

## **Omicron Delta Epsilon**



## **Economic Newsletter February 2026 Edition**

## **MARIST UNIVERSITY**

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# OMICRON DELTA EPSILON ECONOMIC NEWSLETTER FEBRUARY 2026



*Marist University  
Omicron Delta  
Epsilon*

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## Omicron Delta Epsilon

**Who we are.** Omicron Delta Epsilon is an internationally recognized honor society for academic excellence in economics. Beta Tau, Marist University’s chapter, conducted all data and economic analysis culminating in the first edition of our monthly economic newsletter. We will be publishing a monthly economic update online, viewable by all interested readers.

*All data is derived and interpreted from the referenced sources, and all errors are our own.*

### **Contributing Writers.**

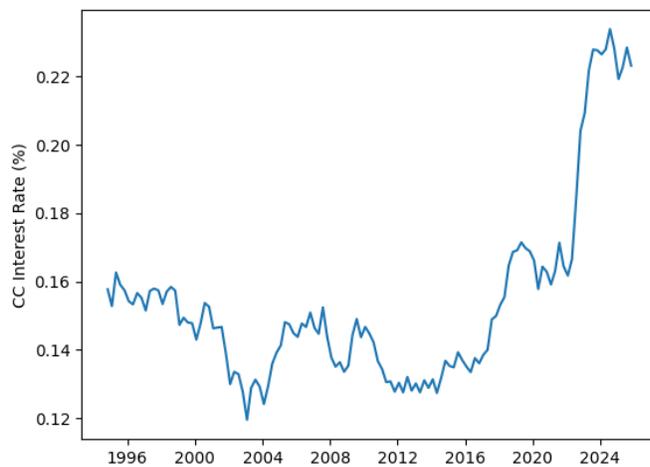
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## Headlines of The Month

### Jan 10<sup>th</sup>. President Trump calls for a cap on credit card interest rates

Trump recently proposed a 10% cap on credit card interest rates, a huge drop from the typical 25-30%, this would save Americans roughly \$100 billion per year if approved. 195 million Americans were reported to have credit cards in 2024, carrying a record-high \$1.23 trillion in debt. The average American is paying between 19.65%-21.5% interest on credit cards, resulting in \$160 billion in aggregate interest charges. The current average rate has nearly doubled over the last decade, with the average rate being only 12% 10 years ago. On the banking side, a cap on interest rates would put pressure on lenders to become more risk averse and selective when approving borrowers. Banks have responded aggressively to market-restricting legislation in the past. When congress enacted a cap on the fee that stores pay to banks for debit card purchases, the parent banks consequently removed all perks and rewards from the affected cards.

**Figure 1A: Credit Card Interest Rate (%)**



**Figure 1B: Consumer Credit Card Loans (\$B)**

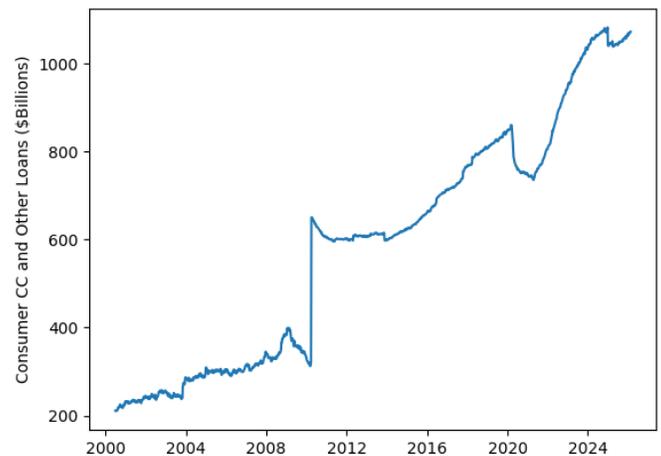


Figure 1A-1B: Depicting credit card interest rates (left) and consumer credit card loans (right) overtime. Data source: FRED

