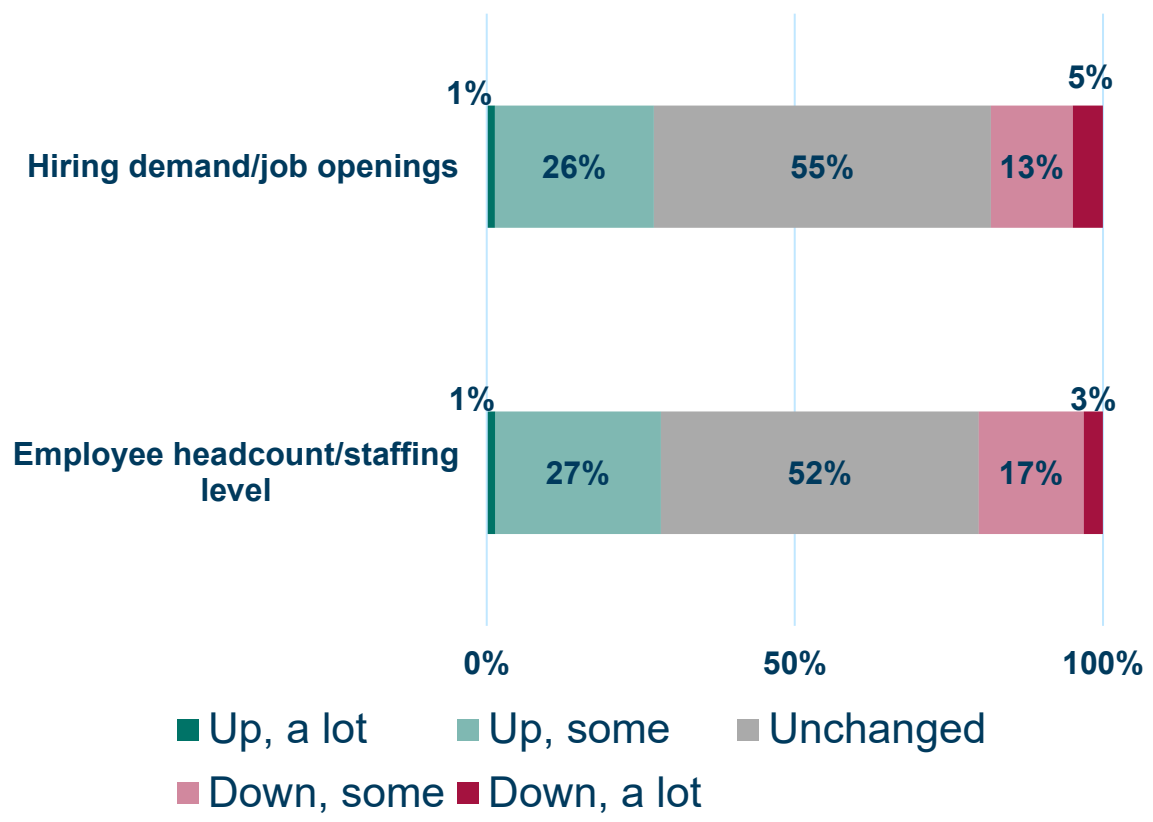
ECONOMIC OUTLOOK

HOW DO YOU EXPECT STAFFING TO CHANGE IN 2026 COMPARED WITH 2025?

