

Preview of the Week Ahead

The economy likely contracted in the first quarter on the back of a record trade deficit in goods as importers front-ran tariff hikes. The labor market probably softened in April, with a lackluster increase in employment and an uptick of the unemployment rate. Job vacancies likely fell in March. The ISM Manufacturing PMI is expected to show the sector in contraction for the second consecutive month. House price growth likely moderated in February, easing annual increases. The Conference Board will probably report a big decline in consumer confidence in line with other household surveys. Vehicle sales are anticipated to take a breather in April after March's jump to the highest sales in four years.

The Week in Review

The Beige Book, a summary of anecdotal information collected by the Federal Reserve from various contacts across the nation, reported the economy nearly stalled in recent weeks. Tariff policy uncertainty weighed on the outlook in many parts of the country. While vehicle sales rose solidly, non-auto purchases were weaker. Employment was essentially unchanged, with businesses taking a wait-and-see approach to staffing decisions. Most businesses saw their input costs climb in recent weeks and expect to pass on higher costs to customers.

The housing market was mixed last month. Existing home sales, which account for most of the homes sold in the U.S., plummeted by 5.9% to an annualized rate of 4.020 million and were down 2.4% from a year earlier. Inventory of homes for sale continued to rise steadily, with 1.330 million units available for sale last month, nearly 20% higher than in March 2024. The median sale price of an existing home rose by 2.7% from a year earlier to \$403,700. New home sales soared by 7.4% to an annualized rate of 724,000 units in March and were handsomely above the consensus. The median price of a new home of \$403,600 in March was around \$33,000 lower than the same month of last year. The number of new homes for sale has steadily increased in the past two years, with 503,000 new homes available for purchase last month, equivalent to 8.3 months of supply at March's rate of sales.

New orders for durable goods skyrocketed by 9.2% in March on the back of a 27.0% increase in transportation equipment orders. Orders for civilian aircrafts and parts jumped by a staggering 139% due to airlines around the world racing to buy ahead of higher tariffs. Motor vehicle and parts orders rose strongly for the second consecutive month, as dealerships accelerated purchases ahead of impending tariffs. Orders of nondefense capital goods excluding aircraft—a widely-watched indicator of business spending on equipment—edged up a modest 0.1%, a sign of businesses' cautious outlook on investment.

Consumer sentiment fell to the lowest since the summer of 2022 in April, according to the University of Michigan's final survey release for the month. Households' expectations have plunged particularly hard since January, posting the largest three-month drop since the 1990s recession. Consumers' year-ahead inflation expectations were the highest since the early 1980s, while long-term inflation expectations were the highest since the early 1990s.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 28-Apr	Dallas Fed Manufacturing Index (Apr)	-16.3	-14.2	-19.0
Tue 29-Apr	Advance Goods Trade Balance (Mar)	-\$147.9 billion (R)	-\$146.0 billion	-\$160.0 billion
	Job Openings, Total Nonfarm (Mar)	7.568 million	-	7.400 million
	FHFA Purchase-Only House Price Index (Feb)	0.2% M/M 4.8% Y/Y	-	0.3% M/M 3.9% Y/Y
	S&P CoreLogic Case-Shiller 20-City Home Price Index (Feb)	0.1% M/M 4.7% Y/Y	- -	0.2% M/M 4.5% Y/Y
	Conference Board Consumer Confidence Index (Apr)	92.9	87.0	80.0
Wed 30-Apr	ADP Private Payroll Growth (Apr)	155,000	122,000	100,000
	Real GDP (1st Quarter Advance Estimate, Seasonally Adjusted Annualized Rate/SAAR)	2.4%	0.2%	-1.4%
	GDP Price Index (1st Quarter Advance Estimate / SAAR)	2.3%	-	3.5%
	Personal Income (Mar)	0.8% M/M	0.4% M/M	0.4% M/M
	Personal Spending (Mar)	0.4% M/M	0.6% M/M	0.6% M/M

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Wed 30-Apr	Personal Consumption Expenditures	0.3% M/M	0.0% M/M	-0.2% M/M
	Price Index ("PCE," Mar)	2.5% Y/Y	2.2% Y/Y	2.0% Y/Y
	PCE Price Index Excluding Food and Energy (Mar)	0.4% M/M 2.8% Y/Y	0.1% M/M 2.6% Y/Y	0.1% M/M 2.3% Y/Y
	Pending Home Sales (Mar)	2.0% M/M -3.6% Y/Y	- -	5.0% M/M -1.8% Y/Y
Thu 1-May	ISM Manufacturing PMI (Apr)	49.0	48.1	47.0
	Constructing Spending (Mar)	0.7% M/M	0.3% M/M	-0.4% M/M
	Initial Jobless Claims (Week of 4/26)	222,000	-	220,000
	Continuing Jobless Claims (Week of 4/19)	1,841,000	-	1,864,000
Fri 2-May	Change in Nonfarm Payrolls (Apr)	228,000	130,000	115,000
	Unemployment Rate (Apr)	4.2%	4.2%	4.3%
	Labor Force Participation Rate (Apr)	62.5%	-	62.5%
	Average Weekly Hours (Apr)	34.2	34.2	34.1
	Average Hourly Earnings (Apr)	0.3% M/M 3.8% Y/Y	0.3% M/M 3.9% Y/Y	0.3% M/M 3.9% Y/Y
	Total Light Vehicle Sales (Apr)	17.8 million	16.8 million	16.0 million

(R) - Revised

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