

U.S. Economic Comment

- Fed call: still looking for another rate cut
- Wage growth: stalled, but household sector sound financially

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The FOMC

After market-friendly commentary in the past month or two, Fed Chairman Jerome Powell threw a curve ball to investors and traders by indicating that the rate cut authorized this week represented a “mid-cycle adjustment” rather than the first step in a long series of reductions. The policy statement released by the Committee also raised doubt about prospects for another rate cut in the months ahead, as the new statement indicated that officials would “monitor” incoming information on the economic outlook, a downgrade from “closely monitor” in the June statement.

Dissents against the rate change by Ester George of the Kansas City Fed and Eric Rosengren of the Boston Fed provide further reason to view additional easing as less likely. Ms. George is a well-established hawk, and Mr. Rosengren has shifted in that direction in recent years; thus, their dissents were not shocking. Still, the fact that they exercised their right to dissent suggests they had serious reservations about cutting rates; one might assume they will resist in the months ahead as well.

Although the outlook is now foggy, we would continue to look for another rate cut this year. The economic expansion seems to be on track, but we do not expect vigorous growth, and thus we suspect the Fed will find another opportunity to provide support. Contained inflation also is likely to support the case for easier policy. In addition, we sense that the Fed has become willing to experiment and test the influence of policy. That is, officials seem to be embracing more fully the view that neutral interest rates are much lower than they have been historically and that the unemployment rate can fall further than previously believed before inflation begins to accelerate. They most likely do not have clear views on where these thresholds now stand, but they are willing to probe with policies that would be perceived as accommodative by historical standards.

In judging prospects for a rate cut in the months ahead, we will be keeping a close eye on conditions in financial markets, especially the equity market. We find it hard to avoid the conclusion that shifts in stock prices have influenced the views of Fed officials. Plans in December to proceed with policy normalization gave way to a “patient” approach in adjusting policy after the stock market tumbled. Similarly, the wavering in the equity market in May led officials to start talking about “crosscurrents”. Now, with major stock indexes touching record levels, the Fed is tilting away from accommodation by characterizing the latest shift as a “mid-cycle adjustment”. Of course economic indicators should be monitored closely, but developments in financial markets are likely to play a role.

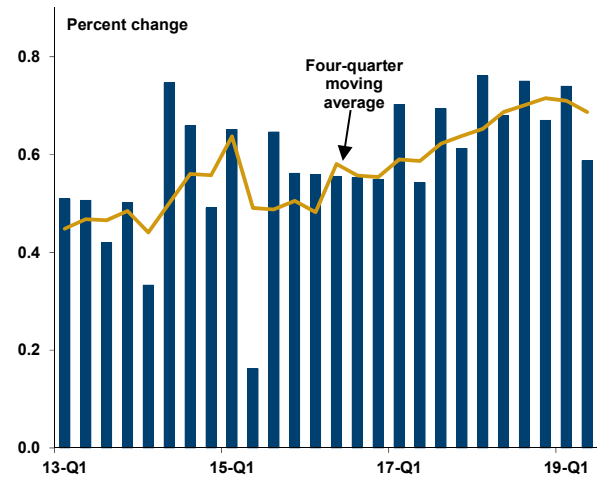
Wage Growth: Stabilizing

Average hourly earnings provided a favorable surprise in July with a month-to-month increase of 0.3 percent (versus an expectation of 0.2 percent). Although July was better than expected, the monthly change had little influence on year-over-year growth, which has remained in a tight range since last summer (3.0 to 3.5 percent). Wage growth accelerated during much of last year, but the rate of advance seems to have settled.

The view of stable growth was corroborated by the latest reading on the employment cost index. This measure rose 0.6 percent in Q2, a touch lighter than the average of 0.7 percent in the prior year. Like average hourly earnings, year-over-year growth has been range-bound for several quarters (2.8 to 2.9 percent, chart).

The rates of growth in these measures are respectable in that they are close to a common benchmark for evaluating wage growth (inflation plus the growth of productivity). At the same time, the results are surprising in that the acceleration suddenly stopped around the turn of the year and that growth has not exceeded the traditional benchmark. In a tight labor market, wage growth might be expected to exceed the sum of inflation and productivity growth.

