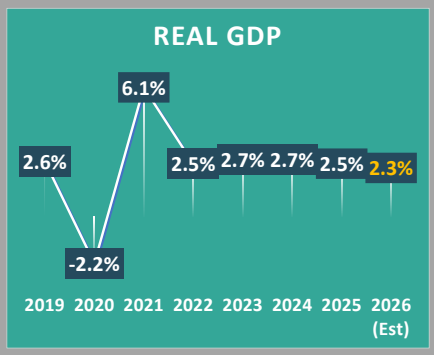
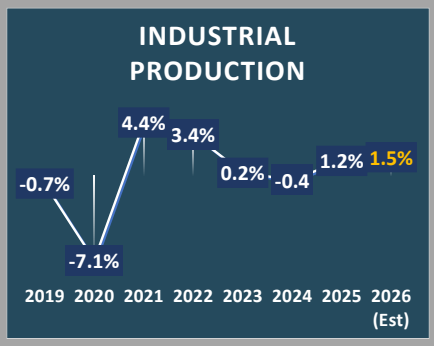
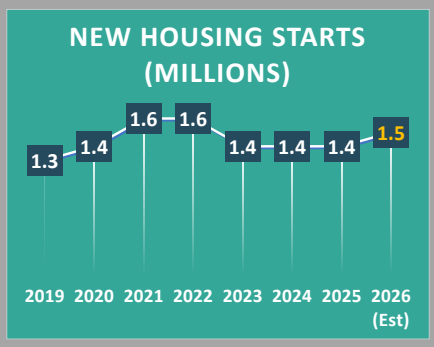
Monthly Economic Report (MER)

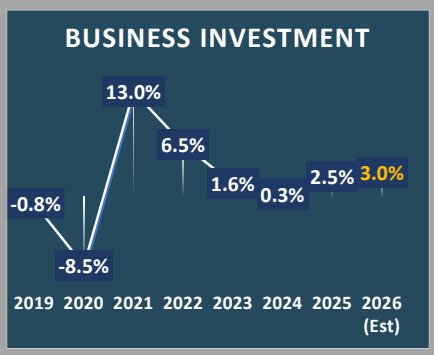
Oct/Nov 2026

Selected Indices









Executive Summary – Oct/Nov '26

Big Items

GDP: The latest GDPNow forecast midway through Q4 is currently tracking at a growth rate of 3.5% against Wall Street estimates of 2.1%. Consumer spending is still the strongest anchor of national GDP contributions, based on total dollars of contribution. Although it is not the fastest growing. Obviously data center activity is the fastest growing contributor to growth, despite moratoriums and some forward uncertainty and risk. As long as job and wage growth continues to be stable, there will continue to be a strong anchor for overall economic health tied to a resilient consumer.

Industrial Production: Industrial Production is comprised of three sectors: manufacturing, mining, and utilities. The manufacturing portion was up M/M in September (latest available), it increased by 0.3% but was still a bit higher than last year at this time by 1.1%. Durable goods production was up 3.7% Y/Y being driven by computers and electronics, machinery, electrical equipment, and aerospace. Nondurable manufacturing was weaker, falling by 1.1% Y/Y. Mining activity was up sharply by 2.8% Y/Y and Utilities were up 8.7%.

Housing Permits/Starts: Total housing permits were down 3.2% Y/Y through the end of September (latest available). Single-family was down 4.7% from a year ago and multi-family was up by 0.6% from last year (multi-family rates can be volatile M/M). Housing starts were down in September (latest available), total starts were down sharply by 7.4% Y/Y. Single-family starts were up 2.6% Y/Y, and the volatile multi-family starts came in sharply lower by 25.9% Y/Y.

Home Improvement Retail: The sluggish new home market continues to push consumers to do home improvement projects to improve their current home (which also means they plan to stay a while in that home). Sales through September (latest available) in the category were up 4.5% Y/Y, despite dipping by 0.6% M/M.

Manufacturing: S&P data on the Purchasing Managers' Index remained stable in the latest reading; the index slipped from 55.9 in September to 54.9 in October. Although it dipped, readings above 50 signal that the sector is still expanding. New orders were stable, inventories are balanced, and most manufacturers have strong optimism about the next 6 months ahead. But that optimism is anchored on belief that the conflict in the Middle East will end (enough so) that it frees up supply chain flows and helps soften commodity prices and material availability. For now, most supplies are somewhat tight, and input prices remain historically high.

Big Risks

Bond Rates Continue to Remain Higher: Bond rates are still elevated (yield on the US 10Y was at 5.17% at the time of writing), which pushes borrowing rates for mortgages and commercial bonds higher. This is slowing many projects that rely on corporate debt and consumers in the spec home market are still resisting moving into new homes. Buyers at the upper end of the scale and those in the custom home market (those less sensitive to interest rates) are still doing well. Corporate projects (especially data centers and power generation) are also experiencing less push-back.

What to Watch

Post-Election Data Center Pressure: An estimated $4.2T in all-in spending is still expected to move forward in data center construction and outfitting between now and 2034 ($1.3T in shell-construction only) despite credit risk and state and local moratoriums. This is out of more than $7.99T originally projected through 2034. The greater risk is in the out-years, more than $1.75T in current spending through 2028 is expected to continue to completion.

Macroeconomic Viewpoints

- Dr. Chris Kuehl

Data Centers and the Election. – No matter where we are or what group we are speaking to, the question of data center construction resilience is at the forefront of those discussions. Speculative data center projects are getting hit with different levels of headwinds ranging from state and local moratoriums to credit risk, Wall Street apprehension, Black Swan and Congressional regulatory intervention, and simply overbuilding.

On the demand side of things, let's get one thing clear; it would be well into 2028 or 2029 before the question of overbuilding would come into play. For now, more than 85% of all current project capacity (those projects underway) is pre-leased. And with the demand curve rising (nearly exponentially) over the next few years, the need for "compute" still shows demand outpacing capacity.

The risks are steep. Projections of the most probable scenario (with all risks incorporated) is that 66% of all of the planned, dreamed, and speculated spending in the US on data centers through 2034 ($7.99T in all-in total spending with $2.53T of that just in structure investment) is under risk. Even if moratoriums get lifted, credit and financial risks will remain. And if financial and credit risks are lifted, the risk of overbuilding is still present in the out-years beyond 2030. The most immediate risk is that many co-location firms (those that are spending billions of dollars today to build data centers) have to weather 2-4 years of spending before they can book their first dollar of revenue from tenants. Whether the banking sector and Wall Street have the patience for that eventual payoff is where the anxiety is today. Will they bridge the gap?

One thing is certain, the designs for data centers are changing. How they cool and the power generation side of things are moving into new technologies. Many local communities will require new construction to use water-reducing cooling technologies and to move their power generation "behind the meter". And with on-site power generation required in many communities where local utilities won't (or can't) carry the new load will need new solutions. And that could be interesting from a material demand perspective, many of these new technologies could increase the volume of materials used in a project and increase the total cost of a project.

Data center construction is a critical element of growth within nonresidential construction. And for the broader economy, it may be accounting for as much as 50% of our national growth rate when we include both direct and indirect spending.

Even if only 45% of the projects currently planned continue to completion, there is still more than $4.17T in spending likely to come (a tremendous boost in construction spending compared to other cycles). For many general contractors, this mild slowdown is actually welcome, it allows them to better plan labor demand, material needs, and possibly see some reduction in commodity prices to boot. - KP

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Reader Question of the Month

Q: Is there any new information on the Section 301 Structural Overcapacity tariffs? Are they still coming?

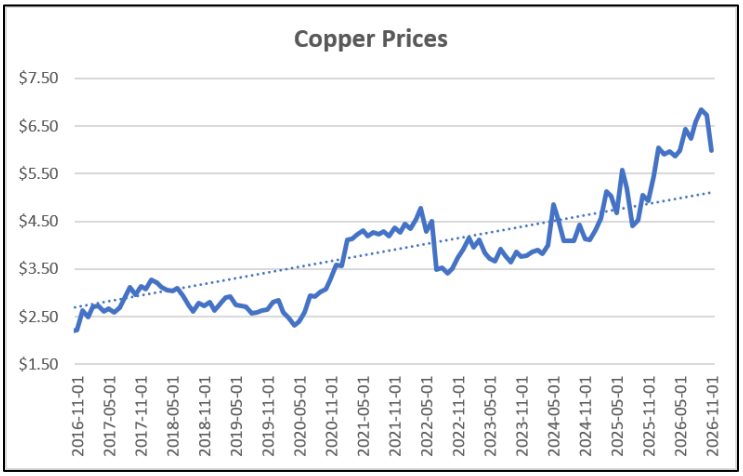
A: When the Federal Government attempted to build a strategy for replacing IEEPA tariffs, they decided to ultimately put 301 tariffs in place. These start with an "investigation" and then gets followed up with a public comment period and ultimately an adjudication of the new tariff. The two investigations that were launched earlier this year were on "labor violations" and then "structural overcapacity". Remember that the blended tariff rate under the IEEPA tariffs (those found to be illegal by the Supreme Court averaged between 15-18%. The first labor violation tariff hit 60 countries and were on average 12.5%.

New information suggests that the new tariff may be more country specific with Chinese tariffs moving from this 12.5% rate to 20% (stacking a new 7.5% 301 structural overcapacity tariff on top of 12.5% labor violation tariffs). Other countries may also be negotiating an "all-in" tariff of 15% (which would add another 2.5% to their current tariff rates).