### Jan 28<sup>th</sup>. Treasury Sec. Scott Bessent announces “Trump Accounts” starting July 4<sup>th</sup>, 2026

Starting on America’s 250<sup>th</sup> anniversary (July 4<sup>th</sup>, 2026), every newborn will be awarded a \$1,000 index fund investment account that can be claimed by the family. Trump’s vision, according to his recent State of the Union address, is for this investment to grow with the child over their life to supplement them when they are looking to reinvest into their future. Employers will also be able to contribute up to \$5,000 monthly to a child’s Trump account, functioning similarly to a 401k. With maximum contributions, the Council of Economic Advisers estimates that the account could be worth over \$1 million by age 28.

**Feb 15<sup>th</sup>.** House and Senate Pass First Significant Bill in Decades Regarding Housing Crisis.

Congress is seeking to alleviate the current housing crisis by rebalancing federal funds, changing environmental review standards, and increase access to home loans through changing regulations that lenders are subject to.

Proposals Summary:

- **Increased Production:** Congress has introduced a bill that will allow cities that are behind in the production of housing to transfer federal funds to cities that have increased levels of housing production.
- **Environmental Reviews:** Congress is looking to reduce the number of housing projects that are subject to federal environmental review with the intention of speeding up the construction process in developed areas.
- **Manufactured Housing:** House and Senate are both looking to extinguish the permanent chassis requirement (A structure under factory built homes used to move them from place to place) which is now viewed as obsolete by many contractors. This move would both cut costs and speed up construction process.
- **Increased Access to Mortgages:** The bills are directing federal agencies to increase access to mortgages by pushing lenders to offer smaller home loans, which are less profitable to lenders, but help more first time buyers break into the market.

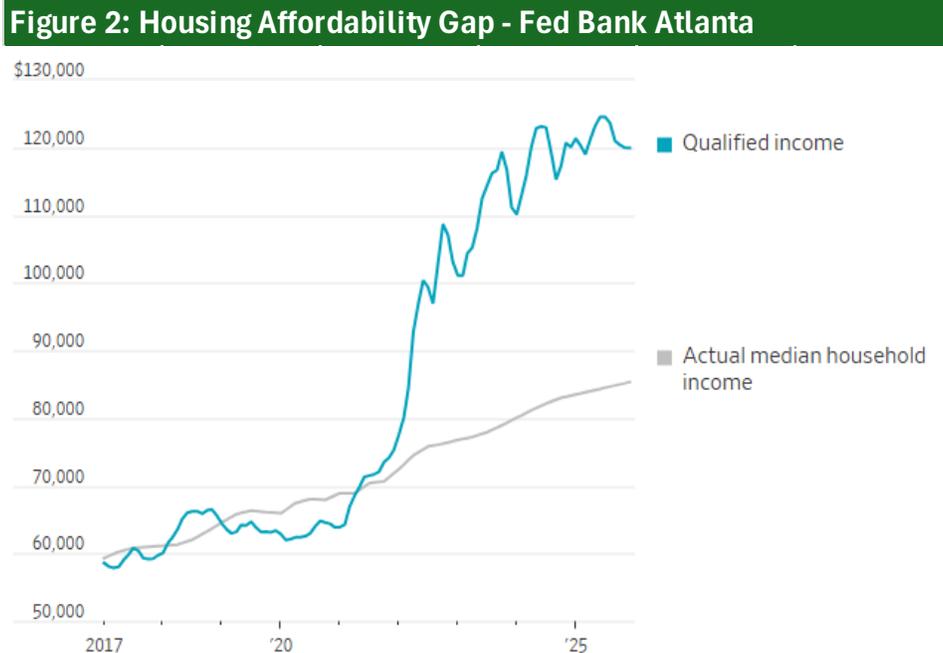


Figure 2: Housing Affordability Gap, depicting the spread between income qualifying for homeownership and actual median household income. Source: Fed Bank Atlanta

