

Preview of the Week Ahead

The Bureau of Labor Statistics announced that the September Consumer Price Index (CPI) report, which was slated to be released on Wednesday, will instead be published on October 24th. It is not clear whether other key economic data released by executive branch agencies, such as the producer price index, retail sales, or housing permits and starts, will be published this week. Industrial production and capacity utilization, which are compiled by the Federal Reserve, should be released as scheduled and are expected to show a slight contraction in industrial activity and capacity use in September. Paralleling the drop in the ISM PMI surveys, homebuilder and small business optimism likely eased last month.

The Week in Review

The Federal Open Market Committee (FOMC) noted a slowdown in economic activity in the first half of 2025 compared to the same period last year, according to the minutes of their September meeting. Monetary policymakers attributed lower growth primarily to slower consumer spending, but observed some firming in the third quarter. Committee members thought the job market would most likely hold up, noting that “under appropriate monetary policy, labor market conditions would be little changed or would soften modestly.” However, they did note increased downside risks to this forecast. This is probably due to monetary policy having virtually no impact on immigration policies, which are significantly contributing to labor market outcomes this year. With respect to inflation, “a majority of participants saw upside risks to their outlooks for inflation,” amid “continued uncertainty about the effects of tariffs.” Taking the aforementioned into consideration, almost all FOMC members supported the decision to lower the federal funds rate in September. Also, “most” agreed that it would be “appropriate to ease policy further over the remainder of the year.”

President Trump threatened on October 10 to impose massive new tariffs on Chinese imports in retaliation to Chinese restrictions on rare earth exports. The president also warned that other countermeasures against China are “under serious consideration.” The latest developments could intensify the trade conflict with China and further cloud the inflation outlook. The White House announced “substantial” layoffs of federal government workers on Friday. Unions representing federal government workers have filed lawsuits challenging the mass layoff.

Consumer credit rose by a paltry \$363 million in August after an upwardly revised \$18.1 billion increase in the prior month and was well below the \$15.0 billion consensus estimate. The weakness was primarily due to a \$6 billion decline in revolving credit, which is mainly credit card debt. Nonrevolving credit, mostly student and auto loans, increased by \$6.3 billion.

Consumer sentiment was essentially unchanged in October, with consumers perceiving “very few changes in the outlook for the economy from last month,” according to the University of Michigan’s Survey of Consumers. The report notes “little evidence” so far of the federal government shutdown affecting consumers’ views of the economy. Year-ahead inflation expectations eased a touch to 4.6%, while long-run inflation expectations held steady at 3.7%.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 13-Oct	Columbus Day Holiday No market-moving economic releases	-	-	-
Tue 14-Oct	NFIB Small Business Optimism (Sep)	100.8	100.6	99.5
Wed 15-Oct	Consumer Price Index (CPI, Sep)*	0.4% M/M 2.9% Y/Y	0.4% M/M 3.1% Y/Y	0.5% M/M 3.2% Y/Y
	Core CPI Excluding Food and Energy (Sep)*	0.3% M/M 3.1% Y/Y	0.3% M/M 3.1% Y/Y	0.3% Y/Y 3.1% Y/Y
Thu 16-Oct	Initial Jobless Claims (Week of 10/11)*	-	229,000	275,000
	Continuing Jobless Claims (Week of 10/4)*	-	1,930,000	1,975,000
	Retail Sales (Sep)*	0.6% M/M	0.4% M/M	0.5% M/M
	Core Retail Sales Excluding Autos and Gas (Sep)*	0.7% M/M	0.3% M/M	0.2% M/M
	Producer Price Index - Final Demand ("PPI", Sep)*	-0.1% M/M 2.6% Y/Y	0.3% M/M	0.2% M/M
	Core PPI Excluding Food and Energy (Sep)*	-0.1% M/M 2.8% Y/Y	0.2% M/M 2.7% Y/Y	0.2% M/M 2.9% Y/Y
	NAHB Housing Market Index (Oct)	32.0	33.0	30.0

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Fri 17-Oct	Housing Starts (Sep)*	1.307 million -8.5% M/M	1.310 million 0.2% M/M	1.350 million 3.3% M/M
	Building Permits (Sep - Preliminary)*	1.330 million -2.3% M/M	1.350 million 1.5% M/M	1.375 million 3.4% M/M
	Industrial Production (Sep)	0.1% M/M	0.0% M/M	-0.1%
	Capacity Utilization (Sep)	77.4%	77.4%	77.3%

Note: Releases marked * may be delayed by the federal government shutdown.

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