This is all speculative, but hints from the administration suggest that these might be put in place before the end of the year to try and avoid doing it early-on during the new Congress. With the Federal Reserve expected to hike interest rates in December and possibly again in Q1, it might give the administration a "smoke screen" in which to introduce the new tariff. If these levels are accurate, that would simply return the IEEPA level tariff regime back to those levels under these two new 301 tariffs. If this is indeed the levels that become more "permanent", many firms have already made market adjustments to accommodate those. But some have not. - KP

Key Commodity Outlook

The following section includes viewpoints on key commodities. Wherever possible, the Producer Price Index (PPI) is used as a gauge of prices for specific commodities. The PPI is derived from monthly Government surveys of those that purchase specific products and services. The PPI includes views on both spot and contract pricing for a given product or service and is more representative of general changes in street-level pricing trends.



Copper Prices (WPUSI019011)

- The price of copper dropped some this month and was trading at $5.99/lb. ($6.72/lb. last month).
- The Producer Price Index (PPI) for October (latest available) was still higher month-over-month by 3.0% (4.0% last month). And it was up sharply by 32.4% year-over-year (+39.4% last month). The all-time high is 810.1 in Oct 2026, and the low was 302.9 in 2016.
- **Looking Ahead**: The drop in prices are down slightly because of demand fears. Supply remains constrained, but speculators are looking at data center risk and corresponding reductions in demand elsewhere to build in this temporary price reprieve. This drop in price is not considered to be resilient, volatility will remain.

General Commodities Discussion:

Copper:

- The price of copper was essentially rangebound at $5.99/lb. ($6.72/lb. last month). This keeps copper prices on the spot market 5.5% higher YTD and are sharply higher by 18.4% Y/Y.
- The Producer Price Index (PPI) for October (latest available) was still higher month-over-month by 3.0% (4.0% last month). And it was up sharply by 32.4% year-over-year (+39.4% last month). The all-time high is 810.1 in Oct 2026, and the low was 302.9 in 2016.
- **Outlook/Member Comment**: *"The copper Comex closed recently at $6,3625 per pound, which is down $0.1805 from earlier. The Comex average year-to-date price is at $6,1821 per pound."*

Carbon Steel: **(WPU101706)**

- **NYMEX Domestic Hot-rolled Coil steel prices (CRU-HRCc1) were higher** over the past 30 days at $1,353 per ton in early November ($1,275 per ton in the last update but were up a sharp 59.0% from last year's level of $852.71).
- **Producer Prices** for steel pipe and tube were higher in the latest data from the end of September (latest available). They were up by 0.6% month-over-month (+2.2% last month). **Year-over-year, the PPI was sharply higher by 13.2%** (+14.3% Y/Y in the last update). Producer Prices lag the spot market by 30-60 days.
- **Member Comment**: *"While carbon steel commodity pricing has been more controlled over the last 30 days, steel pipe pricing has been outpacing that significantly. Steel mills are operating at around 80% capacity. We expect to see steel pipe pricing to continue to increase through the end of 2027."*

Stainless Steel: **(WPU10170674)**

- LME Nickel Prices eased further over the past 30 days at @$7.20 per lb. ($7.24 in the last update), this was lower than the May peak of $8.90/lb. but remain elevated historically.
- Producer prices for nickel were up by 1.1% month-over-month in September (latest available) (-1.6% last month). They were still 10.6% higher year-over-year (+10.2% last month).
- **Outlook/Member Comment**: "Current conditions for weeks: fittings remain strong but there is a sense that some projects are being rushed even for construction prior to legislation that might have limitations for new projects. Pricing remains stable and inventories are being reduced other than larger import orders being placed."

Ferrous Metal Scrap: (PPI: PCU4299304299301)

- Producer prices for ferrous metal scrap were lower vs. the prior month, coming in with an index of 509.2 (511.4 last month). This was lower by 0.5% M/M (-1.6% last month). But year-over-year it remained higher by 10.3% Y/Y (+9.4% in the last update). The highest producer price prior to this was in July of 2008 when the index hit 731.4 points.
- **Outlook**: *"The overall Trend Indicator jumped to 70.6 (from 65.9 in October and 49.5 in September), pushing well past the neutral 50 threshold and aligning with model projections for a 7.1% M/M average price increase. With the Inventory Indicator falling to 42.6 (signaling below-average stock levels) and higher mill demand cited as the primary driver, the market is positioned for solid price gains rather than flat trading." — Fastmarkets*

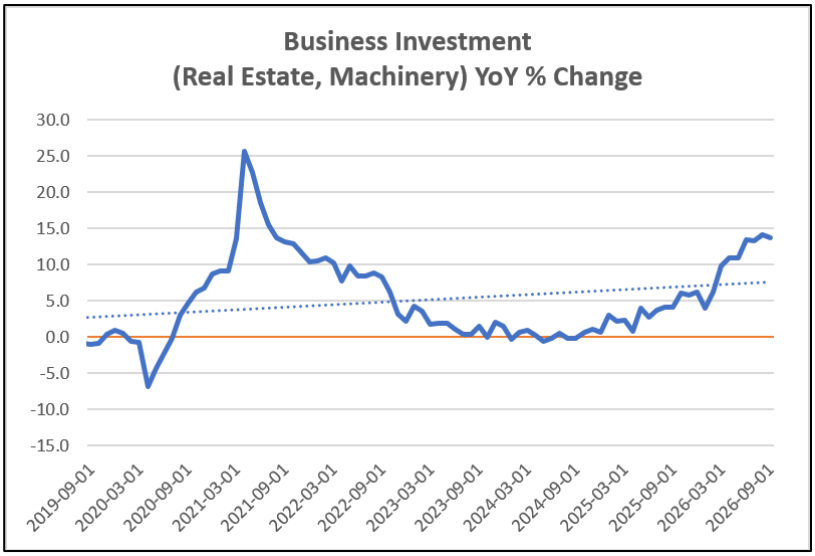
Additional commodities and finished product pricing are addressed in the Producer Price Index review on the next page. In addition, reference the ASA Materials Market Digest for more detailed information and member comments on various commodity sectors.

Producer Price Index – Key Industry Products

The Producer Price Index (PPI) for key supply industry metrics is listed in the chart below including month-over-month and year-over-year comparisons. To the degree that the PPI is derived from monthly Government Surveys of actual purchasers and users of the following products, it provides a more accurate street-level pricing viewpoint. Some data is delayed and may not have been updated by the time of publication.

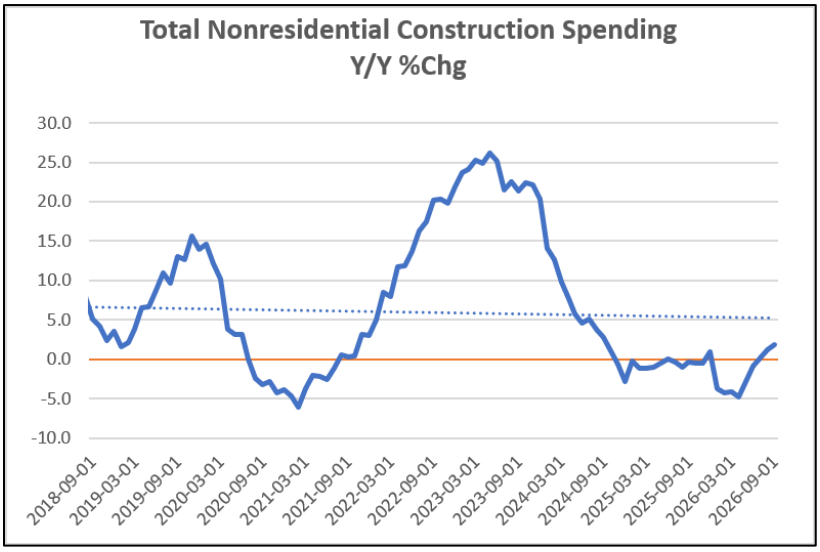
Producer Price Index - Key Industry Products							
Category	PPI Code	Oct-26	Sep-26	M/M% Chg	Oct-25	Y/Y % Chg	Annual Forecast
Core Materials							
Copper	WPUSI019011	810.1	786.7	3.0%	611.8	32.4%	0.1%
Lumber	WPU081	275.6	282.7	**-2.5%**	259.1	6.4%	**-1.2%**
Nickel	WPU102504	232.8	234.5	**-0.7%**	210.7	10.5%	**-3.5%**
Cement	PCU32732032732(	402.4	402.8	-0.1%	392.9	2.4%	4.1%
Pipe, Valves and Fittings							
Metal valves, except fluid power	WPU114902	509.0	506.7	0.4%	479.0	6.3%	5.8%
Gates, globes, angles and check valves	WPU114902011	190.5	189.4	0.5%	184.4	3.3%	6.0%
Ball valves	WPU11490202	637.3	637.3	0.0%	639.2	-0.3%	3.9%
Butterfly valves (formerly W2421490203)	WPU11490203	376.9	376.9	0.0%	361.2	4.3%	2.7%
Industrial plug valves	WPU11490204	366.5	366.5	0.0%	345.8	6.0%	7.1%
Solenoid valves	WPU11490208	372.2	372.2	0.0%	372.2	0.0%	1.5%
Other industrial valves, including nuclear	WPU11490209	450.3	449.9	0.1%	437.6	2.9%	9.3%
Automatic valves	WPU11490211	299.5	289.5	3.5%	286.5	4.5%	4.6%
Metal pipe fittings, flanges and unions	WPU11490301	560.5	560.5	0.0%	535.6	4.7%	3.8%
Steel pipe and tube	WPU101706	462.4	431.7	7.1%	380.1	21.7%	**-0.5%**
Steel pipe and tube, stainless	WPU10170674	155.4	154.2	0.8%	143.2	8.5%	1.2%
Copper and Brass Mill Shapes	WPU102502	829.7	835.3	**-0.7%**	669.8	23.9%	1.2%
Plastic pipe	WPU07210603	181.8	182.4	**-0.4%**	175.3	3.7%	**-4.9%**
Plastic pipe fittings and unions	WPU07210604	356.7	354.9	0.5%	327.7	8.8%	11.8%
Plumbing Fixtures, Fittings and Trim	WPU105402	453.0	453.0	0.0%	431.1	5.1%	4.3%
Bath and shower fittings	WPU10540211	286.7	286.7	0.0%	286.7	0.0%	0.0%
Lavatory and sink fittings	WPU10540218	218.3	218.3	0.0%	211.1	3.4%	1.4%
Enameled iron and metal sanitary ware	WPU1056	284.5	284.5	0.0%	284.5	0.0%	0.0%
Steam and Hot Water Equipment	WPU1061	501.2	501.2	0.0%	483.8	3.6%	11.5%
Cast iron heating boilers, radiators and convectors	WPU10610106	336.9	336.9	0.0%	328.4	2.6%	12.1%
Domestic water heaters	WPU106601	646.2	646.2	0.0%	643.9	0.4%	8.2%
Electric water heaters	WPU10660101	640.4	640.4	0.0%	639.2	0.2%	8.5%
Non-electric water heaters	WPU10660114	393.3	393.3	0.0%	391.5	0.4%	7.9%
Warehousing, Storage and Relates Services	WPU321	148.1	147.0	0.8%	144.3	**2.6%**	**-1.0%**

