

But Dots Expected to Rise in the June Dot Plot

June 15, 2026

Bill Adams, Chief U.S. Economist

The Week Ahead

The Federal Reserve is expected to hold the federal funds target steady at a range of 3.50% to 3.75% at their June 17 decision, incoming Chair Kevin Warsh's first. Their policy statement will welcome the pickup in job growth so far this year—Payrolls averaged a gain of over 100,000 per month through May, up from 10,000 per month in 2025. The statement also will acknowledge that inflation has risen further from their 2% target due to energy prices. On core inflation, they will likely be encouraged by cool core goods prices in recent reports, but concerned by the pickup of services price inflation excluding housing. In the June Dot Plot, the median forecast for inflation at year-end will likely rise, while the unemployment rate estimate should edge lower. On rates, a few more Dots on the Plot are likely to indicate members see a hike as likelier than a cut by the end of 2027. Even so, the June meeting's core message will likely be that the Fed expects to hold rates steady at the next few decisions.

The first activity indicators for May are expected to be mixed. Industrial production likely rose solidly on higher manufacturing and mining output. Retail sales growth is expected to be moderate, with higher spending on new cars and gasoline but cool growth in other categories. Housing data are likely to be mixed. Starts and building permits are expected to hold on trend and point to subdued building this summer. Homebuilder sentiment is expected to improve, though, good news for the outlook. The pending home sales index should point to further modest gains for existing home sales ahead, too.

Last Week in Review

The CPI rose 0.5% in May, matching expectations, as gasoline prices jumped a seasonally-adjusted 7.0%. Gasoline prices are down so far in June from May, which should help the next CPI report if sustained. The report was better outside energy prices: Food rose a cooler 0.2% on the month. Food at home edged up 0.1%, helped by a 1.6% monthly drop in beef and veal prices. That category is still up 12.9% from a year earlier after a big increase in 2025. Food away from home (restaurants etc.) rose 0.3% on the month and 3.5% from a year earlier.

Core CPI was better behaved than the headline, up 0.2%. But its 2.9% year-ago increase is still too fast for the Fed to achieve their inflation target. Core goods prices edged down 0.1% on the month and rose a cool 1.1% from a year earlier. New vehicle prices fell 0.3% on the month, motor vehicle parts and equipment fell 0.7%, medical care commodities fell 0.7%, and household furnishings and supplies fell 0.2%. It's too early to know exactly why businesses are cutting costs for these products despite rising input costs. Some might see consumers unwilling or unable to absorb further cost increases. Others could be budgeting tariff refunds toward discounts. Either way, the absence of tariff-passthrough in the May CPI report is good news for consumers.

Core services are less encouraging, rising 0.3%. Inflation of labor-intensive services is a particular pain point: Gardening and lawncare services jumped 10.8% from a year earlier, home healthcare rose 7.9%, nursing home and adult day services rose 4.6%, and day care and preschool rose 3.5%. Price pressures in these categories fueled a 0.3% monthly increase in "Supercore CPI" (Service prices excluding food, energy and housing), which was the highest since February 2025. Tighter immigration policies are affecting the providers of these services more than the rest of the economy, and will likely keep these prices rising faster than the rest of the CPI.

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Fed on Hold at Warsh's First Decision

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Date	Economic Release	Prior Release	Consensus Forecast	Comerica Forecast
6/15	Industrial Production (May)	0.7% M/M	0.2% M/M	0.3% M/M
	Manufacturing Production (May)	0.6% M/M	0.3% M/M	0.4% M/M
	Capacity Utilization (May)	76.1%	76.2%	76.2%
	National Association of Home Builders Housing Market Index (Jun)	37	36	39
6/16	ADP Weekly Employment Change, 1,000s (Week of 5/30)	29	—	32
	Housing Starts, 1,000s (May)	1,465 -2.8% M/M	1,430 -2.2% M/M	1,440 -1.7% M/M
	Building Permits, 1,000s (May Preliminary)	1,423 4.4% M/M	1,428 -0.2% M/M	1,440 1.2% M/M
6/17	Retail and Food Service Sales (May)	0.5% M/M	0.4% M/M	0.2% M/M
	Core Retail Sales Excluding Autos and Gas (May)	0.5% M/M	0.3% M/M	0.1% M/M
	Core Retail Sales (Control Group, May)	0.5% M/M	0.4% M/M	0.2% M/M
	Business Inventories (Apr)	0.9% M/M	0.5% M/M	-0.3% M/M
	Pending Home Sales (May)	1.4% M/M 3.3% Y/Y	— —	0.0% M/M 2.0% Y/Y
	Federal Reserve: Federal Funds Target (Jun 17)	3.50%- 3.75%	3.50%- 3.75%	3.50%- 3.75%
6/18	Initial Jobless Claims, 1,000s (Week of 6/13)	229	—	220
	Continuing Jobless Claims, 1,000s (Week of 6/6)	1,795	—	1,785
6/19	No Market-Moving Economic Releases	—	—	—

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