

Preview of the Week Ahead

Payroll employment is forecast to be revised down by 775,000 in the Preliminary Benchmark Revision's release on Tuesday. This release revises the level of employment in March 2025 using unemployment insurance records covering approximately 11,000,000 workplaces—considerably more detail than is available to the government's statisticians when they publish the monthly jobs report, which is based on survey responses from about 50,000 workplaces. If the revision is as negative as forecast, it will show the economy had less momentum entering 2025 than previously believed. This would have less implications for monetary policy than the weaker-than-expected August jobs report published last week. Even so, a weak Benchmark Revision would add pressure for the Fed to cut at the next decision September 17.

CPI and PPI inflation will likely diverge again in their August releases as lower diesel prices hold down the year-over-year increase of the PPI. The core CPI and PPI indexes are forecast to run hot again and pick up in year-over-year terms on tariff passthrough. Shelter inflation will likely run cool in the CPI report, offsetting some of the inflationary pressure from tariffs.

The Week in Review

The job market weakened again in August. U.S. employers added a lean 22,000 nonfarm payroll jobs in the month, below the 75,000 consensus forecast or Comerica's forecast of 45,000. Job growth in June and July was revised down a net 21,000. Following revisions, job growth in the last three months averaged a weak 29,000, worse than the 35,000 reported in the prior report (which is now revised down to 28,000). August saw employment fall in key goods-producing and service-providing industries. Employment fell across goods-producing industries, down 12,000 in manufacturing, 7,000 in construction, and 6,000 in mining and logging. In service-providing industries, there were declines of 17,000 in professional and business services and 12,000 in wholesale trade. Healthcare and social assistance added 47,000 jobs, leisure and hospitality added 28,000, and retail added 11,000. Tariffs and AI seem to be weighing on private job growth. Government jobs fell 16,000.

The unemployment rate rose to 4.3% from 4.2% and was the highest since October 2021. In the survey of households, the labor force increased 436,000, employment rose 288,000, and unemployment rose 148,000. The labor force participation rate edged back up to 62.3% from July's 62.2% and matched June's level. The employment-to-population ratio tied July for the lowest since December 2021, but the employment-population ratio for prime-age workers ages 25-54 edged up on the month to 80.7% from 80.4% in July. Average hourly earnings rose 0.3% on the month, matching expectations, and slowed to a 3.7% increase from a year earlier from 3.9% in July. August's wage growth was the second-weakest since May 2020. The average workweek was 34.2 hours, with July revised down to match that level.

The ISM manufacturing PMI rose to 48.7 in August from 48.0 in July, while the services PMI rose to 52.0 from 50.1. The weak August jobs report and lukewarm PMIs reinforce expectations for the Fed to cut interest rates at the September meeting. Comerica forecasts quarter percentage point rate cuts at the Fed's September, December, and March 2026 meetings.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 8-Sep	NY Fed Consumer Inflation Expectations Survey: 1-Yr (Aug)	3.1%	-	3.2%
	Consumer Credit (Jul)	\$7.4 billion	\$10.2 billion	\$7.3 billion
Tue 9-Sep	NFIB Small Business Optimism (Aug)	100.3	100.5	99.0
	Payroll Employment Preliminary Benchmark Revision (Mar '25)	N/A	-	-775,000
Wed 10-Sep	Producer Price Index - Final Demand (PPI, Aug)	0.9% M/M 3.3% Y/Y	0.3% M/M 3.3% Y/Y	-0.2% M/M 2.8% Y/Y
	Core PPI Excluding Food and Energy (Aug)	0.6% M/M 2.8% Y/Y	0.3% M/M 3.5% Y/Y	0.4% M/M 3.6% Y/Y
	Wholesale Trade Sales (Jul)	0.3% M/M	0.1% M/M	0.2% M/M

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Thu 11-Sep	Initial Jobless Claims (Week of 9/6)	237,000	235,000	235,000
	Continuing Jobless Claims (Week of 8/30)	1,940,000	1,950,000	1,955,000
	Consumer Price Index (CPI, Aug)	0.2% M/M 2.7% Y/Y	0.3% M/M 2.9% Y/Y	0.4% M/M 3.0% Y/Y
	Core CPI Excluding Food and Energy (Aug)	0.3% M/M 3.1% Y/Y	0.3% M/M 3.1% Y/Y	0.3% M/M 3.1% Y/Y
	Federal Budget Balance (Aug)	-\$380.1 billion	-\$322.7 billion	-\$325.0 billion
Fri 12-Sep	Michigan Consumer Sentiment (Sep - Preliminary)	58.2	58.0	55.0
	Michigan 1-Yr Inflation Expectations (Sep - Preliminary)	4.8%	4.5%	4.8%
	Michigan 5-10-Yr Inflation Expectations (Sep - Preliminary)	3.5%	3.4%	3.2%

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