PHCP & PVF



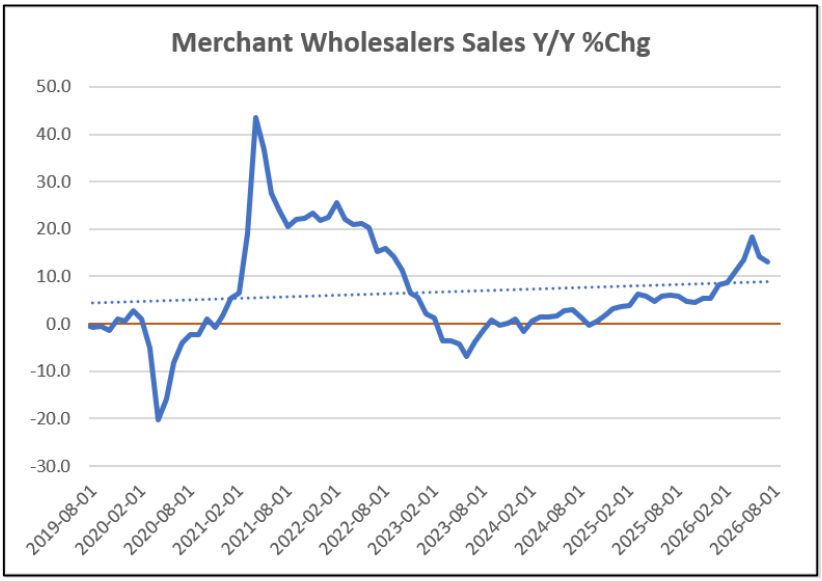
Capital Goods New Orders (NEWORDER)

- The value of manufacturers' new orders for capital goods was 0.6% higher in September M/M (+1.5% last month). Investments were up sharply by 13.7% Y/Y (up 14.1% last month).
- **Outlook**: The recent hike in yield rates on bonds have affected the number being issued, and threats by the Federal Reserve to hike interest rates in December have also pushed credit risk higher. Thus far, only a small pullback in spending has been noted. Those industries and projects that are less interest-rate sensitive (public works and civil infrastructure, data centers, power generation, some private funded hospital tower projects, etc.). Others may experience some modest pullback in spending. Note the monthly deceleration in spending between August and September, this coincides with US 10Y bond rates touching 5% (which pushes corporate bond rates into the 8%+ ranges for many projects).



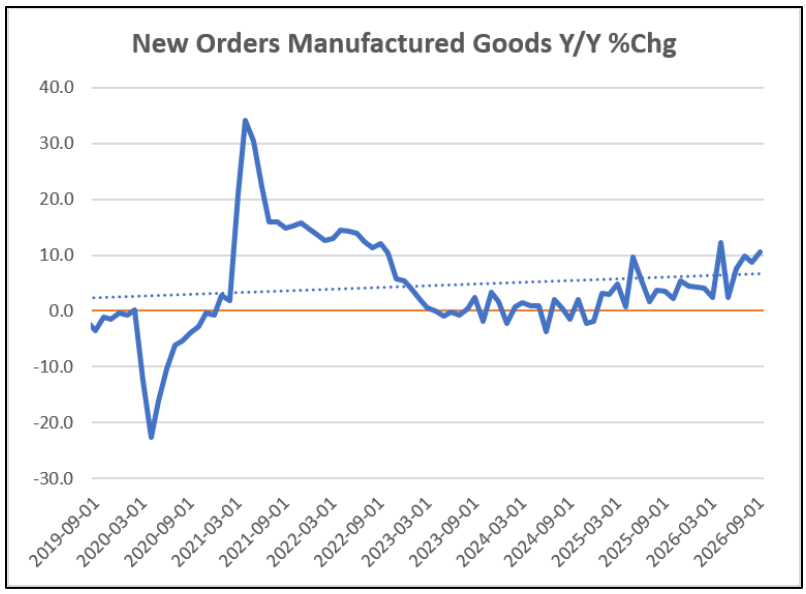
Total Non-Residential Construction (TLNRESCONS)

- Total Non-Residential Construction activity in September (latest available) was 1.8% higher than it was a year ago (1.2% higher last month) and was slightly higher by 0.5% M/M (+0.9% in the last report). The all-time high was $1.337T in April of 2025 at the beginning of the data center construction wave ($1.308T currently).
- **Outlook**: When adjusting for inflation, nonresidential construction spending is down in every sector except data centers, power generation, religion, and conservation/development. All other sectors were underwater. Even when taking it before the inflation adjustment, most sectors were still underwater or were managing just modest growth. Transportation and logistics, highway and street, water supply, and communication were modestly positive. Interest rates and higher construction costs are current hindrances.



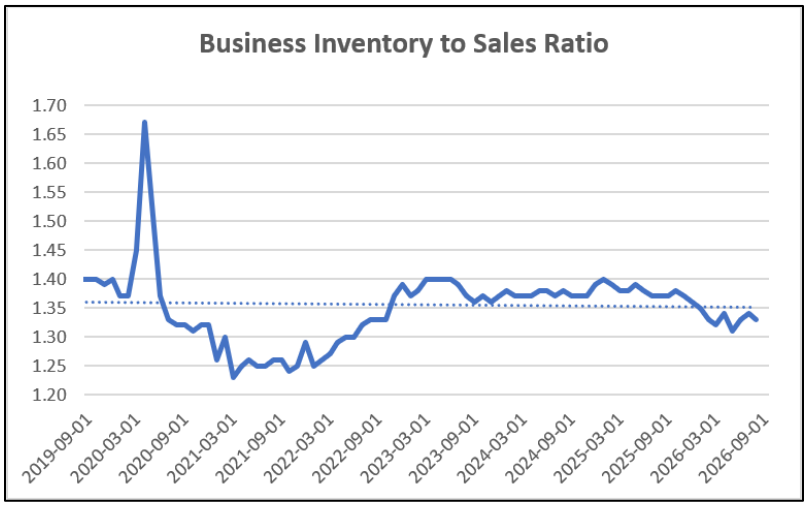
Wholesale Trade (WHLSLRSMSA, WHLSLRIMSA)

- Merchant wholesalers' sales were up 15.6% Y/Y through Aug (latest available; up 13.3% Y/Y in the last update). Month-over-month, sales were up by 1.8% (-1.0% last month).
- Wholesale inventories were up 6.4% year-over-year in August (latest available; up 5.8% last month).
- **Outlook**: Wholesale inventory to sales ratios are down 7.8% Y/Y, and many are keeping inventories reasonably low against sales volumes. Some of this may be global supply chain related (unable to keep their supply chains in sync). The other factor could be one of timing. A near record number of containers hit US shores in August and September, prior to when much of this data was collected. As those inventories are processed and delivered to destination, we could see the inventory situation improve. Many manufacturers had reported some mild challenges in getting materials.



Manufacturing (AMTMNO)

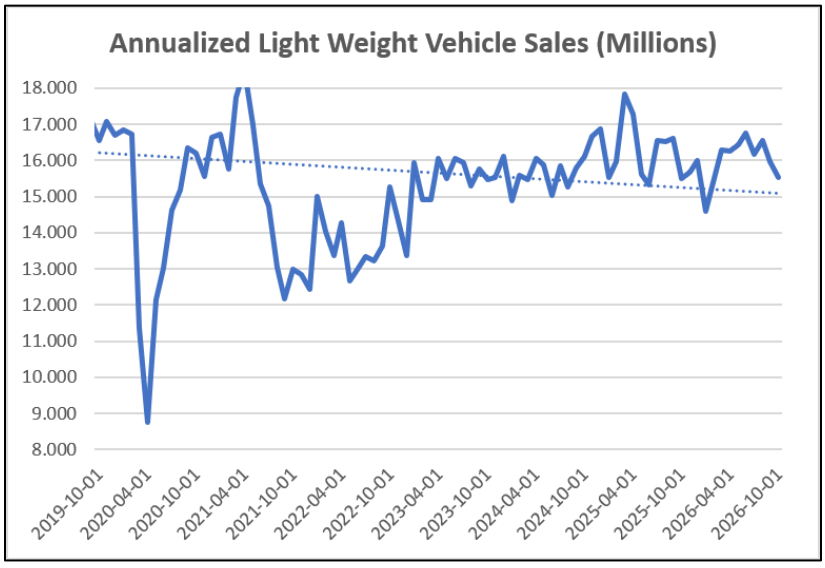
- Federal data on manufacturing moved up 10.5% Y/Y (+8.8% last month) through Sept (latest available). It was up by 1.8% month-over-month (+0.3% last month).
- The S&P Global US manufacturing PMI came in at 54.9 in October, up from last month's 55.9.
- **Outlook**: This data lags the ISM and S&P Global survey data but a full month. But both of those data sources corroborated that the manufacturing sector is performing well. All data is showing manufacturing growth with new orders expanding deep into the fall and headed into the peak season. More importantly, the growth is widespread and broad-based, it isn't anchored in a single market or sub-sector. In addition, most manufacturers remain optimistic about the next six months and will continue to keep labor stable (hiring to fill employment gaps as employees leave but not necessarily adding new positions).



