NABE
National Association for Business Economics

Economic Policy Survey

September 2026

NABE Panelists See Fiscal and Monetary Policy as Too Stimulative Amid Persistent Inflation Concerns

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The September 2026 NABE Economic Policy Survey summarizes the responses of 151 members of the National Association for Business Economics (NABE). Conducted semiannually, this survey was administered September 3-September 10, 2026. Survey findings may be reprinted in whole or in part with credit given to NABE. Survey results can be viewed online, including complete tabulations, at NABE.com. This is one of three surveys conducted by NABE—the other two are the NABE Outlook Survey and the NABE Business Conditions Survey. ***Nick Bunker,*** *Mastercard, Survey Co-Chair;* ***Selma Hepp,*** *Cotality, Survey Co-Chair;* ***Nekabari Goka,*** *Google;* ***Kirti Gupta,*** *Cornerstone Research;* ***Mervin Jebaraj,*** *University of Arkansas;* ***Caitlin McLiverty,*** *National Association for Business Economics;* ***Michael Redmond,*** *Energy Aspects;* ***Ken Simonson,*** *Associated General Contractors of America; and* ***Holly Wade,*** *NFIB Research Center, conducted the analysis for this report. Edited by* ***Kate Anderson.***

Summary

"Economists have moved from debating the timing of future rate cuts to questioning whether monetary policy is sufficiently restrictive to return inflation to target. Nearly half of respondents now views monetary policy as too stimulative, the largest share in four years, while nearly 95% do not expect inflation to reach the Federal Reserve's 2% objective until the second half of 2027 or later," said **NABE President Gregory Daco,** chief economist, EY-Parthenon, Ernst & Young LLP. "At the same time, concerns about fiscal sustainability continue to intensify, with reducing the budget deficit identified as the administration's top policy priority for the third consecutive survey. Taken together, the findings point to a higher-for-longer inflation environment in which fiscal pressures, labor constraints, geopolitical developments, and trade policy increasingly shape the outlook for inflation, growth, and monetary policy."

"The September survey highlights a growing recognition that many of the economy's most pressing challenges are increasingly interconnected," added **NABE Economic Policy Survey Co-Chair Selma Hepp,** chief economist and senior vice president, Cotality. "Economists remain optimistic about AI's potential to boost productivity, but they are also becoming more attentive to the financial stability risks associated with financing the massive infrastructure required to support that growth. The survey also suggests that housing affordability, while still an important concern, is no longer viewed in isolation. Respondents increasingly see long-term affordability outcomes as tied to broader issues including interest rates, labor supply, immigration policy, fiscal conditions, and economic growth. Meanwhile, rising concern about the potential economic effects of geopolitical conflicts, tariffs, and restrictive immigration policies underscores how supply-side constraints continue to shape both inflation and growth prospects."

Fiscal Policy

A majority of respondents (71%) views current fiscal policy as "too stimulative," a notable increase from the 61% expressing that view in the February 2026 survey, and matching the share recorded in mid-2018. Twenty-one percent of panelists believe fiscal policy is "about right," a decrease from 27% in February 2026. Just 7% of respondents characterize fiscal policy as "too restrictive," down slightly from 9% in the previous survey.

"Reducing the deficit" remains the top fiscal priority, according to the majority of NABE Policy Survey panelists. At the same time, a significant share also emphasizes the importance of longer-term investments that can help the U.S. grow its way out of the debt burden.

- 52% of respondents believe the top priority should be reducing the deficit and debt, up from 46% in the February survey.
- 34% of respondents favor promoting more robust economic growth in the medium-to-long-term as the top priority, down from 39% in February.
- 8% prioritize addressing income inequality, compared to 12% in the previous survey.

To address the current fiscal deficit, more than half of the survey panelists recommend a multi-pronged approach, with increasing tax rates and restraining spending gaining support among the panel.