**Feb 20<sup>th</sup>.** Supreme Court rules some Trump tariffs unconstitutional, “Liberation Day” included

In a key economic ruling, the supreme court ruled many of President Trump’s tariffs to be unconstitutionally imposed on account of invoking the International Emergency Economic Powers Act (IEEPA) and the president’s constitutional inability to directly tax. President Trump’s response to the ruling was invoking another legal authority, section 122 of the 1974 Trade Act which allows temporary presidential tariffs in situations of “large and serious balance-of-payments’ deficits”. Trump almost immediately rolled out a new round of sweeping tariffs, now up to 15%, that are in place for 150 days pending congressional extension. The result will inevitably be that these tariffs expire before a ruling strike them down, so consumers can still expect to bear the burden of the economic policy should there be any. Economic theory suggests that long-term tariffs come with long-term consumer burden, alluding to price increases on affected products as the costs are gradually passed down to consumers. A significant part of this month’s ruling is the message that the supreme court is sending by continuing to enforce separation of powers. Rulings like these emphasize the importance of the upcoming midterm elections for President Trump’s administration.

**Policy Tracker**

**Jan 1<sup>st</sup>.** Minimum Wage increases in take effect in states and counties across the U.S

22 states and 66 cities and counties are increasing their minimum wages starting Jan 1, 2026. The wage floor will reach/exceed \$15 per hour in most locations, which is double the \$7.25 federal minimum wage. Many states have legislation in place for recurring minimum wage increases. New York, for example, will be increasing their minimum wage by the three-year moving average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) beginning in 2027.

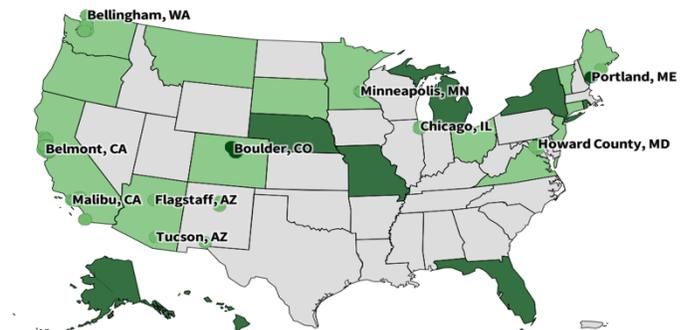
*New minimum wage (Jan. 1, 2026):* Arizona, California, Colorado, Connecticut, Hawaii, Maine, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New York, Ohio, Rhode Island, South Dakota, Vermont, Virginia, Washington State

*Minimum wage increases expected later in 2026:* Alaska, Florida, Oregon

*Figure 3 (Right): Map of national minimum wage increase, some by outlined steps, others by a factor of CPI. Source: PBS.org*

**Figure 3: National Minimum Wage Increases**

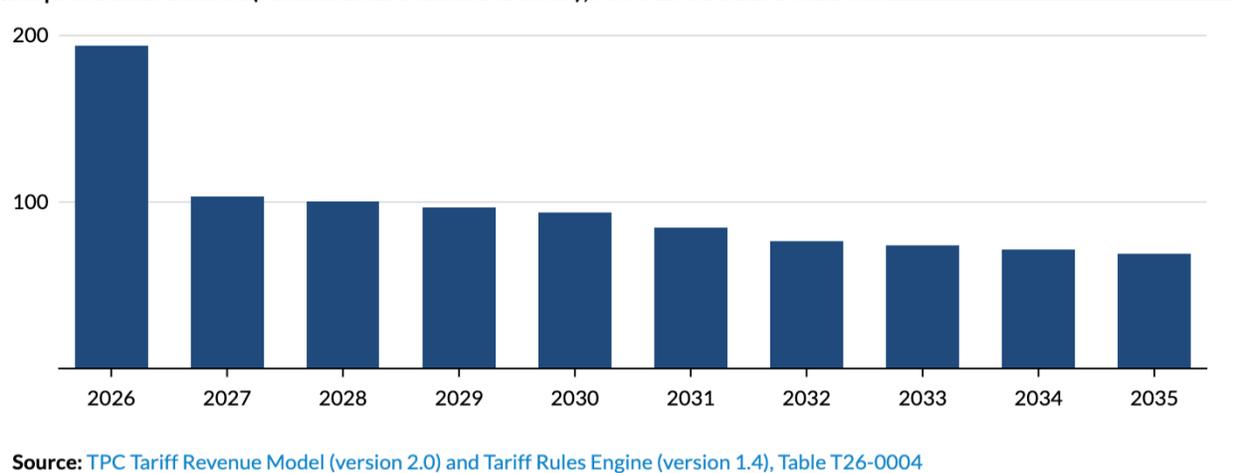
Min. Wage Increase    No increase    Step increase    CPI