Employment Cost Index

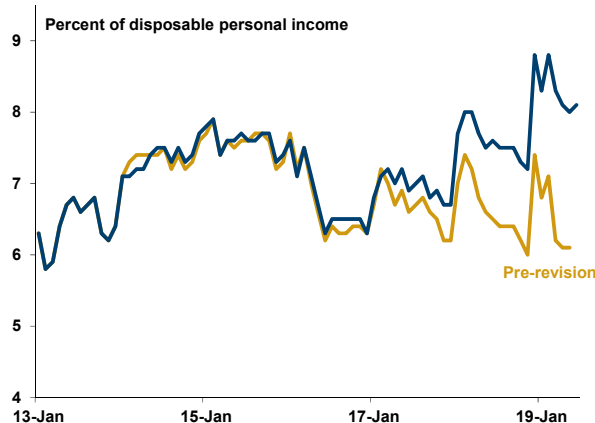


Source: Bureau of Labor Statistics via Haver Analytics

We can offer two possible explanations for the puzzle (and certainly there could be others). First, perhaps labor markets are not tight. Many of the individuals that dropped out of the labor force during the recession and early portion of the recovery are returning. Also, although many baby boomers are retiring, some are working past normal retirement ages. The labor force participation rate among those over 65 has averaged 20 percent so far this year, well above readings of 10 to 15 percent in years past. Second, businesses might be seeking to attract workers with non-wage compensation, such as training opportunities and flexible work times. Flexibility in scheduling work hours, we suspect, would be highly valued by many individuals.

Although wage growth is no longer accelerating, the pickup in the past, along with strong job growth, has led to a solid advance in aggregate income for the households sector -- an advance noticeably stronger than previously believed. The annual benchmark revisions to GDP showed that nominal personal income grew more than a percentage point faster than the previous estimate from 2017 through early 2019 (an average annual rate of 5.4 percent versus a previous estimate of 4.2 percent). The cumulative effect of the faster growth left the household sector, as of March of this year, with 2.5 percent more nominal income than previously believed.

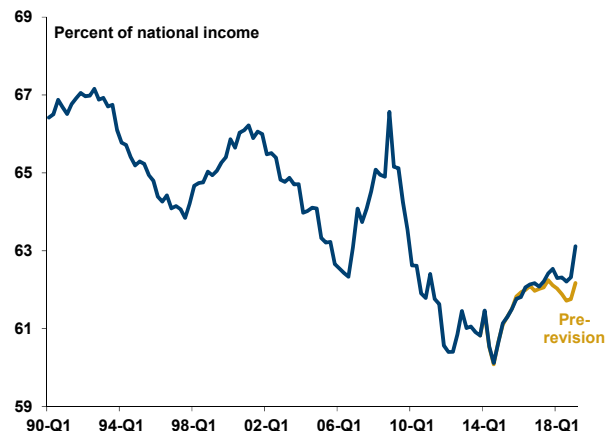
Personal Saving Rate*



* Personal saving as a share of disposable personal income. The gold line shows the saving rate from 2014 to 2019-Q1 prior to the 2019 benchmark revisions to the National Income and Product Accounts.

Source: Bureau of Economic Analysis via Haver Analytics

Employee Share of National Income*



* The gold line shows the employee share of national income from 2014 to 2019-Q1 prior to the 2019 benchmark revisions to the National Income and Product Accounts.

Source: Bureau of Economic Analysis via Haver Analytics

Consumer spending was not revised commensurately, and thus larger incomes translated to more saving by households. The personal saving rate as of March was more than two percentage points higher than previously believed (8.3 percent versus 6.2 percent; chart, prior page). This jump in saving would boost the asset portfolios of households and bolster their financial well-being.

The revision to income also led to a shift in the shares of national income going to wages and profits, with the wage share almost a percentage point higher (63.1 percent versus 62.2 percent; chart, prior page). The share is still well below readings in years past, but it has been gaining ground recently. The profit share of national income was 1.4 percentage points lower than previously believed (11.2 percent versus 12.6 percent), and after easing in the prior four years, is now in the middle of its long-run historical range.