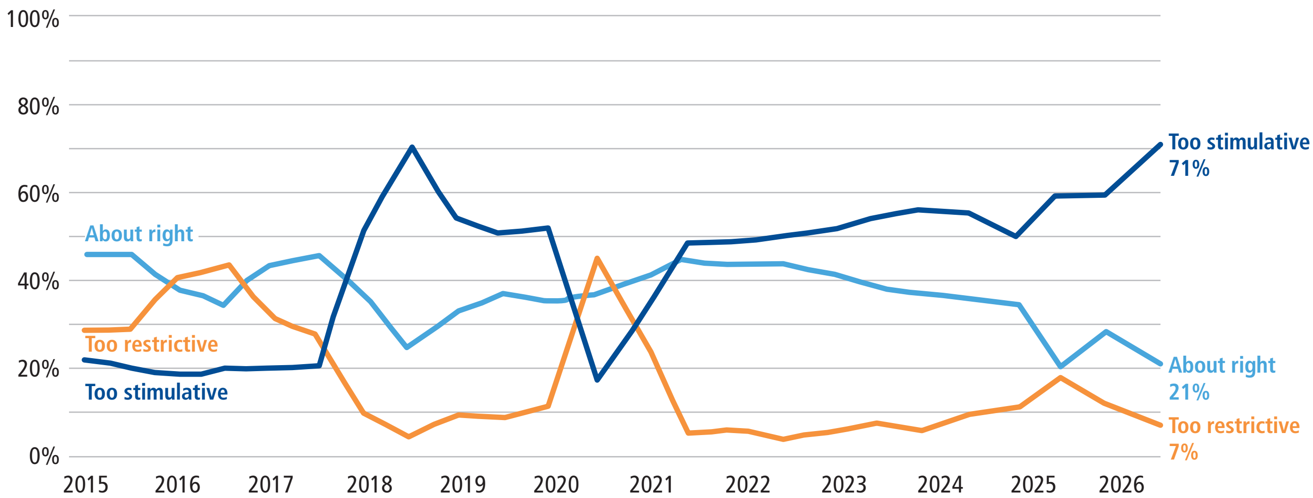
- 56% suggest increasing tax revenues by raising existing tax rates. Additionally, 36% recommend imposing additional taxes.
- 53% support enacting structural policies to stimulate stronger economic growth.
- 52% advocate spending restraint or cuts to federal entitlements.
- 44% support restraint in defense spending, while 42% recommend cuts to other federal programs (excluding defense and entitlements).

Panelists were also asked about the potential for reduced global demand for Treasurys to exacerbate U.S. fiscal concerns. Almost half (49%) expects it to exacerbate fiscal sustainability "significantly" (40% of respondents) or "severely" (9%). Another 33% anticipate a "moderate" impact, while less than 18% believe reduced global demand for Treasurys would exacerbate it "slightly" (14%) or "not at all" (3%).

Fiscal implications of U.S. dollar

Shifts in foreign demand for U.S. debt could have a large impact on the U.S.'s fiscal outlook. Four out of 10 panelists indicate that reduced global demand for U.S. Treasurys would "significantly" exacerbate fiscal sustainability concerns. One-third says it would have a moderate impact.

Figure 1
Assessment of Current Fiscal Policy, Over Time
Percent of respondents, Q1 and Q3, 2015-2026



Monetary Policy, Inflation, and Recession Expectations

Forty-nine percent of respondents characterize monetary policy as "too stimulative," up significantly from 11% in February 2026. A larger percentage of respondents holds this view than at any other time in the survey's history, except during the lead-up to the Federal Reserve's post-pandemic tightening cycle in late 2021 and early 2022.

- The share of panelists viewing policy as "about right" shrank to 42%, down from 80% in the previous survey, while 8% see it as "too restrictive."

The Federal Open Market Committee (FOMC) voted to increase the federal funds target interest rate by .25 percentage point at its September 15-16, 2026, meeting. (Note: The NABE Economic Policy Survey was conducted prior to the FOMC meeting.) Thirty-eight percent of survey respondents expected an increase in the fed funds target rate at the September FOMC meeting.