### Trump’s Tariffs.

With Trump’s first rounds of tariffs being blocked by the supreme court, we look into the overall effect they had on consumers, producers, and the U.S trading economy. According to [taxfoundation.org](https://taxfoundation.org), the tariffs amounted to an average tax increase of \$1,000 per U.S household in 2025, with the post-ruling tariffs projecting a \$400 increase in 2026. The average effected tariff rate was 7.7% (highest since 1947) in 2025 and will come down to 5.6% (highest since 1942) if the post-ruling tariffs do expire after 150 days. Meaning, 7.7% of actual tariff revenue was raised as a share of actual goods imports. The new and remaining tariffs will raise approximately \$660 billion in revenue from 2026-2035, netting \$515 billion after negative economic effects are considered. However, the total trade deficit fell by only \$2.1 billion in 2025, the Trump administration had hoped for a steeper balancing.

**Figure 4: Expected Annual Tariff Revenue (\$Billions)**



Source: [TPC Tariff Revenue Model \(version 2.0\)](#) and [Tariff Rules Engine \(version 1.4\)](#), Table T26-0004  
Figure 4: Depicting expected annual revenue from tariffs in billions of USD. Source: TPC tariff tracker

## Economic Indicators

### The Headline Numbers (January 2026)

#### Inflation.

- CPI rose .2% on a seasonally adjusted basis in January, and 2.4% over the last 12 months before seasonal adjustment.
- That's down from 2.7% in December 2025 which is the lowest year-over-year reading since May 2025.
- Core CPI (excluding food and energy) rose 2.5% annually which is the lowest level since April 2021. Both headline and core came in at or below Wall Street forecasts.

**Figure 5: CPI 12M Change (%)**

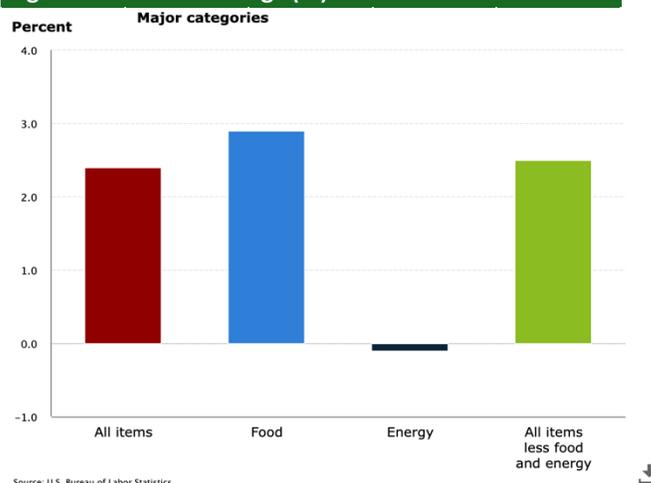


Figure 5: Depicting 12M change in CPI. Source: U.S BLS

#### Housing.

- Median home price: \$400,300 - slight decline from prior month, slightly above a year ago
- Mortgage rate: 6.19% - down from January 2025's rate of roughly 7%+; still well above 2020's ~3% levels
- Monthly mortgage payment: \$1,959 - down from \$2,127 in January 2025
- Payment as % of income: 21.5% - manageable; leaves room for savings and consumer spending
- Median family income: ~\$109,523 - up ~\$5,000 year-over-year
- Qualifying income: \$94,032 - households earning this or above can reasonably qualify for a mortgage
- Affordability Index: 116.5 (up from January 2025)
  - Above 100 = affordable; below 100 = unaffordable
  - A score of 116.5 means the median family earns 16% more than what's needed to buy a home
  - Driven by rising incomes, falling mortgage rates, and stabilizing prices

