

Preview of the Week Ahead

In a holiday-shortened week packed with data releases, the most attention will go to the August jobs report. It is expected to show modest growth of payroll employment, a little above the last few months' average pace. Comerica forecasts a stable unemployment rate, slightly better than the consensus' expectation for a slight uptick. Earnings growth is forecast to slow.

In the week's other releases, construction spending is forecast to contract again in July after falling in five of the first six months of 2025. The ISM manufacturing and services PMIs are forecast to rise in August after July's reports showed the private sector growing at a modest pace. August probably saw another solid month of vehicle sales as EV buyers rushed to cash in on tax credits before those programs sunset at the end of September.

The Week in Review

The campaign to pressure the Fed to cut rates intensified last week as President Trump attempted to fire Governor Lisa Cook; Governor Cook is filing suit to contest her firing, which the President asserts is for cause. The administration criticized Chair Powell for the cost of the Fed's renovations in July; former Governor Adriana Kugler took personal days during the Fed's July meeting and did not take a side in the split vote between advocates of a cut and FOMC members who thought rates should hold steady, then resigned a few months before her term was scheduled to end. Financial markets are largely shrugging off the attacks on the Fed's independence, apparently betting the episode is Greenland redux.

Second quarter real GDP growth was revised up to a 3.3% annualized increase in the second estimate from 3.0% in the first estimate, with upward revisions to consumer spending and business fixed investment. Real final sales to private domestic purchasers, which include the components of GDP that track closest to the economy's underlying trend, was revised up to 1.9% and matched the first quarter's increase—a nice moderate pace of growth. The personal consumption expenditures price index was revised down a hair to 2.0% annualized from 2.1% previously, while core PCE inflation was unchanged at 2.5% annualized. Real gross domestic income rose a robust 4.8% annualized, and corporate profits rose 1.7% (not annualized).

Consumer confidence edged lower in August, although its level was better than forecast due to upward revisions to confidence in July. Both the Current Conditions Index and Expectations Index were weaker on the month. Consumers' assessment of the job market was the least optimistic since early 2021.

The FHFA House Price Index (HPI) fell 0.2% in June, and the S&P Cotality Case-Shiller 20-City HPI fell 0.3%. It was the third consecutive monthly decline for the FHFA HPI and the fourth for the Case-Shiller. From a year earlier, the FHFA HPI slowed to a 2.6% increase from 2.9% in May, and the Case-Shiller to a 2.1% increase from 2.8% in May. Housing sales were better than prices in last week's data, with new home sales registering 652,000 annualized units in July, beating the 630,000 consensus due to upward revisions to June. The median price of a new home sold fell 5.9% from a year earlier.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 1-Sep	Labor Day Holiday No market-moving economic releases	-	-	-
Tue 2-Sep	S&P Global U.S. Manufacturing PMI (Aug - Final)	53.3	-	53.0
	ISM Manufacturing PMI (Aug)	48.0	48.9	49.5
	Construction Spending (Jul)	-0.4% M/M	0.1% M/M	-0.2% M/M
Wed 3-Sep	ADP Private Payrolls, Monthly Change in 1,000s (Aug)	104,000	70,000	35,000
	Job Openings, Total Nonfarm (Jul)	7.437 million	-	7.550 million
	Wards Total Vehicle Sales (Aug)	16.4 million	16.0 million	16.2 million

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Thu 4-Sep	Initial Jobless Claims (Week of 8/30)	229,000	-	228,000
	Continuing Jobless Claims (Week of 8/23)	1,954,000	-	1,965,000
	ADP Private Payrolls, Net Monthly Change (Aug)	104,000	70,000	35,000
	Nonfarm Productivity (QoQ SAAR, 2025 Q2 Final Estimate)	2.4%	-	2.5%
	Unit Labor Costs (QoQ SAAR, 2025 Q2 Final Estimate)	1.6%	-	1.5%
	International Trade Balance in Goods & Services (Jul)	-\$60.2 billion	-\$61.5 billion	-\$65.0 billion
	S&P Global U.S. Services PMI (Aug - Final)	55.4	-	55.0
	ISM Services Index (Aug)	50.1	50.5	51.0
Fri 5-Sep	Change in Nonfarm Payrolls (Aug)	73,000	80,000	45,000
	Unemployment Rate (Aug)	4.2%	4.3%	4.2%
	Labor Force Participation Rate (Aug)	62.2%	-	62.2%
	Average Weekly Hours (Aug)	34.3	34.3	34.2
	Average Hourly Earnings (Aug)	0.3% M/M 3.9% Y/Y	0.3% M/M 3.7% Y/Y	0.2% M/M 3.6% Y/Y

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