

## Preview of the Week Ahead

Employers likely added jobs at a modest pace in May as businesses waited to see how tariff policies ultimately settle out. The unemployment rate likely held unchanged, with modest growth of employment and of the labor force. Wage growth likely slowed in year-over-year terms. The labor force participation rate likely edged lower on the month. Job openings were likely lower in the latest release, released at a one-month lag to payroll employment growth and the unemployment rate.

PMI surveys likely improved in May as financial market conditions stabilized and lower tariffs cheered consumers and businesses. Businesses likely reported slightly less input price inflation, helped by lower prices of steel and crude oil. Car and light truck sales likely fell in the month, though, as consumers' scramble to front-run tariff price hikes petered out. The trade deficit likely shrank in April as the rush to beat tariffs ended. Both imports and exports likely fell in the month as higher tariffs kicked in.

## The Week in Review

President Trump met with Fed Chair Jay Powell on May 29 to pressure Powell to reduce interest rates, according to the White House Press Secretary. The Fed's structure largely insulates monetary policy decisions from political pressure. Powell's term as Fed Chair ends on May 15, 2026, and he has said that he plans to stay on as a Governor until his appointment ends on January 31, 2028. Fed Governor Adriana Kugler's term ends January 31, 2026, which will give President Trump an opportunity to appoint a new Governor to replace Powell as Chair. The 14-year terms of the other Fed Governors extend beyond the end of the current presidential administration. Trade policy uncertainty is still elevated. On May 23, the government threatened to raise the reciprocal tariff on imports from the EU to 50% from 10% beginning June 1, then said May 25 the tariff hike would be delayed until July 1. On May 29, most of the tariff increases made in April were invalidated by a court, then reinstated on appeal a few hours later. Business surveys from regional fed branches, as well as the University of Michigan's consumer survey, show tariff uncertainty continues to weigh on economic activity.

Housing data point to ongoing weak demand restraining sales and prices. House price indexes fell more than expected in March from February. Both the S&P CoreLogic Case-Shiller 20-City House Price Index (Case-Shiller HPI) and the FHFA HPI edged down 0.1% on the month, undershooting consensus forecasts for modest gains. In year-over-year terms, both indexes rose the least since 2023. Pending home sales, a measure of listings that have gone under contract and a strong leading indicator of future sales, fell sharply in April and gave up their gain in February and March.

Personal income jumped 0.8% in April as the Social Security Fairness Act boosted benefits, while personal consumption expenditures (PCE) rose a modest 0.2%. The Fed's preferred measure of inflation, the PCE price index, rose 2.1% from a year earlier, while the core PCE price index rose 2.5%. Inflation nearing the Fed's target won't persuade them to cut rates, since inflation expectations hovered near the highest in decades in the University of Michigan's final consumer survey for May.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 2-Jun	ISM Manufacturing PMI (May)	48.7	49.2	49.5
	Construction Spending (Apr)	-0.5% M/M	0.4% M/M	-0.2% M/M
Tue 3-Jun	Durable Goods Orders (Apr - Final)	-6.3%	-	-6.3%
	Nondefense Capital Goods Orders Ex. Aircraft (Apr - Final)	-1.3%	-	-1.3%
	Job Openings, Total Nonfarm (Apr)	7.192 million	7.1 million	6.9 million
	Ward's Total Vehicle Sales (May)	17.3 million	16.3 million	16.0 million
Wed 4-Jun	ADP Private Payroll Growth (May)	62,000	118,000	100,000
	ISM Services PMI (May)	52.3	52.0	51.5
Thu 5-Jun	International Trade Balance in Goods and Services (Apr)	-\$140.5 billion	-\$117.3 billion	-\$70.0 billion
	Nonfarm Productivity (QoQ SAAR, 1st Quarter, 3rd Est.)	-0.8%	-0.8%	-0.7%
	Unit Labor Costs (QoQ SAAR, 1st Quarter, 3rd Est.)	5.7%	5.7%	5.5%
	Initial Jobless Claims (Week of 5/31)	240,000	-	230,000
	Continuing Jobless Claims (Week of 5/24)	1,919,000	-	1,910,000
Fri 6-Jun	Change in Nonfarm Payrolls (May)	177,000	130,000	125,000
	Unemployment Rate (May)	4.2%	4.2%	4.2%
	Labor Force Participation Rate (May)	62.6%	-	62.5%
	Average Weekly Hours (May)	34.3 hours	34.3 hours	34.2 hours
	Average Hourly Earnings (May)	0.2% M/M	0.3% M/M	0.2% M/M
		3.8% Y/Y	3.6% Y/Y	3.6% Y/Y

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