

Weekly Economic Brief

Collaboration with The Investing Group (TIG)

by Saied Toossi | Week of October 12, 2026

The prior week was a slow one for economic data, marked by the release of the September FOMC meeting minutes, accompanied by a fresh slate of commentary from central bank officials, business activity surveys, and an update on consumer sentiment.

The FOMC meeting minutes reflected the decision to hike interest rates in September, with officials acknowledging the risks to inflation amid resilient economic growth. According to the minutes, “most participants assessed that another increase in the target range for the federal funds rate would likely be appropriate by year end” but that they would approach each meeting with an “open mind” based on incoming information. Comments by Fed officials have poured cool water on expectations for a second move in October, leaving a December rate hike as the most likely outcome absent more favorable inflation data.

Business activity surveys confirmed that the broader economy continues to exhibit underlying resilience. Both the S&P Global and ISM PMI releases for September pointed to sustained private-sector expansion. While the top-lines underscore continued strength in business activity, the surveys’ input-cost subcomponents reaffirmed that cost pressures upstream to consumer prices remain a concern, with both price indices reaching their highest level in four years. In response to mounting costs, the G7 has agreed to tap further into its emergency oil and diesel stocks while the Trump Administration has lifted sanctions on Russian diesel exports. It remains to be seen, however, whether stocks are released into global markets in sufficient quantities and quickly enough to make a meaningful difference.

In stark contrast to resilient business activity, household sentiment remained depressed. Preliminary University of Michigan Consumer Sentiment data for October showed household confidence continuing to deteriorate after the sharp contraction seen in September. Consumers continued to express acute frustration over high living costs and are souring on current economic conditions, with short-term inflation expectations remaining stubbornly elevated. Nevertheless, consumers continue to spend, with the Redbook Index for same-store sales rising by 8.6% year-over-year in the week heading into October.

Week ahead for economic data: The upcoming week features critical inflation updates with the release of the September consumer, producer, and import price reports. With a stable labor market and expanding private sector activity in the backdrop, higher prints across the board would raise expectations for a hike later in October. Retail sales data for September will speak to whether spending is “catching down to” consumers’ sentiment, or whether demand continues to defy headwinds from slowing wage growth, higher inflation, and greater uncertainty.

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