Housing affordability has meaningfully improved since last year, driven by income growth and declining mortgage rates which is creating a more accessible market for Americans. Overall, housing remains sticky and will most likely slow Fed rate cuts. Falling energy prices are helping ease overall inflation, and food price pressures appear more supply-driven than demand-driven because specific commodities like beef and coffee are facing production shortages and weather-related disruptions rather than unusually strong consumer demand.



### Figure 6: Housing Affordability Index

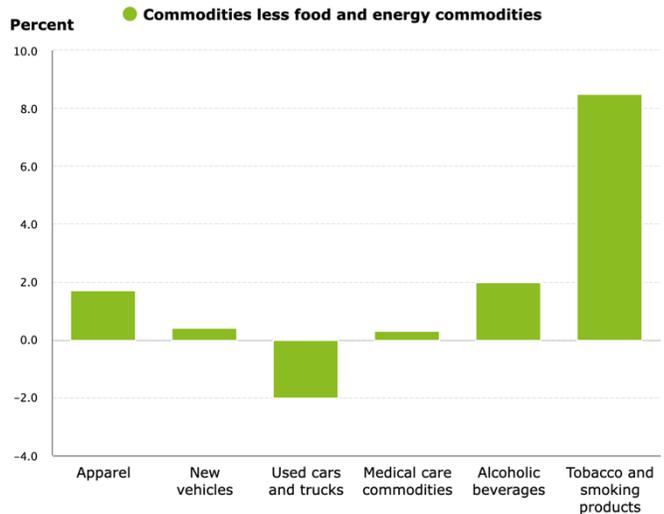
Year		Median Priced Existing Single Family Home	Mortgage Rate*	Monthly P & I Payment	Payment as a % of Income	Median Family Income	Qualifying Income**	Affordability Indexes			
								Fixed			
2023		394,100	6.88	2072	25.8	96,401	99,456	96.9			
2024		412,500	6.81	2154	25.5	101,265	103,392	97.9			
2025		419,300	6.68	2160	24.4	106,301	103,680	102.5			
2025	Jan	398,100	7.04	2,127	24.5	104,159	102,096	102.0			
2025	Feb	400,900	6.92	2,117	24.3	104,735	101,616	103.1			
2025	Mar	407,300	6.73	2,109	24.0	105,469	101,232	104.2			
2025	Apr	418,000	6.81	2,182	24.6	106,254	104,736	101.4			
2025	May	428,800	6.90	2,259	25.7	105,676	108,432	97.5			
2025	Jun	438,600	6.90	2,311	26.2	105,889	110,928	95.5			
2025	Jul	432,000	6.80	2,253	25.4	106,309	108,144	98.3			
2025	Aug	427,700	6.67	2,201	24.7	106,736	105,648	101.0			
2025	Sep	417,600	6.43	2,096	23.5	107,129	100,608	106.5			
2025	Oct	420,200	6.33	2,087	23.3	107,260	100,176	107.1			
2025	Nov	415,100	6.32	2,060	23.0	107,601	98,880	108.8			
2025	Dec r	409,500	6.28	2,023	22.4	108,391	97,104	111.6			
2026	Jan p	400,300	6.19	1,959	21.5	109,523	94,032	116.5			
									This Month	Month Ago	Year Ago
	Northeast	519,000	6.19	2,540	25.1	121,490	121,920	99.6	98.0	91.4	
	Midwest	297,700	6.19	1,457	16.5	106,031	69,936	151.6	143.4	135.1	
	South	357,100	6.19	1,748	20.6	101,991	83,904	121.6	116.3	105.6	
	West	609,600	6.19	2,984	30.0	119,499	143,232	83.4	81.9	71.2	

Figure 6: Housing Affordability Index, measuring housing costs relative to income

### Shelter Index.

- The shelter index rose 0.2% in January and was the largest single factor in the monthly all-items increase.
- Housing costs make up about a third of the index, rose 0.2% for the month, and are up 3.0% over the year which makes it the biggest contributor to overall inflation.