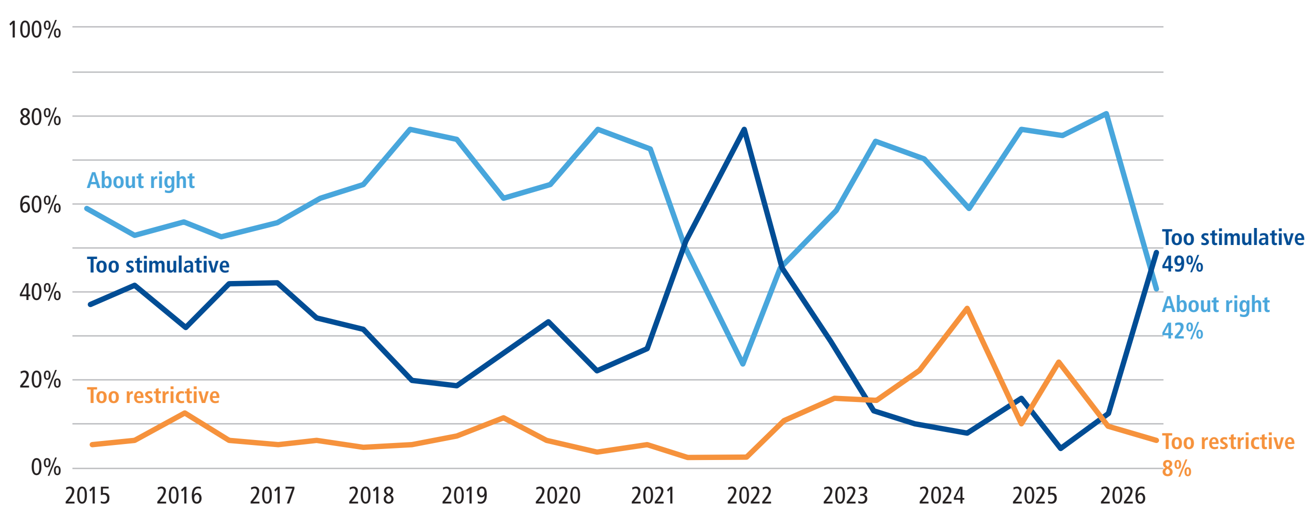
- Almost three-quarters of the panel—74%—anticipated an increase by year-end, and 18% anticipated a rate cut or an extended hold through the first half of 2027.
- A plurality of respondents (44%) expected the upper end of the federal funds target range to reach 4.00%, which it did with September's quarter-point increase. Another 21% expected it to reach 4.25%, requiring one further quarter-point hike, while 4% expected 4.50% or higher, requiring at least two further quarter-point hikes or a larger move.

Central Bank Independence

Concern about the Federal Reserve's independence has abated this year. Twenty-nine percent of respondents are "very concerned" about the central bank being compromised by political interference in the next few years, down from 49% in February. Still, concern exists; 40% of respondents are currently "somewhat concerned," roughly the same level as in February.

A solid majority (60%) of the panel believes that reducing the number of FOMC meetings would weaken the effectiveness of monetary policy. Twenty-seven percent expect no meaningful impact from a change in the Fed's calendar, while a mere 4% argue that fewer meetings would strengthen policy effectiveness.

Figure 2
Assessment of Current Monetary Policy, Over Time
Percent of respondents, Q1 and Q3, 2015-2026



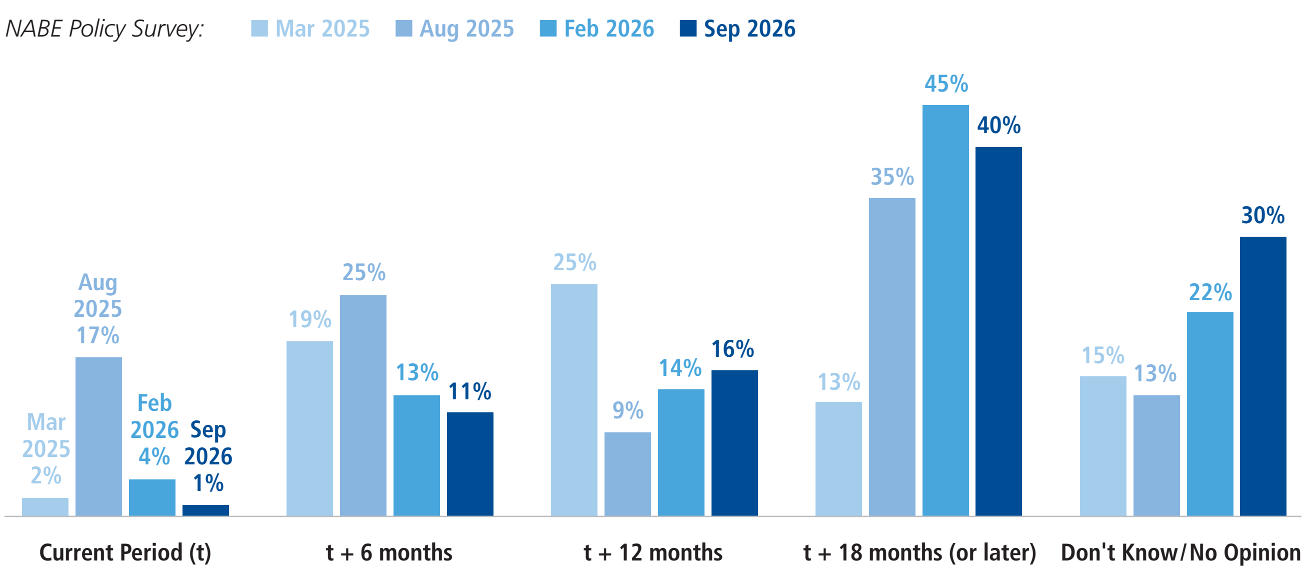
Expectations for when inflation (as measured by the personal consumption expenditures [PCE] price index) will reach the Fed's 2.0% target remain low, matching the higher-for-longer rate outlook.

