

Preview of the Week Ahead

Consumer prices as measured by the Fed's preferred measure (The PCE Price Index) likely rose modestly in July from June, with inflation holding steady or edging up a hair in year-over-year terms. Inflation was faster in the first half of 2023 than the second half, so even if monthly price increases run cool in the second half of 2024, inflation will probably hold steady in year-over-year terms.

July likely saw slower income growth after the monthly jobs report showed a smaller than expected rise in payrolls and a slower increase of hourly earnings. Personal spending growth likely picked up as car dealer sales recovered after the CDK hack. The personal saving rate likely moved lower during the month.

House price index increases likely slowed in June. More homeowners are listing their homes for sale, especially condo owners. And listings for new construction are ample across the fast-growing markets of the Sunbelt. That is slowing home price increases. Pending home sales likely rose slightly in July after a big jump in June, but are still depressed. Pending home sales are a measure of units going under contract, mostly existing units; they should recover more in the fall and winter as mortgage rates fall.

The Week in Review

The minutes of the Fed's July 31 monetary policy decision show that "several" Federal Open Market Committee members saw "a plausible case" for a cut at the meeting, or "could have supported such a decision." Members agreed that recent inflation data increase their confidence that inflation is moving toward target; Chair Powell has made "confidence" a key way to describe when the Fed believes inflation is sufficiently controlled to start cutting rates. Regarding the outlook, FOMC members saw less risk that inflation runs over their target, and more risk that the labor market weakens further.

In the annual August preliminary benchmark revision, the Bureau of Labor Statistics revised down the level of employment in March 2024 by 818,000, meaning monthly job growth between March 2023 and March 2024 averaged 68,000 less than previously estimated. Incorporating that revision, the 12-month increase in payrolls in July 2024 was about 164,000 per month, not the 209,000 shown in the monthly jobs report released August 2. However, this downward revision won't come as a huge surprise to the FOMC. Their July meeting minutes show that "many participants noted that reported payroll gains might be overstated."

Additionally, the BLS mid-month report on state employment and unemployment shows that the softness in the July jobs report was not solely in Texas, where Hurricane Beryl created huge disruptions for work and production. Payrolls fell in Missouri in the month, and the unemployment rate rose in a number of states scattered across the East Coast, Midwest, High Plains, and Mountain West. These data further bolster the case for the Fed to start reducing interest rates this fall.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 26-Aug	Durable Goods Orders (Jul)	-6.7% M/M	4.2% M/M	3.4% M/M
	Core Durable Goods Orders (Jul)	0.4% M/M	0.0% M/M	0.0% M/M
	Dallas Fed Manufacturing Index (Aug)	-17.5	-16.0	-15.0
Tue 27-Aug	FHFA Purchase-Only House Price Index (Jun)	0.0% M/M 5.7% Y/Y	-- --	0.3% M/M 5.3% Y/Y
	S&P CoreLogic Case-Shiller 20-City Home Price Index (Jun)	0.3% M/M 6.8% Y/Y	0.3% M/M --	0.2% M/M 6.1% Y/Y
	Conference Board Consumer Confidence (Aug)	100.3	100.1	100.5
Wed 28-Aug	No market-moving economic releases	--	--	--
Thu 29-Aug	Real GDP (2nd Quarter of 2024, Second Estimate, Seasonally-Adjusted Annualized Rate / SAAR)	2.8%	2.8%	2.8%
	GDP Price Index (2nd Quarter Second Estimate, SAAR)	2.3%	2.3%	2.3%

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Thu 29-Aug	Goods Trade Balance (Jul)	-\$96.6 billion	-\$97.0 billion	-\$97.5 billion
	Pending Home Sales (Jul)	4.8% M/M -7.8% Y/Y	0.4% M/M --	0.4% M/M -2.7% Y/Y
	Initial Jobless Claims (Week of 8/24)	232,000	235,000	230,000
	Continuing Jobless Claims (Week of 8/17)	1,863,000	1,870,000	1,870,000
Fri 30-Aug	Personal Income (Jul)	0.2% M/M	0.2% M/M	0.1% M/M
	Personal Consumption Expenditures ("PCE") (Jul)	0.3% M/M	0.5% M/M	0.5% M/M
	PCE Price Index (Jul)	0.1% M/M 2.5% Y/Y	0.2% M/M 2.6% Y/Y	0.1% M/M 2.5% Y/Y
	PCE Price Index Excluding Food and Energy (Jul)	0.2% M/M 2.6% Y/Y	0.2% M/M 2.7% Y/Y	0.1% M/M 2.6% Y/Y
	Michigan Consumer Sentiment (Aug - Final)	67.8	67.9	69.0

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Fri 30-Aug	Michigan 1-Yr Ahead Consumer Inflation Expedations (Aug - Final)	2.9%	--	2.9%
	Michigan 5-10-Yr Ahead Consumer Inflation Expedations (Aug - Final)	3.0%	--	3.0%

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