

Preview of the Week Ahead

No material revisions are expected for either real GDP or the GDP Price Index when the second estimate for the first quarter of 2025 is published. Growth of both personal income and spending likely moderated in April after robust increases in the prior month. The headline and core Personal Consumption Expenditures (“PCE”) price indices probably eased in April, as businesses held back on passing higher costs to consumers. Cooler PCE inflation will be a welcome development, but seems unlikely to convince the Fed to cut interest rates near-term since last week’s survey releases showed that inflationary pressures are mounting rapidly. The goods trade deficit likely pulled back in April but was still larger than any month before 2025 as importers’ stockpiling of imports slowed.

On the housing front, pending home sales likely fell in April. A housing market moving closer to balance should translate to flat-to-modest monthly increases in house price indexes in March, further easing annual house price inflation. The University of Michigan’s final survey of consumers for May probably will improve, with a better outlook and lower inflation expectations after the partial rollback of tariffs on Chinese imports agreed on May 12 (The “90-day pause”). Durable goods orders likely fell in April after a sharp increase in the prior month. Orders for nondefense capital goods excluding aircraft—a widely-watched proxy for business spending on equipment—also likely fell as businesses waited for greater clarity on the economic outlook and took a wait-and-see approach to business investment.

The Week in Review

The economic calendar was very light last week. The flash estimates of S&P Global’s PMIs rose more than expected in May, beating the consensus. Manufacturing returned to expansion, while growth of the services sector expanded at a faster pace. New orders for service-providers and manufacturers rose, according to the survey, with the latter reporting the biggest increase of orders in fifteen months. The good news from production and new orders, however, did not translate into higher employment, as businesses reported net reductions in headcount. Worries over higher input costs continue to percolate among manufacturers, who reported stockpiling inventory at the fastest pace since mid-2022. As a result, inventories rose at the fastest pace in the PMI survey’s 18-year history. Manufacturers and service-providers’ input costs jumped at the fastest rate in a couple of years, as did prices they charged customers. Survey respondents overwhelmingly attributed the cost increases to a jump in prices of imports due to tariffs.

Providing further evidence of a weak start to the homebuying season, existing home sales edged down by 0.5% in April to an annualized rate of 4.0 million, weaker than the consensus forecast of economists. Last month’s sales were the weakest in 15 years for April and followed a nearly 6% slump in March. Homes available for sales jumped to 1.450 million units, the highest since September 2020, and were 20% higher than the same month of 2024. The supply of homes listed for sale rose to 4.4 months at April’s pace of sales, also a near-term high. Reflecting lower demand and higher supply, the annual increase in the median price of an existing house sold slowed again to 1.8% in April from 2.6% in March.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 26-May	Memorial Day Holiday No Market-Moving Economic Releases	-	-	-
Tue 27-May	Durable Goods Orders (Apr - Preliminary)	7.5% M/M (R)	-8.2% M/M	-5.1% M/M
	Nondefense Capital Goods Orders Excluding Aircraft (Apr - Preliminary)	-0.2% M/M (R)	0.1% M/M	-0.8% M/M
	FHFA Purchase-Only House Price Index (Mar)	0.1% M/M 3.9% Y/Y	-	0.0% M/M 3.8% Y/Y
	S&P CoreLogic Case-Shiller 20-City Home Price Index (Mar)	0.4% M/M 4.5% Y/Y	- -	0.1% M/M 4.4% Y/Y
	Conference Board Consumer Confidence Index (May)	86.0	87.0	89.0
	Dallas Fed Manufacturing Activity Index (May)	-35.8	-	-10.0
Wed 28-May	FOMC Meeting Minutes	-	-	-

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Thu 29-May	Real GDP (1st Quarter Second Estimate, Seasonally Adjusted Annualized Rate/SAAR)	-0.3%	-0.3%	-0.3%
	GDP Price Index (1st Quarter Second Estimate/SAAR)	3.7%	-	3.8%
	Initial Jobless Claims (Week of 5/24)	227,000	-	228,000
	Continuing Jobless Claims (Week of 5/17)	1,903,000	-	1,900,000
	Pending Home Sales (Apr)	6.1% M/M	-	-1.0% M/M
Fri 30-May	Personal Income (Apr)	0.5% M/M	0.3% M/M	0.3% M/M
	Personal Spending (Apr)	0.7% M/M	0.2% M/M	0.1% M/M
	Personal Consumption Expenditures ("PCE") Price Index (Apr)	0.0% M/M 2.3% Y/Y	0.1% M/M 2.2% Y/Y	-0.1% M/M 1.9% Y/Y
	PCE Price Index Excluding Food and Energy (Apr)	0.0% M/M 2.6% Y/Y	0.1% M/M 2.5% Y/Y	-0.1% M/M 2.3% Y/Y
	Advance Goods Trade Balance (Apr)	-\$163.2 billion (R)	-\$140.0 billion	-\$140.0 billion
	Michigan Consumer Sentiment (May - Final)	50.8	-	53.0
	Mich. 1-Yr Inflation Expectations (May - Final)	7.3%	-	6.0%
	Michigan 5-10-Yr Ahead Inflation Expectations (May - Final)	4.6%	-	4.4%

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