### Figure 7: CPI - Commodities 12M Change (%)



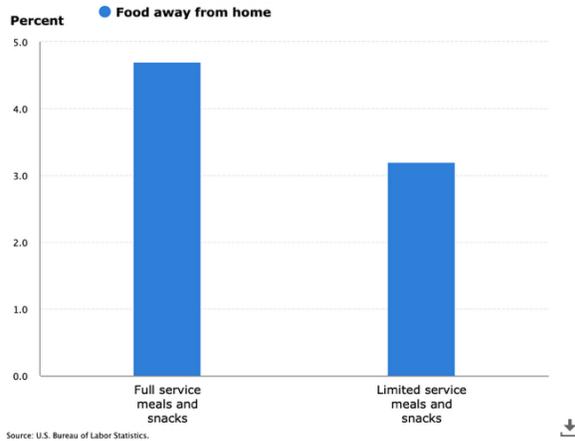
Source: U.S. Bureau of Labor Statistics.

Figure 7: Depicting 12M change in commodities less food and energy. (BLS)

## Commodities (January 2026)

### Food

**Figure 8A: CPI - Food 12M Change (%)**



**Figure 8B: CPI - Food at Home 12M Change (%)**

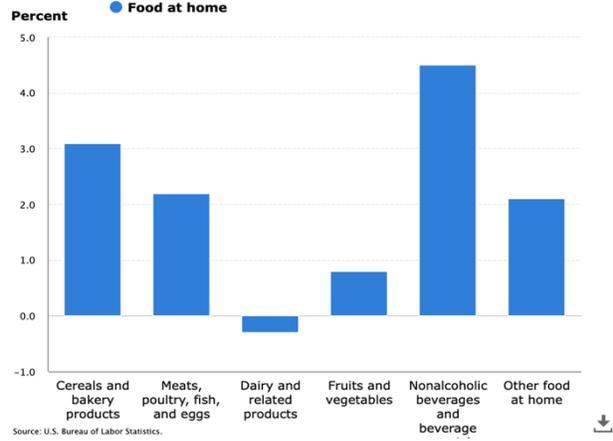


Figure 8A-8B: Depicting 12M change in food away from home (left) and food at home (right) prices. Source: BLS

- The food index increased 0.2% over the month, as did the food at home index, while food away from home rose 0.1%.
- Food inflation on an annual basis came in at 2.9%
- Beef prices were up roughly 15% and coffee up roughly 18% year-over-year, both largely driven by supply constraints specific to each commodity.

### Energy Commodities

- The energy index fell 1.5% in January, partially offsetting gains elsewhere.
- Gas prices fell 3.2% in January and are down 7.5% on an annual basis.
- Utility gas service was up roughly 10% annually, as winter demand pushed natural gas costs higher.

**Figure 9: CPI - Energy 12M Change (%)**

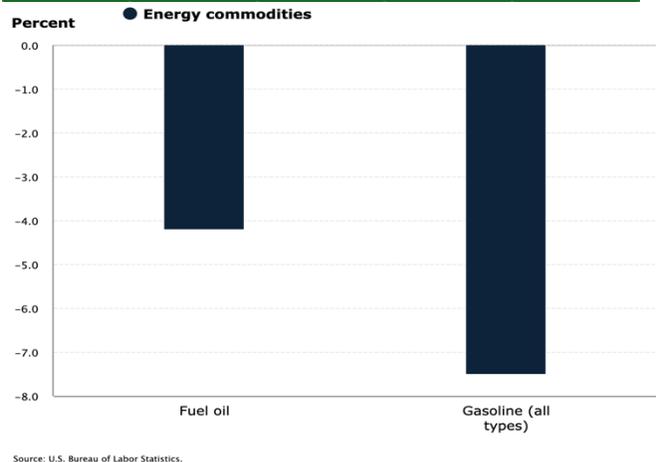


Figure 9 (Right): 12M change in energy commodities prices. (BLS)

