FACT BRIEF • SUMMER 2026

The Economy — Prices, Wages & Jobs

What is the ISSUE?

49.5

Consumer sentiment, June 2026 — near the lowest ever

People judge the economy by what they pay, what they earn, and whether work feels secure. Claims are selective — one voice points to jobs, another to prices, another to the debt. This brief keeps them separate: prices, paychecks, housing, jobs. Every figure is dated and sourced. [1]

When someone says the economy is booming — or broken — what are they thinking about?

Know the Terms

Consumer sentiment — a monthly score of how good people feel about the economy — the higher, the better (1966 was set at 100).

Inflation — the rate at which prices rise — not the price level itself.

Disinflation vs. deflation — prices rising more slowly vs. prices actually falling. Not the same.

CPI — Consumer Price Index — the main measure of consumer inflation.

Core inflation — the CPI with food and energy stripped out, because those two swing hardest month to month.

Nominal vs. real wages — the dollar on your check vs. what it buys after inflation.

Unemployment rate — share of people looking for work who don't have a job. It leaves out work-eligible people who want a job but have given up looking.

U-6 — the government's fuller unemployment measure. It adds people who want work but have stopped looking, and part-timers who want full-time.

Tariff — a tax on imported goods, paid at the U.S. border by the importer.

What Are the Facts?

PRICES — DOWN ISN'T THE SAME AS LOWER

"Inflation is down" does not mean prices fell

From June 2025 to June 2026, *inflation* is 3.5%. In May it was 4.2%. *Core inflation* is 2.6%. [2]

From June 2025 to June 2026, energy is up 15.7%, gasoline 26.7%, food 3.0%, and groceries 2.7%. [2]

Inflation peaked near 9% in mid-2022, a four-decade high. It fell to about 2.9% in 2024, rose again through spring 2026, and was 3.5% in June. [2]

"Inflation fell" means prices rose more slowly — not that they dropped. Prices actually falling is *deflation*, and it's rare. [2]

What Are the Facts?

PAYCHECKS VS. PRICES

A raise only counts after inflation

From June 2025 to June 2026, pay is up 3.5%. Prices are up 3.5% too. [3] [2]

After inflation, *real wages* are up 0.1% from June 2025 to June 2026 — essentially flat. [4]

HOUSING & BORROWING COSTS

A roof — and a loan — cost more

Shelter (rent, plus the rental value of owning a home) is about a third of the *CPI*. From June 2025 to June 2026 it is up 3.3%. [2]

The national home price index is up 0.8% from April 2025 to April 2026 — below *inflation*. That is the 11th straight month homes lost value in real terms. [8]

The 30-year fixed mortgage in the week of July 16, 2026 is 6.55% — its highest since August 2025, and near its 50-year average. The record low (January 2021): 2.65%. [9]

The average credit card charges 20.94% in the second quarter of 2026, near the record 21.76% set in 2024. [10] Card balances are $1.25 trillion as of March 2026, just under the $1.28 trillion record set three months earlier. [11]

JOBS — READ PAST THE HEADLINE

A low rate that doesn't tell the whole story

4.2% *unemployment rate* (about 7.1 million people actively job hunting) in June 2026 — low by historical standards. [3]

The *unemployment rate* can fall because people gave up the search, not because they found work. [3]

Labor force participation (the share of adults working or looking) is 61.5% in June 2026, the lowest since March 2021. Just before the pandemic it was 63.3%. [3]

Job growth averaged 36,000 a month from June 2025 to June 2026. Health care alone averaged 38,000 a month, and social assistance 16,000. [3]

The Bureau of Labor Statistics puts the margin on a one-month jobs number at about 122,000 either way, and about 650,000 on the household survey. Moves smaller than that cannot be told apart from no change. [3]

U-6, the fuller measure, is 7.9% in June 2026 — nearly double the 4.2% headline. [5]

What Are the Facts?

WHO PAYS A TARIFF

The importer pays — and the cost follows the goods

A *tariff* is paid to Customs at the U.S. border by the U.S. company bringing the goods in — the "importer of record." The foreign country pays nothing.

One example: the U.S. International Trade Commission studied the 2018–2021 steel, aluminum and China *tariffs*. Importers bore nearly the full cost: import prices rose about 1% for every 1% of tariff. U.S. prices rose too — steel 2.4%, aluminum 1.6%.

THE STOCK MARKET ISN'T YOUR PAYCHECK

Who owns the stock market

The top 10% of households own about 87% of all stocks and mutual funds. When the market sets records, most of the gain goes to them.

The top 1% alone own about half the market. The bottom half of all households own about 1%.

When you hear a claim, ask:

- ? What period — this month, this year, or since 2020?
- ? Is the number before inflation, or adjusted for it?
- ? Prices, wages, housing, jobs, tariffs, the deficit — or mixing them?
- ? Does an average hide differences between households?
- ? Who benefits — most households, or mainly asset owners?

What do the facts say?

- ✔ Prices rose fast after 2020, cooled, rose again in 2026, then eased to 3.5% by June. "Inflation down" doesn't mean prices fell.
- ✔ Pay lost ground to prices through the spring and is now roughly even. Housing and borrowing stay costly — so low unemployment and a real squeeze coexist.
- ✔ A tariff is paid by the U.S. importer; the cost tends to reach U.S. buyers.
- ✔ A record stock market mostly adds to the top 10%, who own about 87% of it — not the typical paycheck.
- ✔ The deficit is a budget measure, not a price. See the CYVP Federal Budget & National Debt brief.

Stay Current

- **Bureau of Labor Statistics — U.S. Economy at a Glance** — the latest inflation, unemployment, and earnings figures on one page. bls.gov/eag/eag.us.htm

Sources and Links · Verified July 16, 2026

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