Business Inventory to Sales Ratio (ISRATIO)

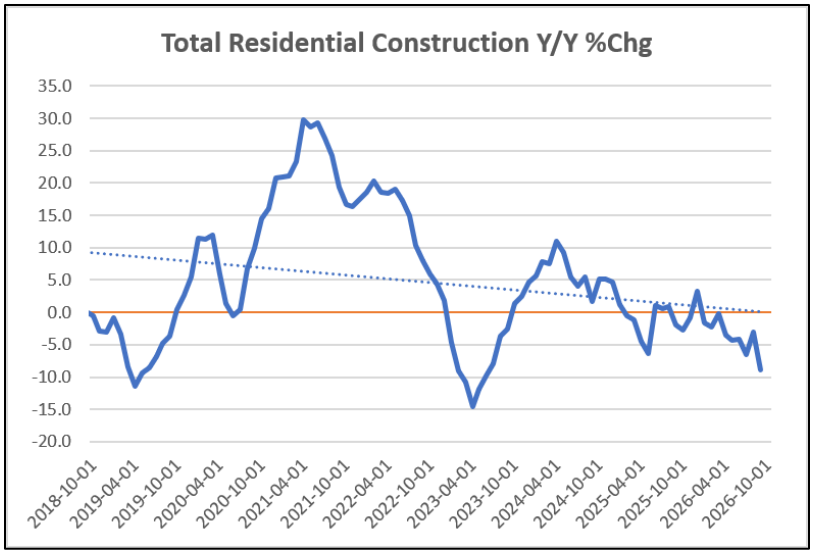
- The current inventory to sales ratio for all businesses is still at 1.33 months of inventory on hand in August (latest available – it lags; 1.34 last month). Relative to sales, inventories are more balanced with some sectors underweight, this month's ratio was 5.0% lower Y/Y (-5.1% last month).
- **Outlook:** Once again, although the actual inventory data shows it being underweight (firms are lighter than expected), there was a record volume of containers that hit West Coast shores in September. This could push inventories to become slightly elevated and could reduce future orders if purchasing managers have opted to stockpile products. At this time, it appears that finished product demand will remain robust, and sell-through on this inventory could remain stable.

PHCP



Auto Sales (ALTSALES; AISRSA)

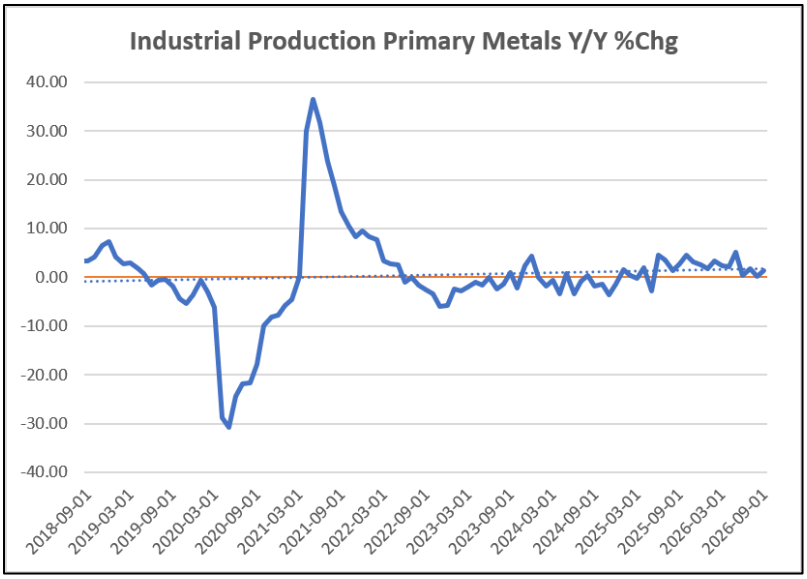
- US auto sales were trending at a 15.542-million-unit annual rate (15.975M last month) through October (latest available). This is down 0.9% year-over-year (-3.6% in the last update).
- The domestic auto inventory to sales ratio fell by 9.4% Y/Y in Sept (latest available). On a monthly basis, it was higher by 6.5% (up 5.3% last month).
- **Outlook**: As expected, there has been some modest cooling of auto sales headed into the peak holiday shopping season. This was expected, and the 0.9% drop Y/Y reflects that seasonality. Financing issues continue to be a factor, and many banks are monitoring the default rate (which is rising) for auto loans. Some tightening of lending standards at the lower end of the consumer range is being seen. But the upper-income and upper-middle income households continue to spend at a rapid pace. Hybrid sales are also accelerating under higher fuel prices.



Total Residential Construction (PRRESCONS)

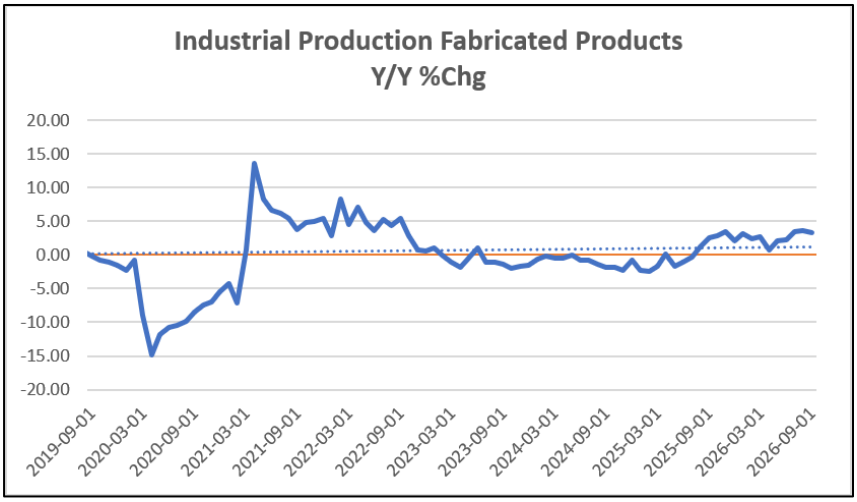
- Total residential construction in Sept (latest available), was down 8.9% Y/Y (-3.1% last month). It was also down 5.5% M/M (+3.6% last month).
- **Outlook**: Mortgage rates are highly correlated to the US 10Y Treasury (and 30Y). With current yield rates pushing to the higher end at 5.17%, mortgage rates are still in the "low 7% range". This significantly impacts buyers and buyer sentiment. Affluent household buyers are not affected by interest rates, and custom home purchases are still doing well and most builders in those sectors have strong backlogs of work carrying them deep into 2028. But the spec home market is seeing a lot of headwind pressure. Higher construction costs, higher cost of borrowing as mentioned, and many in comfortable low-rate mortgages are pushing many to simply "hold tight". New home buyers are struggling to get down payments together and even with builders now using incentives and reduced square footage to reduce costs, the sector is still struggling.

PVF



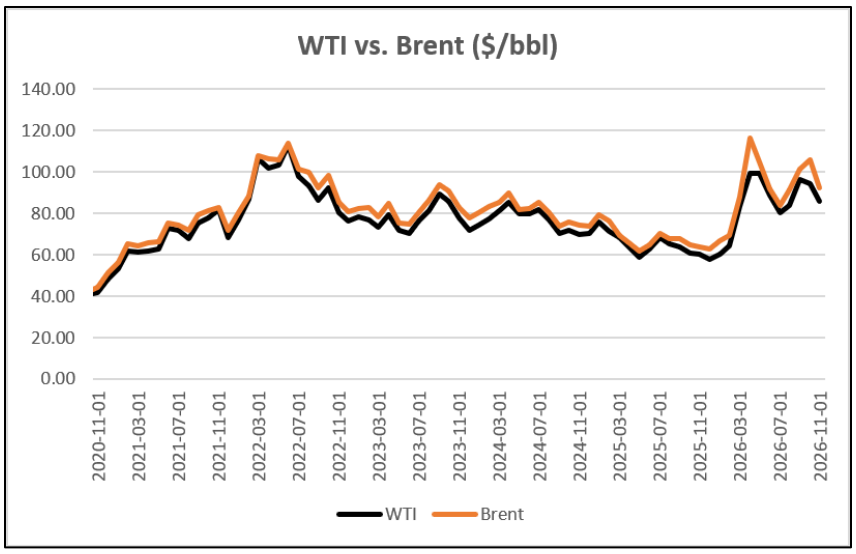
Industrial Production Primary Metals (IPG331S)

- Industrial production for primary metals was up by 1.3% Y/Y through Sept (+0.1% in the last update). And it was up 1.6% M/M (-0.6% M/M in the last update).
- **Outlook**: The September increase was an interesting departure from August. As mentioned, we thought that September surveys were pointing to renewed growth in production and new orders and that pulled through. Demand should remain concentrated in data centers, power and grid projects, infrastructure, advanced manufacturing, and transportation, while residential and consumer-durable markets remain softer. Distributors should expect firm pricing and uneven lead times through year-end, even if production growth remains moderate.



