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TFA Monthly Newsletter

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2026 Halftime Economic Review

By Braxton Sato

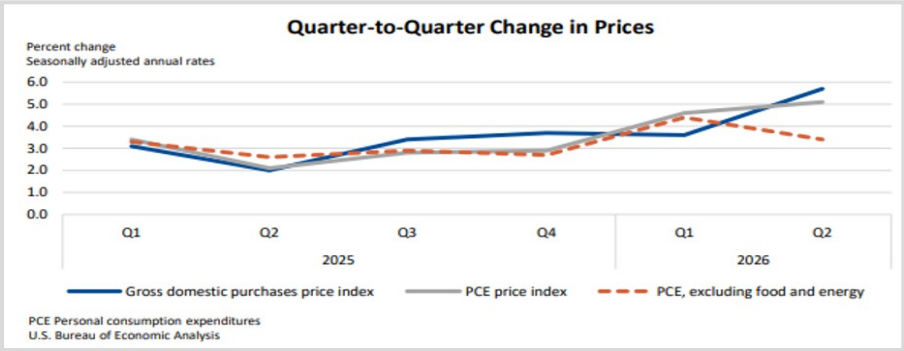
An estimated 5 billion of the 8.3 billion people in the world watched at least one World Cup match during June and July. Football/Soccer, a sport traditionally defined by two halves, was briefly Americanized with the addition of quarterly "hydration breaks". In this month's newsletter – we return to tradition by heading to the locker room at "halftime" to look back at the economy so far in 2026 and what this means for Tribal businesses and governments.

Inflation and Wage Growth

Headline CPI Inflation through June was up 3.5% year over year – despite June indicating some cooling in the economy (down 0.4% since May). The Personal Consumption Expenditures (PCE) index increased 5.1% in the second quarter and 4.6% in the first quarter of 2026. This index is weighted based on what a typical household consumes (versus CPI which measures inflation across the entire economy weighted by share of GDP). The dominating driver of PCE inflation over the last 12 months has been energy prices – particularly gasoline which is up 26.7%, caused by political instability and the war with Iran. Food prices are up in line with historical averages for both "eating at home" and "going out to eat" (2.7% and 3.4% year over year respectively), but consumers are still facing a 33% overall jump in food prices since 2020.

Wage growth has offset much of this increase in consumer costs, with real hourly earnings essentially flat (0.1% growth) year-over-year through June 2026.

Takeaway: Inflation is eating into gains in personal income and we do not expect significant growth tribal businesses driven by the size of the consumer's "wallet"



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IN THE NEWS

Cherokee Nation Health Delivers $2B Impact
7/1/2026 – indiangaming.com

Coyote Valley Casino & Hotel completes solar carport installation
7/6/2026 – solarbuildermag.com

Beyond the casino floor: tribes weigh data centers as the next bet
7/11/2026 – tribalgaming.com

Dems push back against SBA's plan to overhaul 8(a) eligibility determinations
7/19/2026 – federalnewsnetwork.com

Indian Gaming Reaches Record $46.2 Billion in Revenue, Fueling Tribal Economies
7/21/2026 – nativenewsonline.net

Minnesota Bill Would Give Tribes Control of Mobile Sports Betting
7/27/2026 – tribalgaming.com

Pascua Yaqui Tribe Celebrates Grand Opening of Two Yaqui Square
7/29/2026 – travois.com

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GDP and the K Shaped Consumer Economy

Real GDP continued to grow in the first half of 2026 – with 2.1% growth in the first quarter, and 1.5% growth in the second quarter. Growth in the economy in the first half was mostly driven by consumer spending and "gross computer spending" (which includes significant capital expenditures in Data Center construction).

While overall numbers show continued resilience in consumer spending, spending power across the income spectrum has been uneven.

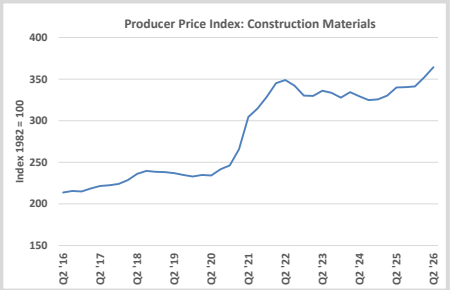
The Federal Reserve publishes the "Beige Book" which summarizes current economic conditions across the 12 Federal Reserve Districts. Of note in this particular report was an observation about uneven spending in the economy.

"Consumer spending remained mixed across Districts […]. Higher-income households remained resilient and less sensitive to price increase, while middle-income households were described as "squeezing more life out of every dollar before deciding to spend it," and low-income consumers showed greater financial strain. Overall, there were reports of increased credit card usage, fewer retail visits, and stronger demand for necessities."

The Fed also noted in the minutes from their June 2026 meeting that "lower-income households were increasingly relying on credit to maintain spending and continued to face disproportionate pressures from elevated gasoline and grocery prices."

Takeaway: Businesses that cater to higher income consumers should see less impact from economic headwinds than those that cater to lower and middle income consumers. Businesses should expect increased price sensitivity at the lower end of the income curve.

Construction Costs



Source: FRED

Construction costs in 2026 have resumed their upward climb since cooling off from COVID era peaks. In April 2026, Chris Creasy of Suffolk Construction said at a TFA moderated panel at the IGA conference that labor costs were the primary driver of project cost increases. Since then – the cost of Construction Materials have also spiked significantly and reached all-time highs in June 2026.

Data Center related construction, an increasingly controversial topic amongst residents who don't want them built in their "backyard", is a major driver of increases in both labor and material costs for tribal construction projects.

Takeaway: *If you are planning a construction project, and don't already have a Guaranteed Maximum Price Contract, make sure to get regular cost updates from your Owners Rep or consultant. Things can change a lot in a year or even six months.*

Gaming Revenues

Not all jurisdictions have reported their June revenues yet – but through May 2026, the AGA reported there is still strong growth in all categories of gaming (traditional, sports betting and iGaming). These figures do not include illegal sports betting offered on prediction market platforms. Also - there is an implication of increased "wallet share" going to gaming as the growth in GGR has outpaced real wage growth across the economy.

While numbers are up overall, the AGA provided an example of prediction markets impact on legal operations "State sports betting tax revenue fell 2.4 percent in May as state-regulated handle and revenue declined while Kalshi alone handled nearly $15 billion in sports betting volume."

MAY 2026 GGR PER GAMING VERTICAL, ANNUAL CHANGE				
	Total GGR	Traditional Casino GGR	Sports Betting GGR	iGaming GGR
	$7.06B	$4.68B	$1.34B	$1.03B
Over May 2025	+4.6% ▲	+4.5% ▲	-1.8% ▼	+14.7% ▲
YTD GGR PER GAMING VERTICAL, ANNUAL CHANGE				
	Total GGR	Traditional GGR	Sports Betting GGR	iGaming GGR
	$34.0B	$21.81B	$7.08B	$5.07B
Over Jan.-May 2025	+6.4% ▲	+3.3% ▲	+8.5% ▲	+18.3% ▲

SOURCE: AMERICAN GAMING ASSOCIATION

Takeaway: *Gaming Revenues remain resilient despite headwinds from Prediction Markets and macroeconomic factors, possibly due to an increase in consumer "wallet share" and strength at the top end of the database.*

As always, we are happy to talk with you about what we are seeing and how this may or may not track with what is happening in your market specifically. Please give us a call anytime.

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