The household sector has carried most of the load in supporting the expansion in the past few years. Fortunately, individuals are likely to remain active for a time. The revised figures on personal income show they are healthy financially, and the still-favorable labor market should keep them on firm ground.

Review

| Week of July 29, 2019 | Actual | Consensus | Comments |
|---|------------------------------|------------------------------|---|
| Personal Income, Consumption, Core Prices (June) | 0.4%, 0.3%, 0.2% | 0.4%, 0.3%, 0.2% | The core PCE price index rose more than the recent average (0.248% versus 0.123% in the prior 12 months), but the pickup had only a small influence on the year-over-year change (1.6% versus 1.5% in each of the prior three months). Consumer spending rose only moderately in June, but the level of activity was above the second quarter average and thus represented a good starting point for the third quarter. Growth of real consumer spending in line with the recent average of 2.5% seems easily achievable in Q3. |
| Consumer Confidence (July) | 135.7 (+9.2%) | 125.0 (+2.9%) | The sharp increase in the consumer confidence index occurred from an upward revised level in June. The combined changes moved the index from the lower portion of its recent range to the upper portion (only two observations in the current cycle were slightly higher than the July value). The jump in equity indexes to record highs during the month probably had a positive influence on attitudes. In addition, assessments of the labor market were favorable, as the share of respondents indicating that jobs were plentiful (46.2%) was among the highest of the current expansion while the share indicating that jobs were hard to find (12.8%) was in the low portion of the recent range. |
| Employment Cost Index (2019-Q2) | 0.6% | 0.7% | The increase in the employment cost index in Q2 lagged the recent average of 0.7% (not annualized), with the softness coming in the benefits category (+0.5%; trailing an average quarterly increase of 0.7% in 2017 and 2018). Wages rose 0.7%, matching the recent average. The latest changes left the year-over-year increase in total compensation at 2.8%, down from 2.9% in the prior two quarters. Annual growth accelerated in 2017 and early 2018, but it has remained within a tight range (2.8% to 2.9%) in the past five quarters. |
| ISM Manufacturing Index (July) | 51.2% (-0.5 Pct. Pt.) | 52.0% (+0.3 Pct. Pt.) | Several indicators related to the manufacturing sector have improved recently, but the ISM index did not follow this lead and slipped in July. The drop was led by the production component (-3.3 percentage points to 50.8%). With production soft, manufacturers were not active in hiring, as the employment index fell 2.8 percentage points to 51.7%. Both measures were at their lowest levels in more than two years. The orders component rose in July, but the change was modest and the level of the index remained low (+0.8 percentage point to 50.8%). |

Review Continued

| Week of July 29, 2019 | Actual | Consensus | Comments |
|-------------------------------------|---|---|---|
| Construction Spending (June) | -1.3% | 0.3% | All three key components of the construction report (private residential, private nonresidential, and government) posted declines, but the government sector stood out with a drop of 3.7%. The retreat was not entirely surprising, as activity had jumped to an elevated level. Even with the drop, the new level of activity remained firm relative to results in most of last year. Results in the private sector were soft. Residential construction fell 0.5%, continuing the downward drift that began in the spring of last year. Private nonresidential activity fell 0.3%. This sector has been moving in waves since early 2018, with the ups and downs tracing a sideways trend. |
| Payroll Employment (July) | 164,000 | 165,000 | Job growth in July matched the average in the first half of the year (165,000). However, downward revisions of 41,000 in the prior two months gave a negative tilt to the results. The unemployment rate was unchanged in July at 3.7%, although it rose slightly if calculated with more precision (3.712% versus 3.666%). The small increase in joblessness was a firm one in the sense that a surge in the size of the labor force (370,000) exceeded a gain in employment as measured by the household survey (283,000). Average hourly earnings rose 0.3%. The increase pushed the year-over-year change to 3.2%, up from 3.1% in June, a reading in the middle of a tight range (3.0% to 3.5% since last August). |
| Trade Balance (June) | -\$55.2 Billion (\$0.1 Billion Narrower Deficit) | -\$54.6 Billion (\$0.9 Billion Narrower Deficit) | Both exports and imports fell noticeably in June (-2.1% and -1.7%, respectively), with the changes resulting in a modest narrowing in the monthly trade deficit. Although the declines were large, they followed firm increases in the prior month and both remained within recent ranges. The deficit for the second quarter was wider than assumed in the initial estimate of Q2 GDP, suggesting a downward revision to economic growth, but the deviation was small and is likely to get lost in rounding. |
| Factory Orders (June) | 0.6% | 0.7% | New orders for durable goods (published last week) rose 1.9%. A portion of the advance reflected a jump in the volatile aircraft category, but orders ex-transportation also rose (up 1.0%). The June increase pushed bookings ex-transportation to a new high for the current cycle and reversed the downward drift of the prior few months. Nondurable orders declined 0.5%, with most of the weakness reflecting a drop of 4.1% in the petrol and coal category, which likely was influenced by lower price. Nondurable bookings ex-petrol rose 0.4%, an encouraging development after little change in the prior year. |