Industrial Production Fabricated Metals (IPG332S)

- Fabricated metal industrial production was up 3.3% Y/Y through Sept (+3.7% last month). It was up 0.6% on a month-over-month basis, (+0.1% in the last update).
- **Outlook**: Fabricated metals should retain positive momentum through year-end as new orders expand, backlogs rise, and customer inventories remain low. Demand is strongest around data centers, power infrastructure, aerospace and machinery, while weaker manufacturing construction and commercial markets keep growth uneven. The main constraint is supply rather than demand: steel availability, labor shortages and rising input costs are extending lead times.



WTI and Brent

- WTI is currently at $85.53 a barrel ($94.35 last month) and Brent is at $92.36 ($105.89 last month). Oil continues to trade in a range between $80.00 and $95.00 for WTI, depending on how news is running.
- **Outlook:** Like other sectors in the market, traders have a difficult time figuring out which way to go. Prices are falling on the prospects that perhaps the worst has been seen in the Middle East (no further ratcheting up of tension as the US approaches new Congressional makeup. Although tight petroleum conditions persist, the geopolitical premium has come off of petroleum prices.

For refined fuels, the gasoline price forecast shows them remaining higher for the duration of 2026, rising to $3.91 per gallon ($3.84 last month and against the full-year average of $3.10 in 2025) and followed up by $3.56 next year ($3.35 in last month's EIA forecast). Prices were expected to have averaged $4.15 in Q4 of 2026 and then dropping to $3.71 in Q1 2027, and $3.76 in Q2. Again, with gasoline prices currently higher than the EIA forecast at $4.28 nationwide, the EIA will likely keep its forecast higher in the near term.

The retail diesel price forecast shows them averaging $5.19 a gallon in 2026 ($5.07 in the last update) and $4.49 in 2027 after averaging $3.66 in 2025. Prices are expected to have averaged $5.81 in Q4 of 2026 then dropping to $4.92 in Q1 and followed by $4.57 in Q2. Again, current prices are $6.34 and are being driven heavily by short refinery capacity, higher input prices, and stable demand as we head deeper into Q4. Most analysts believe that $6.60 is the "breaking point" and the inflation-adjusted all-time high equivalent, just to put it in perspective.

Rotary Rig Counts (Baker Hughes)

https://bakerhughesrigcount.gcs-web.com/rig-count-overview

	Last Count	Count	Change from Prior Count	Change from Last Year
U.S.	13-Nov-26	601	-3	52
Canada	13-Nov-26	233	10	45
International	Oct-26	1,111	-11	52

- Baker Hughes US active rig counts were up 52 Y/Y (+56 in the last update) at 601 (1,049 in 2019); Canadian counts were up 45 Y/Y (+29 in the last update). International counts are up 52 Y/Y (38 in the last update).
- **Outlook**: The EIA's latest forecast and outlook for 2026 crude oil prices are still fighting against speculation regarding the next stages of wars in the Middle East and Ukraine. For 2026, the EIA elevated its forecast for oil once again this month — prices are expected to average $88.21 for the year ($84.65 a barrel in the last forecast and against the 2025 average of $65.40).

The EIA expects prices to have averaged $97.00 in Q4 2026 before decelerating in 2027 in Q1 to $90.90 and $83.00 in Q2 before averaging $79.74 for the full 2027. Depending on events in the Middle East and Ukraine over the next 2 months, these forecasts may lean even higher unless an unexpected cease-fire and end to the conflicts are reached.

The EIA forecast shows 2026 US crude oil production will be higher at 13.87 Mbpd in 2026 (13.83 Mbpd in the last update). For 2027, it expects production to continue to rise and remain elevated at 14.30 Mbpd (up from 14.26 Mbpd in the last forecast).

Construction Outlook

Residential construction: 30-year national average mortgage rates slightly softer in early November to 7.1% (7.4% in the last update). Home builder confidence fell again in October according to the NAHB/Wells Fargo index and remains volatile and highly regionalized. On a M/M basis, it was 29 points (down 9.4% from September). The all-time high was 90 points in November of 2020. Builders' confidence remains weaker primarily due to higher interest rates and a continuous operational cost challenge with higher wage and material costs.

NAHB/Wells Fargo National and Regional Housing Market Index (HMI)

NATIONAL

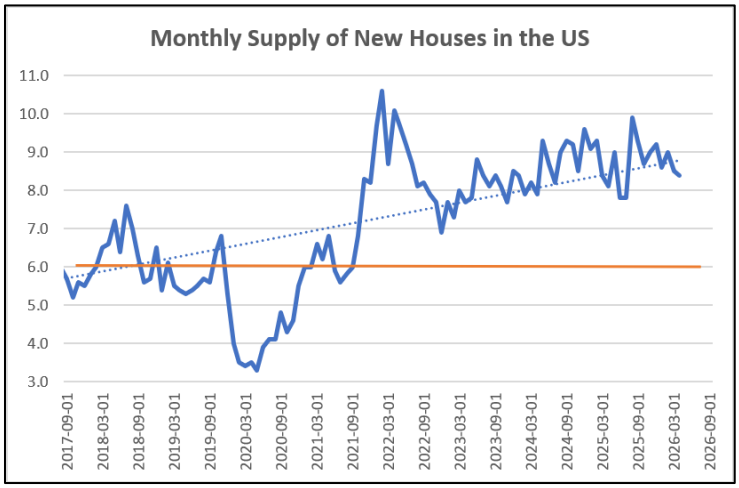
(Seasonally Adjusted)	2025	2026										
	Oct	Feb.	Mar.	Apr.	May	June	July	Aug	Sep Revised	Oct Prelim	M/M	Y/Y
Housing Market Index	37	37	38	34	37	36	34	35	32	29	-9.4%	-21.6%
Housing Market Index Components												
Single Family Sales: Present	39	41	41	37	40	38	37	39	35	33	-5.7%	-15.4%
Single Family Sales: Next 6 Months	54	47	49	42	45	45	43	43	37	32	-13.5%	-40.7%
Traffic of Prospective Buyers	25	22	25	22	25	25	23	23	23	18	-21.7%	-28.0%

REGIONAL HMI

(Seasonally Adjusted)	2025	2026										
	Oct	Feb.	Mar.	Apr.	May	June	July	Aug	Sep Revised	Oct Prelim	M/M	Y/Y
Northeast	55	43	42	39	44	50	41	42	35	37	5.7%	-32.7%
Midwest	42	41	45	39	45	45	45	45	40	35	-12.5%	-16.7%
South	35	35	36	34	36	31	31	33	29	27	-6.9%	-22.9%
West	31	30	31	26	27	27	26	28	30	20	-33.3%	-35.5%

On a year-over-year basis, the NAHB/Wells Fargo Housing Market Index was much lower against October of 2025 by 21.6% (unchanged last month).

Adjusted housing inventories were still high in September (latest available), coming in at 8.4 months of inventory on hand. This is still higher than the "ideal range" of 6 months of inventory on hand but is now well below the 17-year highs hit in July 2022 of 10.6.



The housing market is highly regionalized, and each region has different levels of housing activity, but macro demand is still being tempered by lack of affordable single-family housing inventories and steep housing prices which are only easing in some markets.

Total housing permits were down 3.2% Y/Y through the end of September (latest available). Single-family was down 4.7% from a year ago and multi-family was up by 0.6% from last year (multi-family rates can be volatile M/M).

Housing starts were down in September (latest available), total starts were down sharply by 7.4% Y/Y. Single-family starts were up 2.6% Y/Y, and the volatile multi-family starts came in sharply lower by 25.9% Y/Y.

National Outlook: The Federal Reserve kept rates unchanged in its last meeting and continues to keep its eye on inflation risk largely stemming out of the conflict in the Middle East. The Fed is expected to hike rates by a quarter point in December. But mortgage rates are affected more by the performance of the 10-Year US Treasury, which was elevated and rising again at the time of writing. Yield rates on the 10-year treasury were unchanged M/M at 5.129% (5.229% in last month's update). A yield rate between 4-4.5% would be considered to be the first positive psychological threshold. But likewise, as the yield rate approaches 5.5%, it can create recession risk, and most analysts believe that a rate closer to 6% would begin to shut off big swaths of the economy.

Housing and Interest Rate Forecast, 11/08/2026

NAHB: https://www.nahb.org/news-and-economics/housing-economics/Forecasts

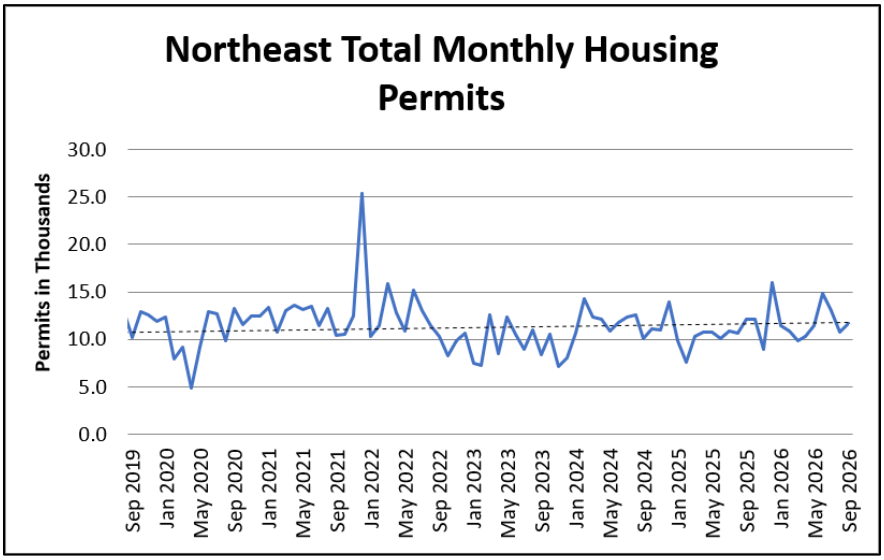
	2022	2023	2024	2025	2026	2027	2028
Housing Activity (000)							
Total Housing Starts	1,550	1,421	1,370	1,356	1,332	1,279	1,282
Single Family	1,004	947	1,015	941	898	891	919
Multifamily	547	474	355	415	434	388	363
New Single Family Sales	636	666	684	679	649	645	661
Existing Single-Family Home Sales	4,532	3,670	3,664	3,700	3,656	3,819	4,097
Interest Rates							
Federal Funds Rate	1.68%	5.03%	5.15%	4.21%	3.71%	3.91%	3.55%
Treasury Yield:							
Ten Year Maturity	2.95%	3.96%	4.21%	4.29%	4.62%	4.95%	4.59%
Freddie Mac Commitment Rate:							
Fixed Rate Mortgages	5.34%	6.81%	6.72%	6.60%	6.59%	7.00%	6.60%
Prime Rate	4.85%	8.19%	8.31%	7.37%	6.83%	7.04%	6.68%

For more forecast details, visit www.nahb.org.

