

## COMMENTARY



# As the Fog Lifts: 2026 Economy Coming into View

For most of 2025, the economy moved like a ship in fog, with financial uncertainty making navigation difficult. The signals pointed not to recession, but to an economic recalibration, prompting investors, business owners and consumers to steer with extra caution. Hiring cooled, credit tightened and trade negotiations stalled, leaving strength in some places and ambiguity in others. In Utah, however, that uncertainty played out against a backdrop of relatively strong employment, steady immigration, continued expansion of energy production, and resilient small-business activity, helping cushion the impact of national headwinds. Now, as the year winds down, that haze is beginning to thin. Like a lighthouse beacon summoning the ship to shore, a path is emerging, offering enough direction to understand what 2026 may hold for anyone focused on protecting assets or planning ahead.

### **Trade uncertainty becomes a defining force**

Tariffs shaped business behavior more than any other policy issue this year. According to ongoing updates from the Commerce Department,

repeated delays and shifting negotiations left companies operating without a clear rulebook. A Supreme Court case challenging presidential tariff authority added to the uncertainty. Many firms absorbed higher import costs just to remain competitive, but the lack of clarity stalled expansion plans and disrupted inventory strategies. Once trade rules settle, even partial certainty could unlock months of deferred investment.

### **Rate cuts hint at the next chapter**

The Federal Reserve delivered its final, widely anticipated 25-basis-point rate cut before year-end. Recent Federal Open Market Committee (FOMC) statements show inflation stabilizing and job growth cooling enough to give policymakers room to ease. Still, growing disagreement inside the committee signals a deeper debate about how much support the economy needs. Market expectations tracked by CME Group point to a slower, more deliberate policy cycle in 2026. The pace will depend heavily on unemployment readings, early-year GDP data, and any renewed tariff pressures.

### **A labor market entering a quieter phase**

Utah's unemployment rate has stayed below the national rate and job growth has remained strong, with unemployment around 3.4% in September. Nationally, Bureau of Labor Statistics revisions revealed a steady cooling trend with a 4.4% unemployment rate, the highest in four years, while large firms have announced broad layoffs. Tighter immigration policy limited labor supply in service-heavy industries, pushing wages higher in hospitality, food service and construction. Those increases kept service inflation elevated even as goods inflation eased. Job creation is expected to continue into 2026, but at a more sustainable pace that reflects slower population growth. After years of volatility, the shift toward steadier hiring may bring welcome predictability beyond Utah.

### **Households navigate tighter credit**

Credit conditions tightened throughout the year in Utah and nationally. Data from the Federal Reserve Bank of New York shows declining credit scores and rising delinquencies as pandemic-era supports faded, and student-loan payments resumed. Utah has mirrored this trend, with a WalletHub study showing an increase in credit card delinquencies and a rise in household debt. Economists still debate whether this marks strain or normalization, but student-loan delinquency remains a key concern. Most analysts expect stabilized credit measures, though caution is likely to influence consumer spending patterns well into early 2026.

### **Energy steadiness helps keep inflation contained**

Energy markets delivered rare consistency in 2025. According to the U.S. Energy Information Administration, expanded domestic drilling and mineral extraction kept supplies strong despite geopolitical pressures. Lower fuel prices helped

ease inflation for households and businesses, giving the Fed more room to shift policy. In Utah, recent federal oil and gas lease sales set new records, with the Bureau of Land Management (BLM) fourth-quarter auction bringing in a substantial increase over past offerings and signaling strong industry interest in developing regional resources. That expansion supports not only statewide production but also fuels markets in neighboring states, reinforcing energy availability and contributing to broader price stability.

### **Manufacturing takes on strategic weight**

The push to strengthen domestic production continued gaining traction, particularly in semiconductors and steel. Federal initiatives tied to the CHIPS and Science Act, and other security-focused programs signaled a long-term commitment to rebuilding key supply chains. Full reshoring is unrealistic, but a targeted increase in capacity is underway and these are translating into tangible economic activity and job creation for Utah, with \$831 million in new investments, according to the Utah Manufacturing Extension Partnership (MEP). Analysts at Brookings and other research groups note that bipartisan alignment on this issue is likely to persist in 2026.

### **AI becomes a practical force in everyday work**

Artificial intelligence (AI) moved from concept to necessity this year. Research from McKinsey and Massachusetts Institute of Technology (MIT) shows that jobs are shifting rather than disappearing, with AI improving workflows and reducing manual tasks. The trend resembles the early internet era, disruptive but filled with opportunity for early adopters. Workers who pair industry knowledge with basic AI fluency are increasingly in demand, and businesses that

invest now are gaining a measurable efficiency edge.

### **Building resilience before conditions shift**

Financial advisers continue to encourage counter-cyclical discipline: strengthen credit, build savings and avoid overextension while the economy remains stable. Many companies followed this approach throughout 2025, and households are adopting similar strategies. These steps provide flexibility when borrowing costs or market conditions move.

### **The signals that will shape early 2026**

The clearest indicators remain tied to jobs and output. According to the Conference Board and other forecasters, rising unemployment, softer spending, weaker credit performance, and business pullbacks are the key signs of a deeper slowdown. Inflation is no longer the sole focus. The real insight lies in how policy decisions interact with an economy adjusting to a slower but steadier rhythm.

As the year closes, the fog hasn't fully lifted, but the lighthouse ahead is brighter. Nationally, clearer policy direction and steadier growth signals are beginning to take shape. Utah has shown more resilience than in many parts of the country, those signals may translate into a softer adjustment rather than sharp slowdown. Still, tighter credit and shifting policy will require

vigilance. With disciplined planning and a clear view of both national trends and local conditions, 2026 may offer something the past few years rarely did: navigable footing. Those who stay informed and prepared will be ready when the next opening comes into view.

### **About Jeremy Blair**

Jeremy Blair is the senior vice president of finance and chief investment officer at Mountain America Credit Union. In this role, he is responsible for overseeing corporate investments, liquidity management, and interest rate risk management. He also serves as a financial advisor to the CEO and executive team to support strategic planning and develop methods for tracking revenue and expenses. He is an expert at growth strategy and processing organizations' financial activities to maximize profits. His expertise also includes data analysis, which he uses to advise executives on how to act on data-backed strategies to ensure short- and long-term growth and compliance with financial laws and regulations.

Blair graduated from the University of North Texas with a Bachelor of Arts in Finance and received an MBA in strategic management. He is married and the father of three children. In his spare time, he enjoys spending time with family, traveling, and exploring all the outdoor activities the Mountain West has to offer.

