

Bill Adams, Chief U.S. Economist

June 1, 2026

## The Week Ahead

Payrolls will likely rise modestly in the May jobs report, but still outpace labor supply growth. An aging workforce and immigration restrictions mean fewer workers are entering the labor force. The unemployment rate is expected to hold steady. Average hourly earnings likely rose modestly and slowed on a year-over-year basis. The lagged release of the April Job Openings and Labor Turnover Survey is expected to show higher openings, with layoffs and quits rates holding steady. The ISM manufacturing and services PMIs are both forecast to edge up in May's releases. The surveys are also likely to show intensifying margin pressure as higher petroleum prices lift input costs.

The Fed's Beige Book will likely highlight a widening gap between spending by affluent households and middle- and lower-income households—The K-shaped economy—as higher energy prices squeeze the cost of living.

## Last Week in Review

The PCE price index—the Fed's preferred inflation gauge—jumped to 3.8% year over year in April from 3.5% in March and was the highest in nearly three years. It was up 0.4% from March. Core PCE wasn't as bad, up 0.2% on the month, but its 3.3% year-ago increase was still well above the Fed's target. PCE Services prices excluding energy and housing ("Supercore PCE") rose 0.1% on the month and 3.5% on the year.

Consumer spending rose as households paid more at the pump, but real spending was nearly stagnant. Personal consumption expenditures rose 0.5% on the month, led by a 0.4% increase in services. Nondurable goods jumped 1.0% (This category includes gasoline) while durable goods were flat. Adjusted for inflation, real goods spending edged down 0.1% while real services rose 0.2%.

Personal incomes were flat on the month, weighed down by the expiry of a farm subsidy program. Other categories were mostly better, with wages and salaries up 0.2%, dividends up 0.1%, and interest up 0.5%. Adjusted for inflation and taxes, real disposable personal income fell for a third straight month, down 0.5%. The personal saving rate fell to the lowest since mid-2022, the last time energy prices surged, signaling stress on consumer finances. Real GDP in the first quarter of 2026 was revised down to a 1.6% annualized increase in the second estimate from 2.0% in the first estimate, mainly because of downward revisions to investment in inventories and consumer spending. Real final sales to private domestic purchasers—a measure of core GDP—was better, revised down just a hair to 2.4% from 2.5%. Real gross domestic income (Another GDP cross-check) rose a modest 0.9%, down from 2.4% in 2025.

The housing market remains stuck in low gear. New single-family home sales fell 6.2% in April and are down 6.5% year to date. The median price of a new home sold rose 2.2% from a year earlier to \$423,000. It's changed little in the last three years. The S&P Cotality Case-Shiller 20-City Home Price Index slowed to a 0.8% year-over-year increase in March from 0.9% in February, while the FHFA Purchase-Only HPI slowed to 1.7% from 1.8%.

The Conference Board's Consumer Confidence Index was a little stronger than expected in May, though it slipped from April's upwardly-revised level. In the survey's details, views of the job market have held about steady since January after trending down in the prior four years.

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# Payrolls Likely Grew More Than Labor Force in May



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Date	Economic Release	Prior Release	Consensus Forecast	Comerica Forecast
6/1	S&P Global US Manufacturing PMI (May Final)	55.3	55.3	55.3
	ISM Manufacturing PMI (May)	52.7	53.1	53.3
	ISM Manufacturing PMI: Prices Paid (May)	84.6	84.6	87.0
	ISM Manufacturing PMI: New Orders (May)	54.1	54.5	53.5
	ISM Manufacturing PMI: Employment (May)	46.4	48.5	47.5
	Construction Spending (Apr)	0.6% M/M	0.1% M/M	0.2% M/M
6/2	Car and Light Truck Sales, Omdia, Annualized Millions (May)	15.92	16.0	16.0
	Job Openings, Total Nonfarm, 1,000s (Apr)	6,866	6,840	7,020
	Job Openings, Total Nonfarm, Rate (Apr)	4.1%	—	4.2%
	Nonfarm Quits, 1,000s (Apr)	3,171	—	3,250
	Nonfarm Quits, Rate (Apr)	2.0%	—	2.0%
	Nonfarm Layoffs & Discharges, 1,000s (Apr)	1,867	—	1,900
	Nonfarm Layoffs & Discharges, Rate (Apr)	1.2%	—	1.2%
6/3	ADP: Private Payrolls, Net Change, 1,000s (May)	109	118	120
	S&P Global US Services PMI (May Final)	50.9	50.9	51.1
	Factory Orders (Apr)	1.5% M/M	4.5% M/M	4.8% M/M
	Core Factory Orders Excluding Transportation (Apr)	1.6%	—	0.4%
	ISM Services PMI (May)	53.6	53.6	53.8
	ISM Services PMI: Prices Paid (May)	70.7	72.0	73.0
	ISM Services PMI: New Orders (May)	53.5	53.0	53.2
	ISM Services PMI: Employment (May)	48.0	48.5	49.0
Federal Reserve: Beige Book (Economic Survey)	N/A	N/A	N/A	
6/4	Nonfarm Productivity, Annualized (1st Quarter, Final)	0.8%	0.5%	0.5%
	Unit Labor Costs, Annualized (1st Quarter, Final)	2.3%	2.5%	2.6%
	Initial Jobless Claims, 1,000s (Week of 5/30)	215	212	211
	Continuing Jobless Claims, 1,000s (Week of 5/23)	1786	1775	1,780
6/5	Nonfarm Payrolls, Net Change, 1,000s (May)	115	90	85
	Unemployment Rate (May)	4.3%	4.3%	4.3%
	Labor Force Participation Rate (May)	61.8%	61.9%	61.9%
	Underemployment Rate (May)	8.2%	—	8.1%
	Average Hourly Earnings (May)	0.2% M/M 3.6% Y/Y	0.3% M/M 3.4% Y/Y	0.2% M/M 3.3% Y/Y
	Average Weekly Hours, Private Employees (May)	34.3	34.3	34.3
	Consumer Credit, Net Change, Billions (Apr)	24.9	17.5	32.9

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