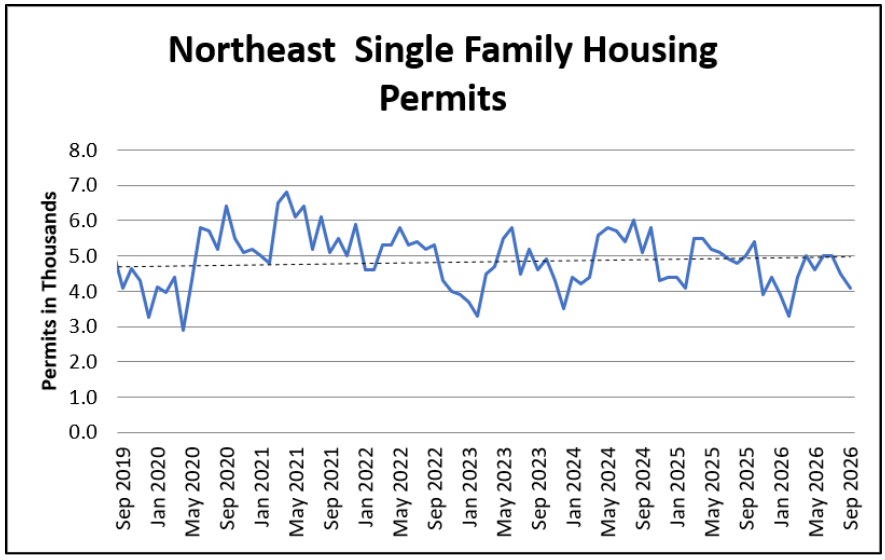
The following section provides monthly housing permit data for each major region in total, single family, and multi-family units.

Regional market outlook: Northeast

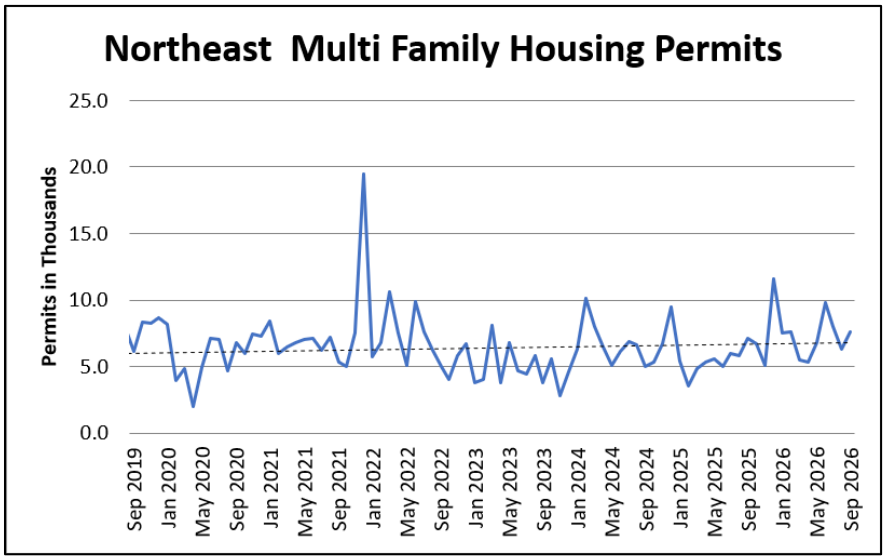
- Northeast total housing units authorized for construction were up 8.3% in September M/M (-16.9% last month). September was the latest regional data available throughout this series.
- The 3-month moving monthly average was down 6.9% (+0.2% last month).
- On a year-over-year basis, permits were down 3.3% (+1.9% in the last update).



- Month-over-month single family permits were down 8.9% (-10.0% last month).
- On a 3-month moving average basis, permits were down 6.3% (-0.4% last month).
- Year-over-year permits were down 18.0% (-6.3% last month).

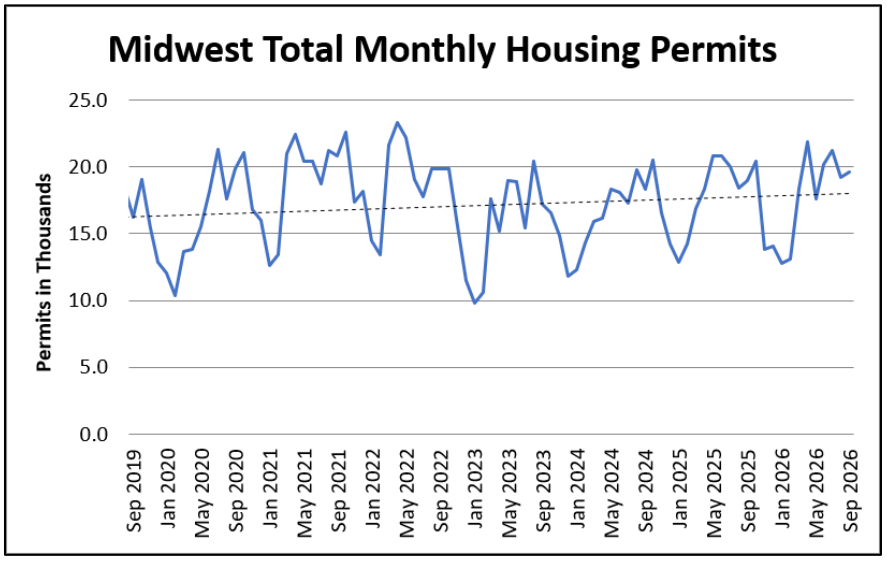


- Multi-family housing permits authorized for construction were up 20.6% M/M (-21.3% in the last update).
- They were down 6.3% on a rolling 3-month average (+1.5% last month).
- On a year-over-year basis, they were up 7.0% (+8.6% in the last update).
- These figures are based on a small number of units so the percentages can seem higher and more volatile.

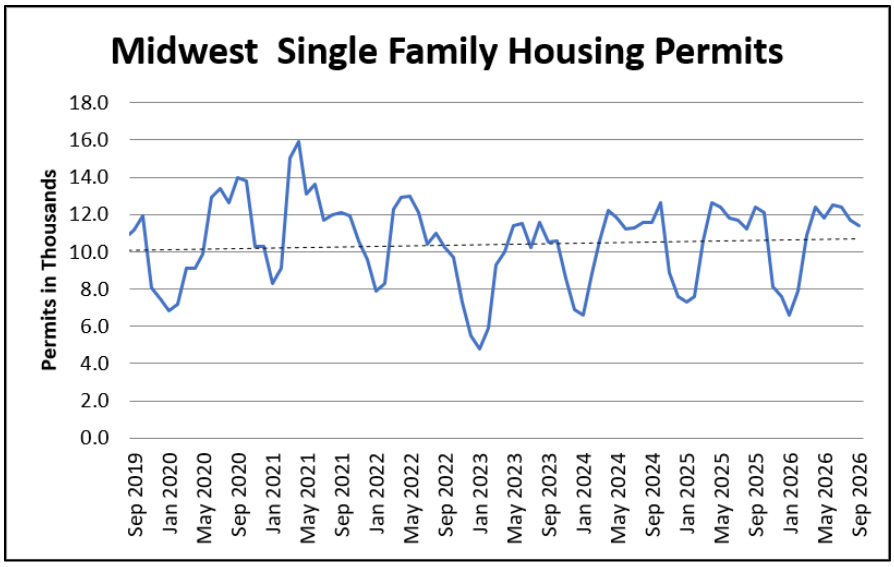


Regional market outlook: Midwest

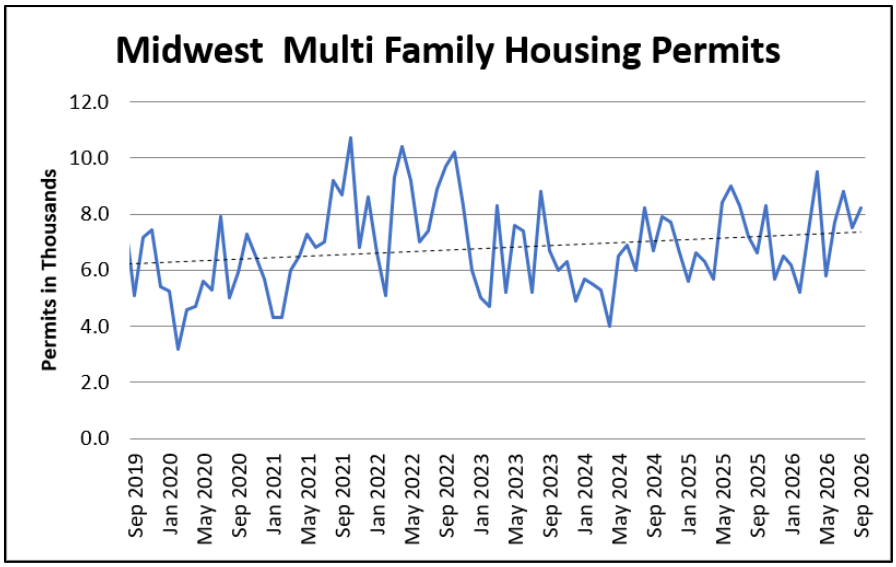
- Midwest total housing permits were up 2.1% month-over-month (-9.4% in the last update).
- The 3-month average was lower by 0.8% (+3.4% in the last update).
- On a year-over-year basis, permits were up 3.2% (+4.3% in the last update).



