

## Preview of the Week Ahead

The ISM PMI surveys are expected to show the manufacturing sector in continued contraction, while the services sector expands at a slower pace. Industrial production probably held steady while capacity utilization eased, in line with softer conditions in manufacturing. Personal incomes likely rose modestly in the delayed September release, while spending probably took a breather after rising robustly in August. Headline and core Personal Consumption Expenditures (PCE) Price Indices are forecast to have risen moderately, holding near 3% in annual terms. Consumer sentiment likely brightened in early December after the end of the government shutdown, while short-and long-term inflation expectations remained elevated.

## The Week in Review

Retail and food service sales rose by 0.2% in September, below the 0.4% consensus. Motor vehicle and parts dealership sales pulled back after a sizeable gain in August. September's modest increase was nevertheless broad-based, with eight out of thirteen subsectors reporting higher revenues. Core retail sales, which exclude sales at auto dealerships, gas stations, and a few other volatile categories, and which are used to calculate nominal consumer goods spending in the GDP report, shrank by 0.1%. Core retail sales in the first two months of the third quarter were, however, strong, pointing to another solid contribution from consumer spending to third-quarter GDP. In a more up-to-date read on consumer spending, Mastercard SpendingPulse reported Black Friday spending rose 4.1% from 2024 this year.

Led by a large increase in food and energy prices, the Producer Price Index for Final Demand rose 0.3% in September and was up 2.9% from a year earlier for the third month running. Energy prices were driven higher by sharp increases in gasoline, up 11.8%, and home heating oil, up 5.9%. Food prices spiked higher on big increases in meat, fresh fruit and melon prices. Beef and veal jumped another 15.8% and were around 40% higher from a year ago. Prices paid by producers for services, overall, were unchanged last month, primarily due to a modest increase in services excluding trade, transportation and warehousing. Many services affected by energy price fluctuations, such as airline passenger transportation, increased in step with higher energy costs.

The federal government posted a deficit of \$284 billion in October, the first month of the 2025/26 fiscal year, a 10% increase compared to the \$257 billion shortfall run during the same month in the prior year. Government revenues rose 24% from a year earlier to \$404 billion, while spending rose 18% to \$689 billion. Interest on public debt, up 27% year-over-year, topped the \$100 billion mark.

Consumer confidence tumbled to the lowest level since April in November and was worse than expected. Households were downbeat in their assessments of current conditions and in their expectations six months ahead. Consumers cited prices and inflation, tariffs and trade, politics, and the government shutdown as factors affecting their views of the economy (Most of the survey responses were collected before the shutdown ended). Households' expectations for inflation a year in the future rose to 4.8%. The share of consumers saying jobs were "plentiful" less the share saying they are "hard to get" edged lower and was the second weakest (after September) since early 2021.

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at [ComericaEcon@comerica.com](mailto:ComericaEcon@comerica.com). Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2025, Comerica Bank. All rights reserved.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 1-Dec	S&P Global US Manufacturing PMI (Nov - Final)	51.9	51.9	51.7
	ISM Manufacturing PMI (Nov)	48.7	49.0	48.5
Tue 2-Dec	Wards Vehicle Sales (Nov, Seasonally-Adjusted Annual Rate)	15.3 million	15.4 million	15.6 million
Wed 3-Dec	ADP Private Payrolls, Net Monthly Change (Nov)	42,000	10,000	-30,000
	Industrial Production (Sep)	-0.1% M/M	0.0% M/M	0.0% M/M
	Capacity Utilization (Sep)	75.8%	77.2%	75.6%
	S&P Global US Services PMI (Nov - Final)	55.0	55.0	55.5
	ISM Services Index (Nov)	52.4	52.0	51.5
Thu 4-Dec	Initial Jobless Claims (Week of 11/29)	216,000	220,000	225,000
	Continuing Jobless Claims (Week of 11/22)	1,960,000	1,959,000	1,965,000

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at [ComericaEcon@comerica.com](mailto:ComericaEcon@comerica.com). Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2025, Comerica Bank. All rights reserved.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Fri 5-Dec	Personal Income (Sep)	0.4% M/M	0.3% M/M	0.3% M/M
	Personal Spending (Sep)	0.6% M/M	0.3% M/M	0.1% M/M
	Personal Consumption Expenditures Price Index ("PCE", Sep)	0.3% M/M 2.7% Y/Y	0.3% M/M 2.8% Y/Y	0.3% M/M 2.8% Y/Y
	Core PCE Price Index Excl. Food and Energy (Sep)	0.3 % M/M 2.7% Y/Y	0.2% M/M 2.8% Y/Y	0.3% M/M 2.8% Y/Y
	Michigan Consumer Sentiment (Dec)	51.0	52.0	54.0
	Michigan 1-Yr Inflation Expectations (Dec)	4.5%	-	4.5%
	Michigan 5-10-Yr Inflation Expectations (Dec)	3.4%	-	3.4%
	Consumer Credit (Oct)	\$13.1 billion	-	\$23.0 billion

Subscribe to receive our publications: [Comerica Economics Publications](#). For questions, contact us at [ComericaEcon@comerica.com](mailto:ComericaEcon@comerica.com). Archives are available at <http://www.comerica.com/insights>.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources, we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information. © 2025, Comerica Bank. All rights reserved.