Source: Bureau of Economic Analysis (Personal Income, Consumption, Prices, Trade Balance); The Conference Board (Consumer Confidence); Bureau of Labor Statistics (Employment Cost Index, Payroll Employment); Institute for Supply Management (ISM Manufacturing Index); U.S. Census Bureau (Construction Spending, Factory Orders); Consensus forecasts are from Bloomberg

Preview

| Week of August 5, 2019 | Projected | Comments |
|---|-------------------------------|---|
| ISM Nonmanufacturing Index (July) (Monday) | 56.5% (+1.4 Pct. Pts.) | Although manufacturing activity has softened this year, service sectors seem to be performing reasonably well, and thus the recent weakness in this index (off 5.7 percentage points since September) might be overstating the shift in the nonmanufacturing sectors, raising the prospect of a pickup in July. |
| PPI (July) (Friday) | 0.1% Total, 0.1% Core* | Energy prices rose in July, but the change was modest and not likely to have a marked influence on the headline PPI. Core goods prices have been tame recently, showing no change in the past three months and increasing only 0.1% in February and March. Service prices often move erratically, but they show no obvious upside risks in July. Construction prices often jump in the first month of a quarter, and they are likely to account for much of the expected increase in the PPI. |

* The core PPI excludes food, energy, and trade services.