- M/M permit volumes were down 2.6% (-5.6% last month).
- The 3-month rolling average shows that permits were down 3.0% (-0.2% in the last update).
- Year-over-year, single family homes authorized by permits were down 8.1% Y/Y (+4.5% in the last update).

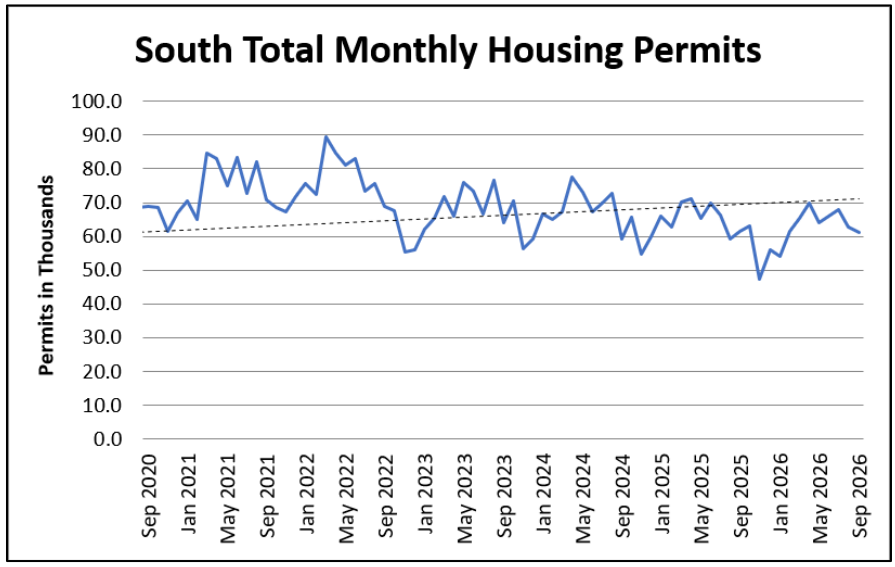


- Multi-family housing permits, again, are volatile month-over-month. This month, they were up 9.3% (-14.8% last month).
- On a 3-month rolling average basis, they were up 2.9% (+10.8% in the last update).
- On a year-over-year basis, permits were up 24.2% (+4.2% in the last update).

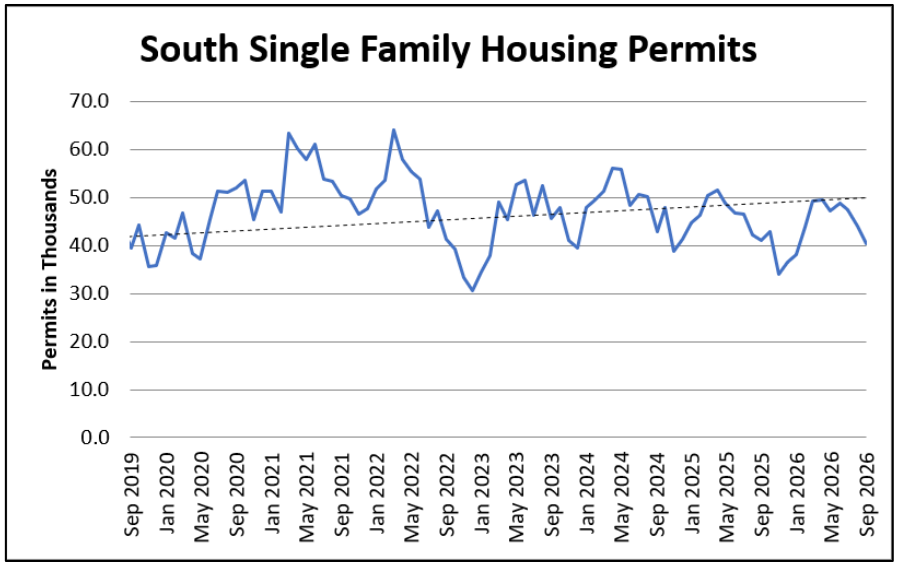


Regional market outlook: South

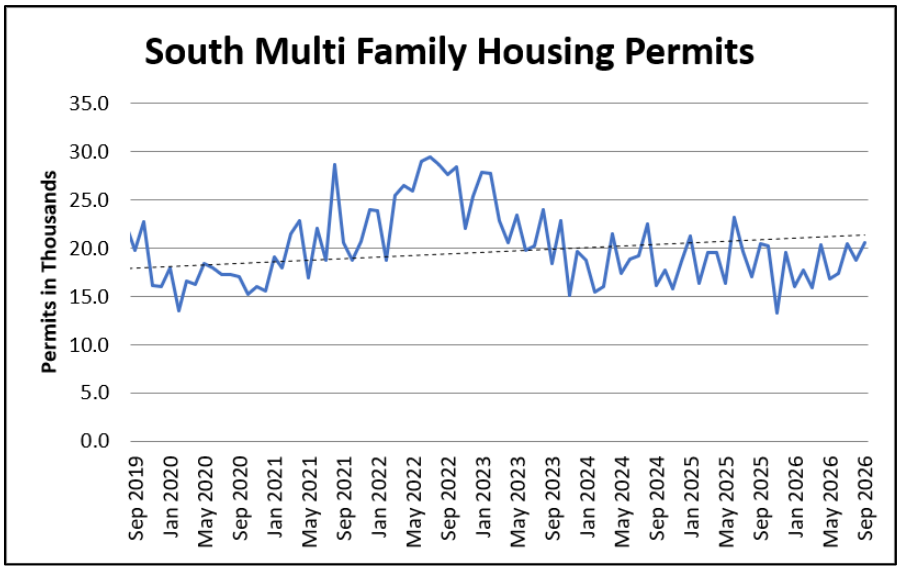
- Southern region housing permits were down 2.6% month-over-month (-7.7% in the last update).
- On a 3-month rolling average basis, permits were down 2.5% (-0.6% in the last update).
- On a year-over-year basis, total permits were down 0.7% (+5.7% in the last update).



- Southern region single family home permits were down 8.0% M/M (-7.4% last month).
- On a 3-month rolling average, they were down 5.9% (-2.3% in the last update).
- On a year-over-year basis, single family permits were down 1.5% (+4.3% in the last update).

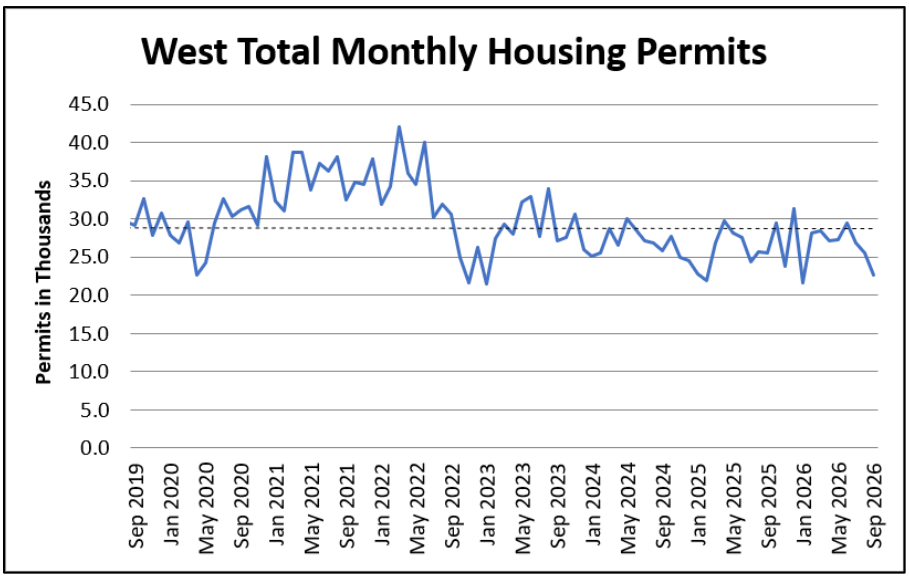


- Southern multi-family permits were up 10.2% M/M (-8.3% last month).
- On a 3-month rolling average basis, permits were up 6.4% (+4.2% last month).
- On a year-over-year basis, permits for multi-family housing were up 1.0% (+9.4% in the last update).