December 2025



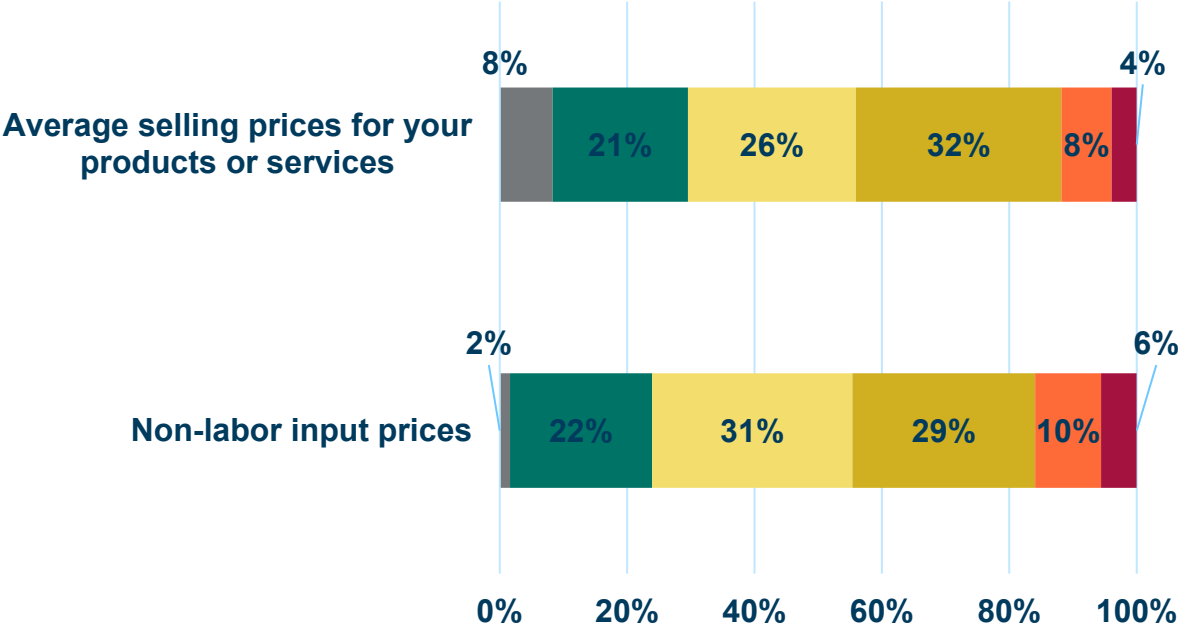
June 2026



ECONOMIC OUTLOOK

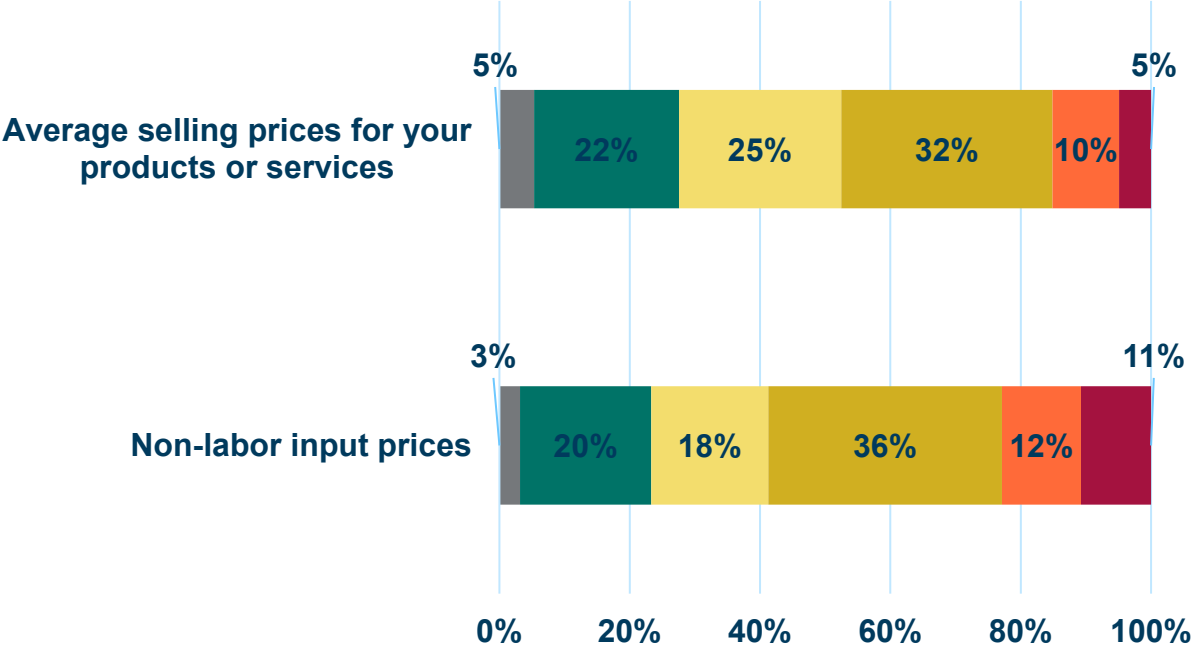
HOW DO YOU EXPECT PRICES TO CHANGE IN 2026 COMPARED WITH 2025?