Source: Forecasts provided by Daiwa Capital Markets America

Economic Indicators

| July/August 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Monday | | Tuesday | | | Wednesday | | | Thursday | | Friday | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 29 | | 30 | | | 31 | | | 1 | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <div>PERSONAL INCOME, CONSUMPTION, AND CORE PRICE INDEX</div> <table><thead><tr><th></th><th>Inc.</th><th>Cons.</th><th>Core</th></tr></thead><tbody><tr><td>Apr</td><td>0.4%</td><td>0.6%</td><td>0.2%</td></tr><tr><td>May</td><td>0.4%</td><td>0.5%</td><td>0.2%</td></tr><tr><td>June</td><td>0.4%</td><td>0.3%</td><td>0.2%</td></tr></tbody></table> <div>S&P CORELOGIC CASE-SHILLER 20-CITY HOME PRICE INDEX</div> <table><thead><tr><th></th><th>SA</th><th>NSA</th></tr></thead><tbody><tr><td>Mar</td><td>0.3%</td><td>0.7%</td></tr><tr><td>Apr</td><td>0.0%</td><td>0.8%</td></tr><tr><td>May</td><td>0.1%</td><td>0.6%</td></tr></tbody></table> <div>PENDING HOMES SALES</div> <table><tbody><tr><td>Apr</td><td>-1.5%</td></tr><tr><td>May</td><td>1.1%</td></tr><tr><td>June</td><td>2.8%</td></tr></tbody></table> <div>CONFERENCE BOARD CONSUMER CONFIDENCE</div> <table><tbody><tr><td>May</td><td>131.3</td></tr><tr><td>June</td><td>124.3</td></tr><tr><td>July</td><td>135.7</td></tr></tbody></table> <div>FOMC MEETING</div> | | | | Inc. | Cons. | Core | Apr | 0.4% | 0.6% | 0.2% | May | 0.4% | 0.5% | 0.2% | June | 0.4% | 0.3% | 0.2% | | SA | NSA | Mar | 0.3% | 0.7% | Apr | 0.0% | 0.8% | May | 0.1% | 0.6% | Apr | -1.5% | May | 1.1% | June | 2.8% | May | 131.3 | June | 124.3 | July | 135.7 | <div>ADP EMPLOYMENT REPORT</div> <div>Private Payrolls</div> <table><tbody><tr><td>May</td><td>46,000</td></tr><tr><td>June</td><td>112,000</td></tr><tr><td>July</td><td>156,000</td></tr></tbody></table> <div>EMPLOYMENT COST INDEX</div> <table><thead><tr><th></th><th>Comp.</th><th>Wages</th></tr></thead><tbody><tr><td>18-Q4</td><td>0.7%</td><td>0.7%</td></tr><tr><td>19-Q1</td><td>0.7%</td><td>0.7%</td></tr><tr><td>19-Q2</td><td>0.6%</td><td>0.7%</td></tr></tbody></table> <div>CHICAGO PURCHASING MANAGERS' INDEX</div> <table><thead><tr><th></th><th>Index</th><th>Prices</th></tr></thead><tbody><tr><td>May</td><td>54.2</td><td>53.8</td></tr><tr><td>June</td><td>49.7</td><td>56.4</td></tr><tr><td>July</td><td>44.4</td><td>56.1</td></tr></tbody></table> <div>FOMC DECISION</div> <div>POWELL PRESS CONFERENCE</div> | | | May | 46,000 | June | 112,000 | July | 156,000 | | Comp. | Wages | 18-Q4 | 0.7% | 0.7% | 19-Q1 | 0.7% | 0.7% | 19-Q2 | 0.6% | 0.7% | | Index | Prices | May | 54.2 | 53.8 | June | 49.7 | 56.4 | July | 44.4 | 56.1 | <div>INITIAL CLAIMS</div> <table><tbody><tr><td>July 13</td><td>216,000</td></tr><tr><td>July 20</td><td>207,000</td></tr><tr><td>July 27</td><td>215,000</td></tr></tbody></table> <div>ISM INDEX</div> <table><thead><tr><th></th><th>Index</th><th>Prices</th></tr></thead><tbody><tr><td>May</td><td>52.1</td><td>53.2</td></tr><tr><td>June</td><td>51.7</td><td>47.9</td></tr><tr><td>July</td><td>51.2</td><td>45.1</td></tr></tbody></table> <div>CONSTRUCTION SPEND.</div> <table><tbody><tr><td>Apr</td><td>0.9%</td></tr><tr><td>May</td><td>-0.5%</td></tr><tr><td>June</td><td>-1.3%</td></tr></tbody></table> <div>VEHICLE SALES</div> <table><tbody><tr><td>May</td><td>17.4 million</td></tr><tr><td>June</td><td>17.1 million</td></tr><tr><td>July</td><td>16.8 million</td></tr></tbody></table> | | July 13 | 216,000 | July 20 | 207,000 | July 27 | 215,000 | | Index | Prices | May | 52.1 | 53.2 | June | 51.7 | 47.9 | July | 51.2 | 45.1 | Apr | 0.9% | May | -0.5% | June | -1.3% | May | 17.4 million | June | 17.1 million | July | 16.8 million | <div>EMPLOYMENT REPORT</div> <table><thead><tr><th></th><th>Payrolls</th><th>Un. Rate</th></tr></thead><tbody><tr><td>May</td><td>62,000</td><td>3.6%</td></tr><tr><td>June</td><td>193,000</td><td>3.7%</td></tr><tr><td>July</td><td>164,000</td><td>3.7%</td></tr></tbody></table> <div>TRADE BALANCE</div> <table><tbody><tr><td>Apr</td><td>-\$51.2 billion</td></tr><tr><td>May</td><td>-\$55.3 billion</td></tr><tr><td>June</td><td>-\$55.2 billion</td></tr></tbody></table> <div>FACTORY ORDERS</div> <table><tbody><tr><td>Apr</td><td>-1.2%</td></tr><tr><td>May</td><td>-1.3%</td></tr><tr><td>June</td><td>0.6%</td></tr></tbody></table> <div>CONSUMER SENTIMENT</div> <table><tbody><tr><td>May</td><td>100.0</td></tr><tr><td>June</td><td>98.2</td></tr><tr><td>July</td><td>98.4</td></tr></tbody></table> | | | Payrolls | Un. Rate | May | 62,000 | 3.6% | June | 193,000 | 3.7% | July | 164,000 | 3.7% | Apr | -\$51.2 billion | May | -\$55.3 billion | June | -\$55.2 billion | Apr | -1.2% | May | -1.3% | June | 0.6% | May | 100.0 | June | 98.2 | July | 98.4 |
