

Preview of the Week Ahead

The “third” and final estimate of second quarter GDP, the Personal Income and Outlays report for August, and S&P Global’s Flash PMIs are the most important economic data releases this busy week. The Bureau of Economic Analysis is likely to keep its 3.0% growth estimate unrevised, when it releases its “third” and final estimate of second quarter GDP on Thursday.

Paralleling a strong increase in average hourly earnings, personal incomes likely rose by 0.5% in August. Personal spending, however, likely rose at a more tepid pace, in line with the month’s modest increase in retail sales. Headline and core Personal Consumption Expenditures (PCE) Price Indices—the Fed’s preferred inflation gauges—probably increased modestly in August, validating the Fed’s rate cuts last week. S&P Global’s Flash PMI estimates will provide the earliest read on business conditions in September, probably showing no material change from August, with manufacturing in contraction and the services sector, which accounts for most of the economy, in solid expansionary territory.

The Week in Review

The Federal Open Market Committee (FOMC) voted 11-1 to cut the federal funds rate 0.50 percentage point to a range of 4.75% to 5.00% at its September 18 interest rate decision. The sole dissenter—Governor Bowman—supported a 0.25 percent cut instead. Financial markets had priced in a significant possibility of a half-percent cut before the meeting, but it was still somewhat a surprise. The Summary of Economic Projections (a.k.a. “Dot Plot”) shows the median FOMC member expects to cut another half percent before year-end and to ease by another full percentage point in 2025. The Fed’s forward guidance indicates they are now attaching equal importance to the Fed’s maximum sustainable employment mandate, a departure from their sole focus on reducing inflation since March 2022. Policymakers did not alter the pace of the Fed’s balance sheet reduction program. The median FOMC member expects the economy to grow by 2.0% in 2024 and 2025, above its longer run growth rate of 1.8%. The unemployment rate is projected to rise 0.2 percent from its current level and end 2024 at 4.4% then hold steady in 2025. Headline and core PCE inflation are projected to decline to 2.3% and 2.6%, respectively, by year-end and slow to slightly above the 2.0% inflation target by late 2025.

Retail sales defied the consensus estimate for a 0.2% decline and edged up 0.1% in August. Sales, however, lacked breadth and were driven largely by online retailers, whose revenues were up by a sizeable 1.4%. Core retail sales, used in estimating nominal consumer spending on goods in the GDP report, rose by a healthy 0.3%. July retail sales were upwardly revised to a robust 1.1% increase.

The decline in mortgage rates last month in anticipation of the Fed easing appears to be already boosting the housing market. Building permits rose by 4.9% to an annualized rate of 1.475 million in August, while housing starts jumped by 9.6% to 1.356 million units. Both exceeded the consensus forecasts substantially. Even after August’s gain, starts and permits are low relative to their levels in the second half of 2023. Homebuilder sentiment also improved, with the six-months ahead sales expectation subindex indicating growing optimism for a pickup in sales in the months ahead.

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2024, Comerica Bank. All rights reserved.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 23-Sep	Chicago Fed National Activity Index (Aug)	-0.34	-0.20	0.10
	S&P Global Flash Manufacturing PMI (Sep -Preliminary)	47.9	48.5	48.0
	S&P Global Flash Services PMI (Sep -Preliminary)	55.7	55.2	55.5
Tue 24-Sep	FHFA Purchase-Only House Price Index (Jul)	5.1% Y/Y -0.1% M/M	-- --	4.7% Y/Y 0.5% M/M
	S&P CoreLogic Case-Shiller 20-City Home Price Index (Jul)	6.5% Y/Y 0.4% M/M	-- --	6.2% Y/Y 0.7% M/M
	Conference Board Consumer Confidence Index (Sep)	103.3	102.8	105.0
Wed 25-Sep	New Home Sales (Aug)	739,000 10.6% M/M	695,000 -6.0% M/M	710,000 -3.9% M/M

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2024, Comerica Bank. All rights reserved.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Thu 26-Sep	Durable Goods Orders (Aug)	9.8% M/M	-2.8% M/M	-1.0% M/M
	Core Durable Goods Orders (Aug)	-0.1% M/M	--	0.3% M/M
	Real GDP (2 nd Quarter "Third" Estimate, Seasonally-Adjusted Annualized Rate/SAAR)	3.0%	2.9%	3.0%
	GDP Price Index (2 nd Quarter "Third" Estimate, SAAR)	2.5%	--	2.5%
	Pending Home Sales (Aug)	-5.5% M/M	--	3.9% M/M
	Initial Jobless Claims (Week of 9/21)	219,000	--	222,000
	Continuing Jobless Claims (Week of 9/14)	1,829,000	--	1,835,000
Fri 27-Sep	Personal Income (Aug)	0.3% M/M	0.4% M/M	0.5% M/M
	Personal Spending (Aug)	0.5% M/M	0.3% M/M	0.2% M/M
	Personal Consumption Expenditures ("PCE") Price Index (Aug)	0.2% M/M	0.1% M/M	0.1% M/M
		2.5% Y/Y	2.3% Y/Y	2.3% Y/Y

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2024, Comerica Bank. All rights reserved.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Fri 27-Sep	PCE Price Index Excluding Food and Energy (Aug)	0.2% M/M 2.6% Y/Y	0.2% M/M 2.7% Y/Y	0.1% M/M 2.6% Y/Y
	Advance Good Trade Balance (Jul)	-\$102.8 billion (R)	-\$99.3 billion	-\$101.0 billion
	Michigan Consumer Sentiment (Sep - Final)	69.0	--	72.0
	Michigan 1-Yr-Ahead Inflation Expectations (Sep- Final)	2.7%	--	2.7%
	Michigan 5-10-Yr Ahead Inflation Expecations (Sep - Final)	3.1%	--	3.0%

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2024, Comerica Bank. All rights reserved.