**Oil.**

- Crude oil prices rose 4.6% in January, averaging \$63.70/barrel
- Demand growth is coming from developing countries; developed nations expected to hold steady
- Supply dipped slightly as Kazakhstan and several Middle Eastern countries reduced output
- Despite this, production is expected to grow as refiners plan to process 84.6 million barrels/day in 2026 (+770,000 barrels)
- Prices spiked early January due to geopolitical tensions with Iran and Venezuela, then fell back as fears subsided

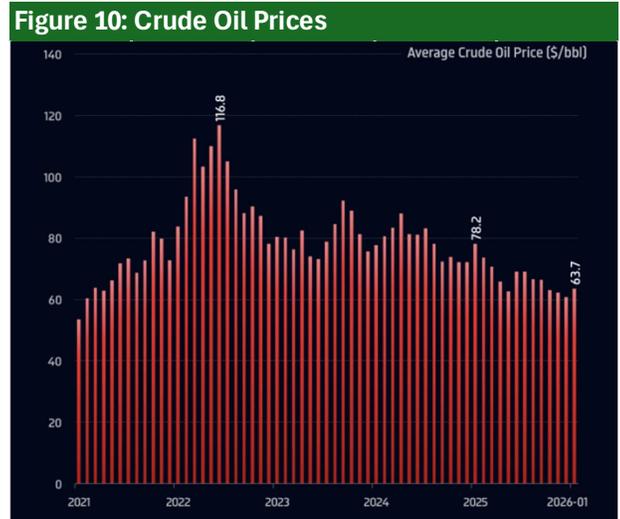


Figure 10 (RIGHT): Average Crude Oil prices in \$USD/Barrell

**Unemployment.**

- 4.3% down slightly from December's 4.4%
- Civilian labor force participation rate is 62.5%
- 130,000 new jobs

**Unemployment for New Graduates.**

- The bureau labor statistics reports jobless rates vary by education level
  - Bachelor’s degree have a lower rate 2.9%

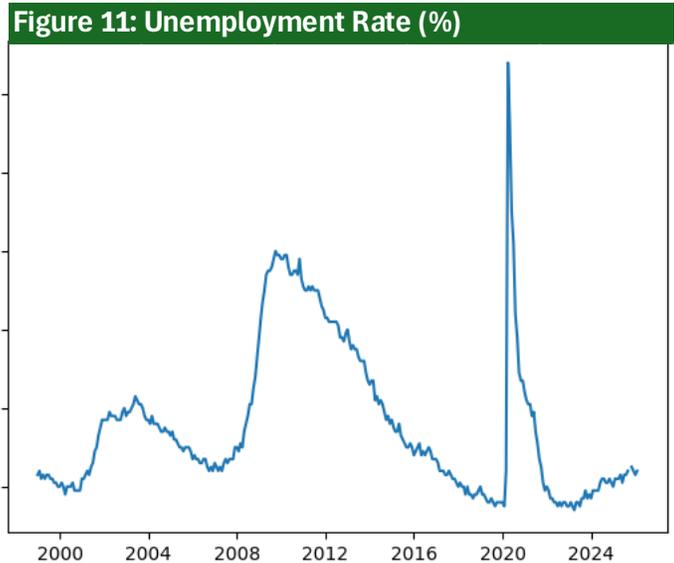


Figure 11 (RIGHT): Unemployment Rate (%) (FRED)

**Implications.**

- Economists say there is an inverse relationship between inflation and unemployment (the philips curve)
- Inflation is moderating but unemployment remains fairly low
- The relationship is less stable possibly due to structural labor market factors like shifts in labor demand, technology, demographics