| | | | | | | Inc. | Cons. | Core | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | May | 0.1% | 0.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | May | 1.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | June | 2.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | May | 131.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 124.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 135.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | 46,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 112,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 156,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Comp. | Wages | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-Q4 | 0.7% | 0.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19-Q1 | 0.7% | 0.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19-Q2 | 0.6% | 0.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Index | Prices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | 54.2 | 53.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 49.7 | 56.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 44.4 | 56.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 13 | 216,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 20 | 207,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 27 | 215,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Index | Prices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | 52.1 | 53.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 51.7 | 47.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 51.2 | 45.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr | 0.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | -0.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | -1.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | 17.4 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 17.1 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 16.8 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Payrolls | Un. Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | 62,000 | 3.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 193,000 | 3.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 164,000 | 3.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr | -\$51.2 billion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | -\$55.3 billion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | -\$55.2 billion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr | -1.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | -1.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 0.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | 100.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June | 98.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July | 98.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | | 6 | | | 7 | | | 8 | | 9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ISM NON-MFG INDEX (10:00) | | JOLTS DATA (10:00) | | | CONSUMER CREDIT (3:00) | | | INITIAL CLAIMS (8:30) | | PPI (8:30) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IndexPrices | | Openings (000)Quit Rate | | | Apr\$17.5 billion | | | WHOLESALE TRADE (10:00) | | Final DemandCore* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May56.955.4 | | Apr7,3722.3% | | | May\$17.1 billion | | | InventoriesSales | | May0.1%0.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June55.158.9 | | May7,3232.3% | | | June-- | | | Apr0.8%-0.4% | | June0.1%0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July56.557.5 | | June-- | | | | | | May0.4%0.1% | | July0.1%0.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | June0.2%0.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | | 13 | | | 14 | | | 15 | | 16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FEDERAL BUDGET | | NFIB SMALL BUSINESS OPTIMISM INDEX CPI | | | IMPORT/EXPORT PRICES | | | INITIAL CLAIMS RETAIL SALES PRODUCTIVITY & COSTS EMPIRE MFG INDEX PHILLY FED INDEX IP & CAP-U NAHB HOUSING INDEX BUSINESS INVENTORIES TIC DATA | | HOUSING STARTS CONSUMER SENTIMENT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | | 20 | | | 21 | | | 22 | | 23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | EXISTING HOME SALES FOMC MINUTES | | | INITIAL CLAIMS LEADING INDICATORS | | NEW HOME SALES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Forecasts in Bold * The core PPI excludes food, energy, and trade services.

