

Bill Adams, Chief U.S. Economist

May 4, 2026

Preview of the Week Ahead

Employers likely added jobs at a moderate pace in April, holding the unemployment rate steady at a goldilocks level of 4.3%. Wage growth likely picked up in year-over-year terms, though not enough to offset higher inflation. It won't be possible to judge that precisely until next week, when the April CPI report is published. Other labor market data scheduled for release this week are likely to be solid: Job openings likely ticked higher in the delayed March release, and the employment sub-index of the ISM Services PMI likely improved in April.

The Week in Review

As expected, the Federal Open Market Committee held the federal funds target steady at a range of 3.50% to 3.75% on April 29th, the final decision of Jerome Powell's term as chair. The Fed cut rates by a quarter percentage point in December, and has held them steady at three consecutive meetings since then. Their statement signals they will likely hold the target rate unchanged for the next few decisions while they monitor the economic effects of the Iran war. The vote was 8-4. Governor Miran dissented again in favor of a cut. More notably, three regional Fed presidents supported the rate decision but their dissent is striking because the statement's language was not especially dovish. It said the Committee would consider the "extent and timing of additional adjustments" by assessing "incoming data, the evolving outlook, and the balance of risks." What easing bias? "Adjustments" could mean hikes! Their dissent is best understood as a gesture underscoring the Fed's independence from political pressure to cut rates.

Powell also acted to bolster the Fed's independence. He will stay on as a governor until the investigations and legal challenges involving the Fed are resolved. His term as governor continues until January 2028, so his delayed retirement blocks the President's appointment of a replacement with more appetite for low rates. Kevin Warsh will almost certainly be chair by the Fed's next meeting in June, but the rest of the Fed's leadership will maintain a high bar for rate cuts. For markets, the drama around the April decision modestly lowers the odds of cuts later this year. But the Mideast War and its implications for petroleum prices are more important factors for the rate outlook.

Real GDP grew 2.0% at an annualized pace in the first quarter of 2026, supported by a record-high contribution from AI-related fixed investment: computing equipment and peripherals, software, and research and development. Real consumer spending grew at a slower pace as the war raised energy prices; harsh winter weather was another headwind. Inflation overshot the Fed's target again, as measured by the PCE price deflator.

The Conference Board's Consumer Confidence Index rose to 92.8 in April from an upwardly-revised 92.2 in March, and was slightly below its long-run average. The contrast with the University of Michigan's Consumer Sentiment Index is striking, since the latter indicator fell to a record low in April. The University of Michigan's survey has been weaker than other measures of consumer attitudes in recent months due to its higher sensitivity to inflation; The Conference Board's measure likely provides a better signal of consumers' spending intentions. Price pressures worsened in April: The ISM Manufacturing PMI reported the highest increase in input prices since 2022, and AAA reported a new four-year high in unleaded gas prices at the pump for American drivers.

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Unemployment Likely Steady in April Jobs Report



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Date	Economic Release	Prior Release	Consensus Forecast	Comerica Forecast
5/4	Factory Orders (Mar)	0.0% M/M	0.5% M/M	0.7% M/M
	Core Factory Orders Excluding Transportation (Mar)	1.2% M/M	—	1.5% M/M
	Durable Goods Orders (Mar Final)	0.8% M/M	0.8% M/M	0.8% M/M
	Core Durables Excl. Transportation (Mar Final)	0.9% M/M	0.9% M/M	0.9% M/M
	Core Cap. Goods Orders Nondefense Excl. Aircraft (Mar Final)	3.3% M/M	—	2.5% M/M
	Core Cap. Goods Shipments Nondef. Excl. Air. (Mar Final)	1.2% M/M	—	1.0% M/M
5/5	International Trade Balance, Goods & Services (Mar)	-\$57.3 bn	-\$60.2 bn	-\$61.7 bn
	S&P Global US Services Purchasing Managers Index (PMI, Apr Final)	51.3	51.3	51.0
	ISM Services PMI (Apr)	54.0	53.6	53.0
	ISM Services PMI: Prices Paid (Apr)	70.7	73.0	73.5
	ISM Services PMI: New Orders (Apr)	60.6	58.0	56.0
	ISM Services PMI: Employment (Apr)	45.2	50.0	48.0
	New One-Family House Sales (Mar)	—	660,000	650,000
	JOLTS: Nonfarm Job Openings (Mar)	6.88 million	6.83 million	6.84 million
	JOLTS: Job Openings Rate (Mar)	4.2%	—	4.2%
	JOLTS: Quits Rate (Mar)	1.9%	—	1.8%
5/6	JOLTS: Layoffs Rate (Mar)	1.1%	—	1.1%
	ADP Employment Change (Apr)	62,000	109,000	150,000
5/7	Nonfarm Productivity (1st Quarter, Preliminary)	1.8%	1.2%	0.5%
	Unit Labor Costs (1st Quarter, Preliminary)	4.4%	2.5%	3.0%
	Initial Jobless Claims (Week of 5/2)	189,000	205,000	200,000
	Continuing Claims (Week of 4/25)	1,785,000	1,785,000	1,750,000
	Construction Spending (Mar)	-0.3% M/M	0.3% M/M	-0.1% M/M
	NY Fed: Consumer 1-Yr Inflation Expectations (Apr)	3.4%	—	3.7%
	Consumer Credit (Mar)	\$9.5 bn	\$13.3 bn	\$18.0 bn

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Date	Economic Release	Prior Release	Consensus Forecast	Comerica Forecast
5/8	Change in Nonfarm Payrolls (Apr)	178,000	63,000	120,000
	Unemployment Rate (Apr)	4.3%	4.3%	4.3%
	Labor Force Participation Rate (Apr)	61.9%	62.0%	62.0%
	Underemployment Rate (Apr)	8.0%	—	7.9%
	Average Hourly Earnings (Apr)	0.2% M/M 3.5% Y/Y	0.3% M/M 3.8% Y/Y	0.3% M/M 3.8% Y/Y
	Average Weekly Hours (Apr)	34.2	34.2	34.2
	University of Michigan Consumer Sentiment (May Preliminary)	49.8	49.2	49.0
	U. of Mich. Current Conditions (May Preliminary)	52.5	52.5	52.0
	U. of Mich. Expectations (May Preliminary)	48.1	—	47.0
	U. of Mich. 1 Yr Inflation Expectations (May Preliminary)	4.7%	—	4.8%
	U. of Mich. 5-10 Yr Inflation Expectations (May Preliminary)	3.5%	—	3.5%
	Wholesale Trade Sales (Mar)	2.7% M/M	—	2.0%
	Wholesale Inventories (Mar Final)	1.4% M/M	1.4% M/M	1.4% M/M

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