December 2025



- Decrease, by any amount
- Increase 1%-2%
- Increase 6%-9%
- No change
- Increase 3%-5%
- Increase more than 10%

June 2026



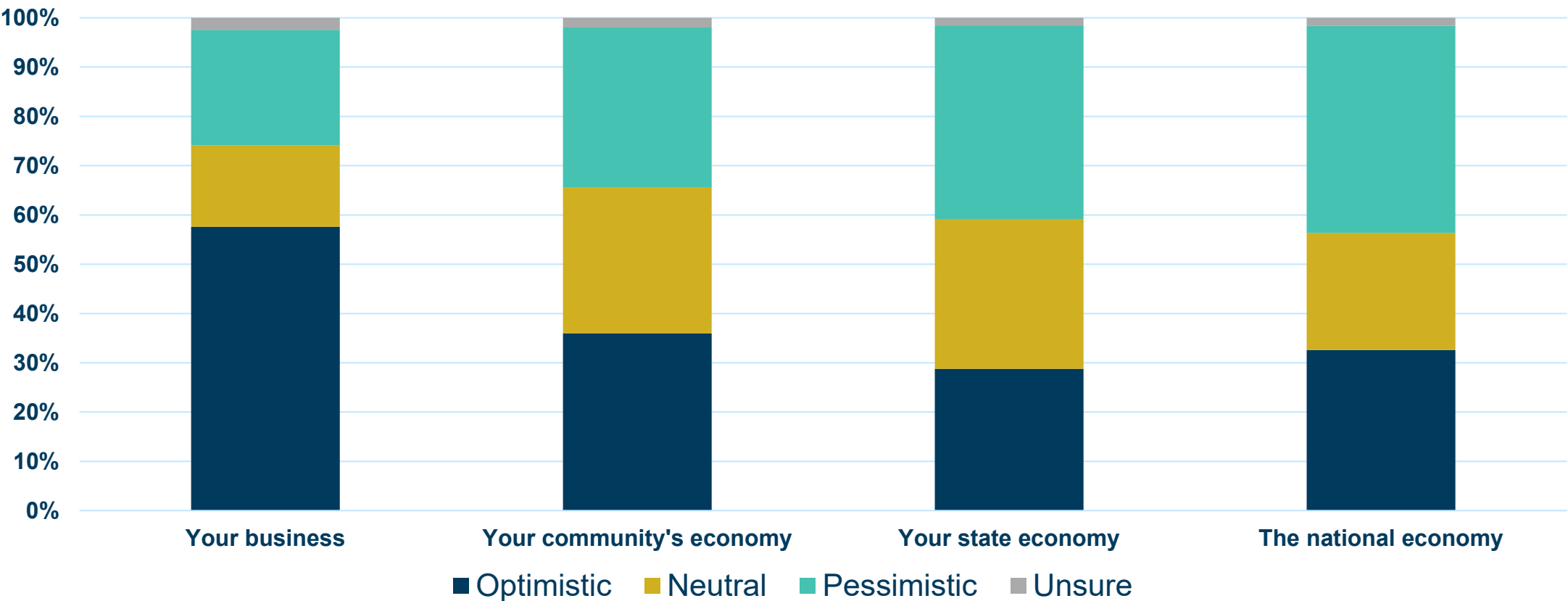
- Decrease, by any amount
- Increase 1%-2%
- Increase 6%-9%
- No change
- Increase 3%-5%
- Increase more than 10%



ECONOMIC OUTLOOK

BUSINESSES NET OPTIMISTIC, ECON OUTLOOK PESSIMISTIC

Overall, what is your level of optimism/pessimism for the following in the rest of this year?





SHARE YOUR INSIGHTS WITH THE FED

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