- Forty-five percent of respondents believe the target will not be reached before the second half of 2028.
- Twenty-two percent of panelists expect the target to be met in the second half of 2027; a similar share expect this to occur in the first half of 2028.
- Less than 6% of respondents expect the Fed will achieve its target rate by the midpoint of next year.

Recession expectations remain largely pushed into the medium- or longer-term.

- Only 3% of respondents believe the U.S. is currently in a recession or will enter one by the end of 2026.
- Sixteen percent expect the next recession to begin in the second half of 2027.
- About 40% expect it to begin in the first half of 2028 or later, including 10% who expect it in the first half of 2028.
- Another 30% do not know or have no opinion about when the next recession will begin.

Figure 3
Expected Start of the Next U.S. Recession:
As Recorded in Q3 2024 - Q3 2026
Snapshots of past NABE Economic Policy Surveys;
Percent of respondents, expected recession start timing (x-axis)



Geopolitical Risks to the U.S. Economy

Survey results reveal three major geopolitical risks that the panelists feel are likely to adversely impact the U.S. economy in the next 12 months: restrictive immigration policies that sharply reduce the U.S. labor supply, an escalation of the Middle East conflict involving Iran, and broad-based U.S. tariffs and retaliation. Nearly half of respondents (49%) assigns a more-likely-than-not probability (51% probability or higher) that restrictive immigration policies will adversely affect the U.S. economy, similar to the 51% reported in August 2025. Forty-five percent estimate a more-likely-than-not probability of an escalation of the Middle East conflict that will drive up oil prices or materially disrupt global supply chains; 40% have the same opinion regarding broad-based tariffs and retaliation.

Panelists foresee lower near-term probabilities of adverse impacts from a conflict between China and Taiwan, and an expansion of the Russia-Ukraine conflict into other European nations. Forty-two percent assign a zero-concern/low probability (15% or less) to the conflict between China and Taiwan, and another 49% assign a moderate probability, a nearly identical share as reported in the August 2025 survey. Thirty-one percent assign a zero-concern/low probability of adverse impacts from the Russia-Ukraine war, significantly lower than the 50% of respondents holding this view in August 2025. Another 43% of respondents assign a moderate probability of an adverse impact.

In terms of severity, should these risks adversely affect the U.S. economy, approximately one-quarter of panelists (26%) estimates that an escalation of the Middle East conflict would have a large impact—subtracting at least 0.5 percentage points (ppt) from GDP, or adding at least 0.5 ppt to inflation. Another 47% estimate a substantial impact that would subtract 0.3-0.4 ppts from GDP, or adding 0.3-0.4 ppts to inflation. One-in-five panelists anticipates that if a conflict between China and Taiwan does occur, the impact to the U.S. economy would be large; another 28% anticipate a substantial impact. A majority (56%) expects broad-based tariffs and retaliation to have a substantial or large impact.

Immigration Policy

Respondents have a range of views on legal immigration levels that have shifted considerably from those expressed in the February survey. Forty-six percent believe that the U.S. should increase the number of immigrants legally admitted into the country, down from 61% in February 2026 and 66% in August 2025. More than one-third (36%) indicates that the number of immigrants legally admitted into the U.S. should remain unchanged, up from 26% in February. Ten percent say the number should be reduced.

The panel was asked to assess the degree to which Congress needs to address immigration reform. On a scale from one-to-ten (nonexistent-to-severe), the average response is 7.5, lower than the 8.2 average reported in February and 7.8 reported in August 2025.

AI and the Economy

Respondents have varying degrees of concern about the financial-stability risks associated with financing AI infrastructure through debt, private credit, and off-balance-sheet vehicles. Thirty percent of respondents are extremely (7%) or very (23%) concerned. Another 40% are moderately concerned, while 26% are slightly concerned.

Expectations for AI's contribution to U.S. labor-productivity growth over the next three to five years are generally positive, but modest. A majority of respondents (60%) expects AI to add at least 0.5 percentage point (ppt) to annual productivity growth, including 34% who anticipate an increase of 0.5 to 1 ppt, 21% who expect an increase of 1 to 2 ppt, and 5% who expect an increase of more than 2 ppt. Nearly one-third (31%) expects an increase of less than 0.5 ppt, while 5% anticipate no meaningful effect. Just 1% of respondents expects productivity growth to decline.