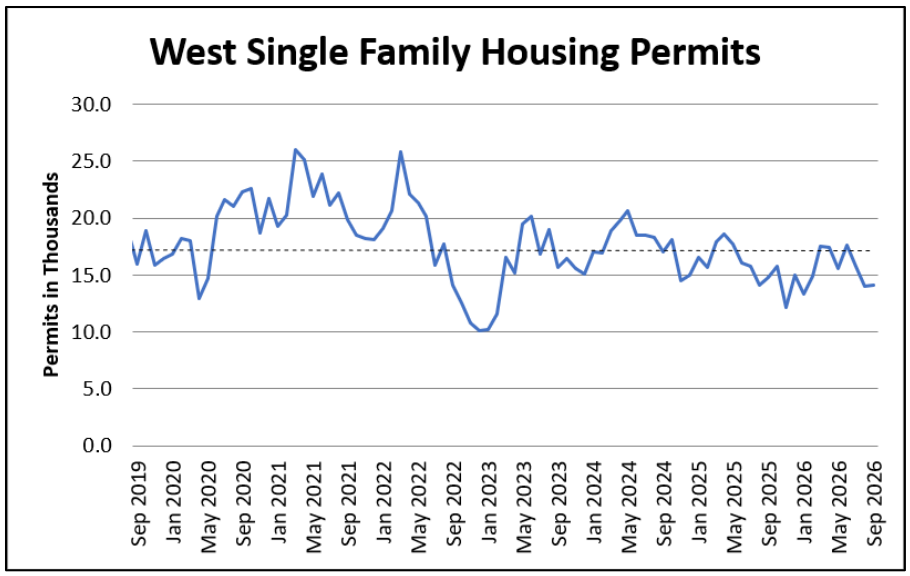


Regional market outlook: West

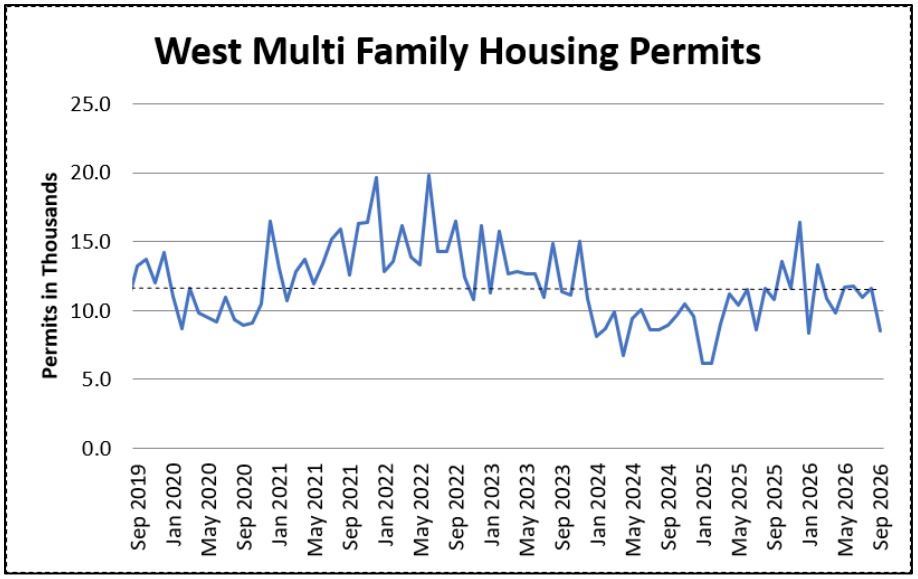
- Western region total monthly housing permits were down 11.7% M/M (-4.5% last month).
- On a 3-month rolling average basis, they were down 8.3% (-1.9% last month).
- On a year-over-year basis, permits were down 11.7% Y/Y (-0.4% in the last update).



- Single-family permits were up 0.7% M/M (-11.4% last month).
- On a 3-month moving average basis, permits were down 7.0% (-2.9% in the last update).
- Year-over-year, single family permits were down 4.7% Y/Y (-0.7% in the last update).



- Multi-family permits were down 26.7% M/M (+5.5% in the last update).
- On a 3-month rolling average, it was down 9.3% (-0.2% in the last update).
- Year-over-year, multi-family unit permits were down 21.3% (unchanged last month).



Industry Outlook

ASA member sales were higher by 9.1% Y/Y (13.3% last month) in September (latest available). Year-to-date through September, sales were up 9.2% (+8.4% in the last update). For the trailing twelve months prior, sales were up 9.8% (+8.2% in the last update). ASA Pulse Report findings are reported monthly. The following chart shows the breakdown by primary business type and region.

	September Y/Y % Change in Total Dollar Sales	YTD % Change vs. YTD 2025	Trailing Twelve Months % Change
All Businesses	**9.1%**	**9.2%**	**9.8%**
By Primary Business			
PHCP	6.2%	6.7%	6.2%
PVF	18.3%	15.3%	16.9%
PHCP & PVF	8.9%	9.6%	13.1%
By Region			
1 (SWPD & WSA)	15.3%	11.2%	12.1%
2 (ASA Central)	19.5%	18.0%	19.6%
3 (SWCD)	ISD	ISD	ISD
4 (NCWA)	7.7%	7.7%	9.4%
5 (ASA Northeast)	5.4%	8.4%	7.7%
6 (SWA)	4.0%	5.8%	5.0%
*ISD - Insufficient Data			

The US Transportation Services Freight Index (TSIFRGHT) typically leads ASA Sales by about five months. The last report available showed that the TSI was at 134.4 for freight, down by 0.4% M/M and was down by 3.0% Y/Y (-2.0% Y/Y last month). Private data from carriers suggests that October activity continued to be much stronger, and the data below reinforces that view (which continues to be bullish for ASA members).

More recent data (comparing similar industry data to the TSI) from other sources show continued upturn in activity. In the most recent DAT Trendlines data available (covering the TL spot market), spot load demand was up 14.3% year-over-year in September (+26.9% last month). Spot truckload capacity was down year-over-year by 27.6% (-24.5% in the last update). Taking the net difference between the two on a real basis, DAT reported that there was a 67.1% increase in the number of spot loads looking for trucks year-over-year (+73.4% in the last update). Prices for spot dry-van TL capacity tracked by DAT were 46.2% higher year-over-year (+46.3% in the last update). This activity was not necessarily indicative of a wave of construction activity, but once again, anecdotes released by DAT show concentrations of tight trucking capacity in regions near data center and power generation construction activity.

The outlook for petroleum was moderating at the time of writing. Events in the Middle East continue to remain volatile, especially as the post midterm election situation continues to smooth out.

Total commercial inventories according to the EIA shows them slightly higher on a forecasted average of 1.247 billion barrels in 2026 (from 1.233 billion barrels in the last forecast) but are projected higher at 1.344 in 2027 (1.327 in the last forecast). Inventories ended 2025 at 1.286 billion, nearly 39 million barrels higher than current 2026 expectations.

Many Wall Street firms are softening their outlooks for oil prices in 2027, but they remain at the upper end of "normal", with ranges between $81 and $85 a barrel for the full year. For 2026, the EIA elevated its forecast for oil

once again this month, prices are expected to average $88.21 for the year ($84.65 a barrel in the last forecast and against the 2025 average of $65.40) and are expected to average $79.74 for the full 2027.

Retail sales were sharply higher again in September (latest available). Total retail sales were stronger month-over-month (jumping 0.8% M/M), and they were higher by 6.3% year-over-year (6.0% last month). Stripping out fuel and automotive, they were up by 6.2% Y/Y.

Kind of Business	Percent Change Sep. 2026 Advance from --	
	Aug. 2026	Sep. 2025
Retail & food services, total	0.8	6.3
Retail	0.7	6.2
Motor vehicle & parts dealers	0.2	2.5
Furniture & home furn. stores	1.3	4.9
Electronics & appliance stores	0.6	9.4
Building material & garden eq. & supplies dealers	-0.6	4.5
Food & beverage stores	0.4	0.9
Grocery stores	0.5	0.9
Health & personal care stores	0.7	-1.2
Gasoline stations	6.4	28.1
Clothing & clothing accessories stores	0.0	5.0
Sporting goods, hobby, musical instrument, & book stores	-0.5	9.6
General merchandise stores	-0.1	4.2
Department stores	1.6	6.4
Nonstore retailers	0.3	8.2
Food services & drinking places	1.1	7.0

When adjusted for inflation, sales were higher by just 0.1% M/M and were higher by a modest 2.5% compared to last year at this time (higher by 2.1% year-over-year last month). Once again, discretionary spending categories were surprisingly strong and general spending continued to show a resilient consumer.

Home improvement retail sales were strongly higher vs last year; they were higher by a solid 4.5% against last year (5.1% in last month's report). As mentioned last month, pressure elsewhere in the economy sometimes pushes homeowners into DIY…so it could remain steady in the coming months.

We still have a close watch on the US Treasury market and Federal Reserve for interest rate clues. The Fed is now expected to hike rates by a quarter point in December followed by as many as two more quarter-point hikes in Q1 (January and March). But most forecasts then estimate that inflation will come under control and they believe that interest rates will drop in a controlled manner (an engineered "soft landing") dropping between Q3 2027 and Q4 2028 by a full point to 125 basis points.

In the meantime, the US Treasury bond rates are moving higher and were at 5.137% at the time of writing, which pushes the national mortgage rate to 7.3% or higher. This continues to create a headwind for residential home sales.

Lastly, in the post-election data center world, we believe that more than $1.31T in facility investment and $4.17T in all-in spending remain likely even with moratoriums and Wall Street uncertainty. Even with strong headwinds, the market opportunity for NAED members will remain robust through 2028 and likely well into the early 2030's based on current information.

Pipeline Tier & Status	Upper-End Pipeline Scale	At-Risk Share (%)	Total At-Risk Spend (Upper End)	Expected Surviving Spend: Facility CapEx	Expected Surviving Spend: All-In CapEx (With IT/Chips)
Tier 1: Active Construction (Underway, 85%+ preleased, 2026–2028)*	- 50 GW - $600B Facility - $1,900B All-In	< 10%	- $50B Facility - $150B All-In	$550B	$1,750B ($1.75T)
Tier 2: Advanced Planned *(Permitted, land tied up, LOIs, 2027–2030)*	- 70 GW - $840B Facility - $2,660B All-In	55%	- $437B Facility - $1,383B All-In	$403B	$1,277B ($1.28T)
Tier 3: Early Grid Queue *(Pure speculative queue requests, 2030–2034)*	- 200 GW - $2,400B Facility - $7,600B All-In	85%	- $2,040B Facility - $6,460B All-In	$360B	$1,140B ($1.14T)
Total / Blended Pipeline	- 320 GW - $3.84T Facility - $12.16T All-In	~66% (Weighted)	- $2.53T Facility - $7.99T All-In	$1.31T	$4.17T