## Gold.

- Gold hit an all-time high of \$5,327.65/oz in January, up from ~\$4,325.44 just two months prior
- Prices fell back to ~\$4,700 by early February and have been fluctuating since
- Key drivers of the rise:
  - Geopolitical tensions: Trump administration tariffs and unpredictability drove investors toward safe assets
  - Lower interest rates and falling real yields made gold more attractive than government bonds
  - Weak U.S. dollar - gold typically rises when the dollar weakens
  - De-dollarization - countries like Russia and China shifting reserves away from USD toward gold
  - Gold ETF inflows were massive as investors poured \$89 billion into gold-backed ETFs in 2025, a record high

### Figure 12: 60 Day Gold Prices (\$/Oz)



Figure 12: 60 day gold prices in \$USD/Oz. Record highs achieved Jan 27<sup>th</sup>.

- Silver peaked at \$115.50/oz and bottomed at \$71.90/oz during this period — still far above last year's ~\$30/oz
- Rise and decline driven by similar factors as gold, plus:
  - **Supply deficit since 2021** - demand has exceeded supply by up to 200 million ounces at times
  - **Industrial demand** - silver is a key component in solar panels, EVs, phones, and computers
  - **Short-term traders** cashed out near peak prices, reducing demand and pulling prices down

### Figure 13: 60 Day Silver Prices (\$/Oz)

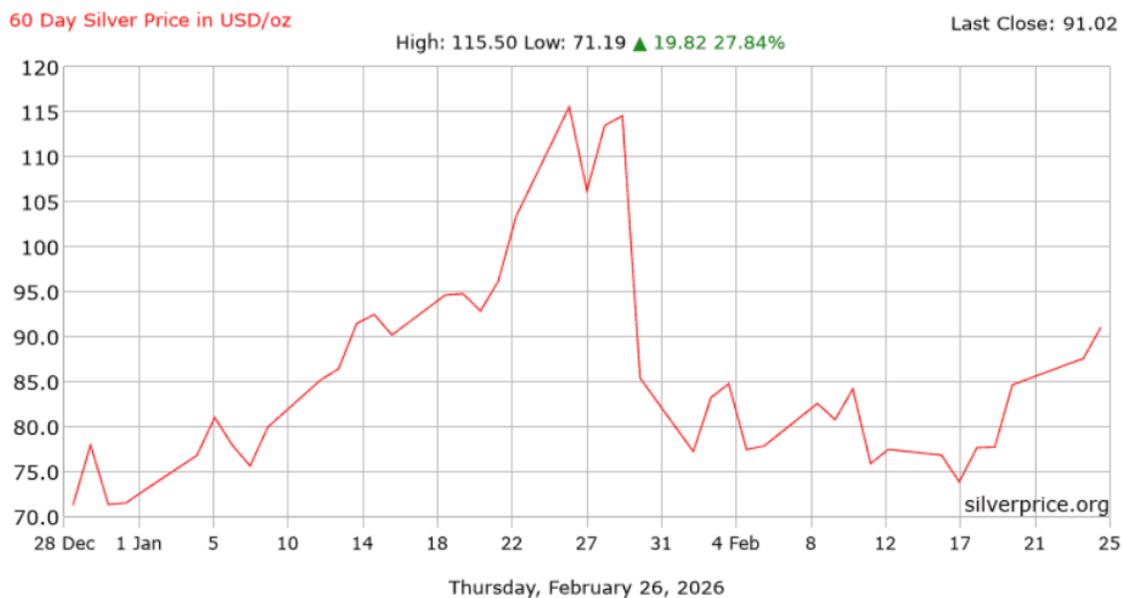


Figure 13: 60 day silver prices in \$USD/Oz

### Agriculture.

- Score fell from 136 (January 2025) to 113 (January 2026)
- Above 100 = optimistic; below 100 = pessimistic
- Still positive, but sentiment has dropped significantly year-over-year
- Farmers are more worried about:
  - Lower crop prices
  - High costs for fertilizer, equipment, fuel, and land
  - High interest rates making borrowing more expensive — harder to buy/replace equipment and maintain land

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