Other Policy Issues

The survey asked panelists what they consider the three most important policy issues that the Trump Administration should address in the coming years. The most frequently cited issue, selected by 67% of respondents, is reducing the budget deficit; this has been the number-one concern for respondents for five surveys in a row, dating back to August 2024. Balancing innovation and safeguards around artificial intelligence ranks second (cited by 38% of panelists), up from 7th place in the previous survey. Economic growth is the third most-cited issue (34% of respondents), followed by immigration reform (28%). A second tier of issues includes entitlement reform (noted by 25% of respondents), healthcare reform (19%), and climate change and clean energy investment (17%). Income inequality and infrastructure investment are each selected by 15% of respondents, while affordable housing is listed by 13%.

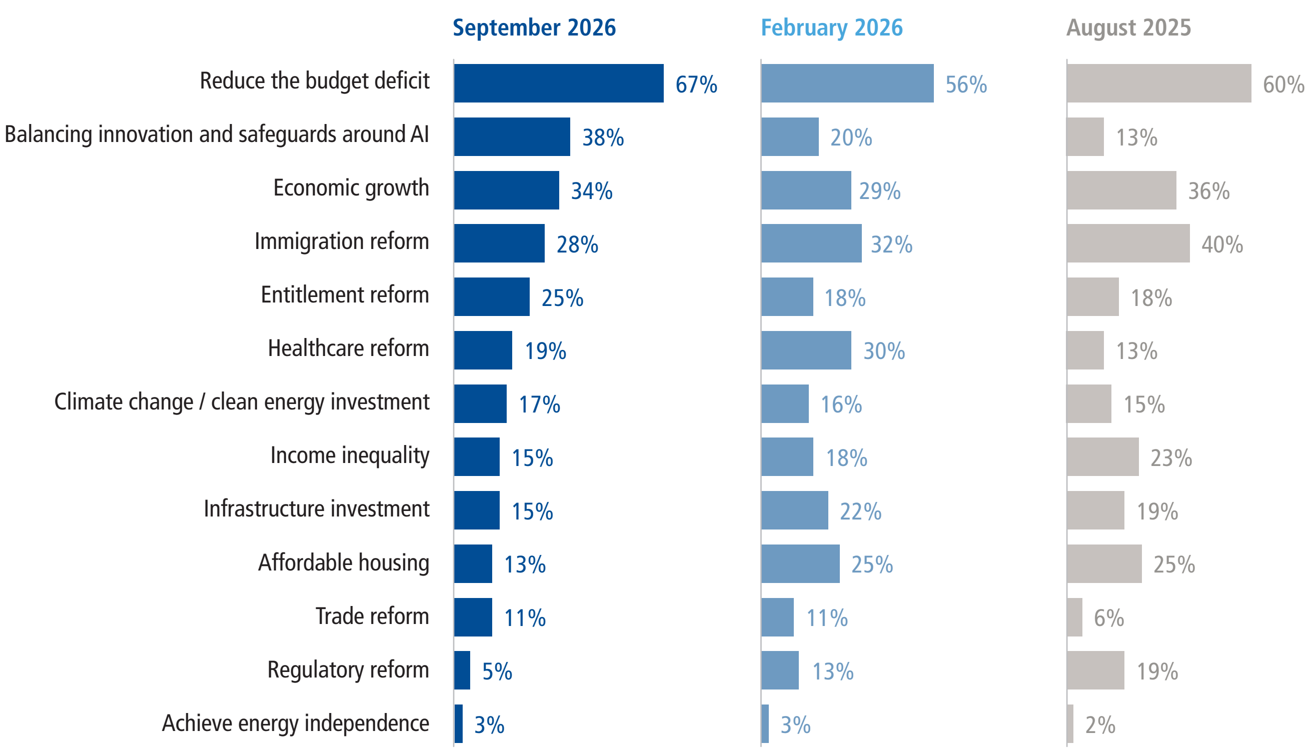
Government statistics

Policy survey panelists were asked about the potential decline in the quality and reliability of federal economic statistics. On a scale of 0 (not at all concerned) to 10 (most concerned) the median is 7. A majority of respondents—70%—views these data as important resources for policymakers.

Housing

Concerns about housing affordability appear to have receded relative to other policy challenges. Thirteen percent of respondents identify affordable housing as one of the three most important issues for the administration to address, down from 25% in February 2026.

Figure 4
Top Three Priorities for the Trump Administration:
Snapshots of past NABE Economic Policy Surveys
Percent of respondents noting top three priorities



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