Treasury Financing

| July/August 2019 | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|--|---------------|--------|------|---------------|--------|------|--|---|---|--|------|-------|--------------|--------|------|--------------|--------|------|------------|--------|------|--|
| Monday | Tuesday | Wednesday | Thursday | Friday | | | | | | | | | | | | | | | | | | | | | |
| 29 | 30 | 31 | 1 | 2 | | | | | | | | | | | | | | | | | | | | | |
| AUCTION RESULTS: <table><tr><td></td><td>Rate</td><td>Cover</td></tr><tr><td>13-week bills</td><td>2.070%</td><td>3.02</td></tr><tr><td>26-week bills</td><td>2.035%</td><td>3.04</td></tr></table> | | Rate | Cover | 13-week bills | 2.070% | 3.02 | 26-week bills | 2.035% | 3.04 | ANNOUNCE: \$35 billion 4-week bills for auction on August 1 \$35 billion 8-week bills for auction on August 1 SETTLE: \$35 billion 4-week bills \$35 billion 8-week bills | ANNOUNCE: \$35 billion 45-day CMBs for auction on August 1 \$38 billion 3-year notes for auction on August 6 \$27 billion 10-year notes for auction on August 7 \$19 billion 30-year bonds for auction on August 8 SETTLE: \$14 billion 10-year TIPS \$20 billion 2-year FRNs \$40 billion 2-year notes \$41 billion 5-year notes \$32 billion 7-year notes | AUCTION RESULTS: <table><tr><td></td><td>Rate</td><td>Cover</td></tr><tr><td>4-week bills</td><td>2.080%</td><td>3.18</td></tr><tr><td>8-week bills</td><td>2.100%</td><td>2.67</td></tr><tr><td>45-day CMB</td><td>2.110%</td><td>2.58</td></tr></table> ANNOUNCE: \$78 billion 13-,26-week bills for auction on August 5 SETTLE: \$72 billion 13-,26-week bills | | Rate | Cover | 4-week bills | 2.080% | 3.18 | 8-week bills | 2.100% | 2.67 | 45-day CMB | 2.110% | 2.58 | SETTLE: \$35 billion 45-day CMBs |
| | Rate | Cover | | | | | | | | | | | | | | | | | | | | | | | |
| 13-week bills | 2.070% | 3.02 | | | | | | | | | | | | | | | | | | | | | | | |
| 26-week bills | 2.035% | 3.04 | | | | | | | | | | | | | | | | | | | | | | | |
| | Rate | Cover | | | | | | | | | | | | | | | | | | | | | | | |
| 4-week bills | 2.080% | 3.18 | | | | | | | | | | | | | | | | | | | | | | | |
| 8-week bills | 2.100% | 2.67 | | | | | | | | | | | | | | | | | | | | | | | |
| 45-day CMB | 2.110% | 2.58 | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | 6 | 7 | 8 | 9 | | | | | | | | | | | | | | | | | | | | | |
| AUCTION: \$78 billion 13-,26-week bills | AUCTION: \$38 billion 3-year notes ANNOUNCE: \$45 billion* 4-week bills for auction on August 8 \$35 billion* 8-week bills for auction on August 8 SETTLE: \$35 billion 4-week bills \$35 billion 8-week bills | AUCTION: \$27 billion 10-year notes | AUCTION: \$45 billion* 4-week bills \$35 billion* 8-week bills \$19 billion 30-year bonds ANNOUNCE: \$80 billion* 13-,26-week bills for auction on August 12 \$26 billion* 52-week bills for auction on August 13 SETTLE: \$78 billion 13-,26-week bills | | | | | | | | | | | | | | | | | | | | | | |
| 12 | 13 | 14 | 15 | 16 | | | | | | | | | | | | | | | | | | | | | |
| AUCTION: \$80 billion* 13-,26-week bills | AUCTION: \$26 billion* 52-week bills ANNOUNCE: \$55 billion* 4-week bills for auction on August 15 \$35 billion* 8-week bills for auction on August 15 SETTLE: \$45 billion* 4-week bills \$35 billion* 8-week bills | | AUCTION: \$55 billion* 4-week bills \$35 billion* 8-week bills ANNOUNCE: \$80 billion* 13-,26-week bills for auction on August 19 \$6 billion* 30-year TIPS for auction on August 22 SETTLE: \$80 billion* 13-,26-week bills \$26 billion* 52-week bills \$38 billion 3-year notes \$27 billion 10-year notes \$19 billion 30-year bonds | | | | | | | | | | | | | | | | | | | | | | |
| 19 | 20 | 21 | 22 | 23 | | | | | | | | | | | | | | | | | | | | | |
| AUCTION: \$80 billion* 13-,26-week bills | ANNOUNCE: \$55 billion* 4-week bills for auction on August 22 \$35 billion* 8-week bills for auction on August 22 SETTLE: \$55 billion* 4-week bills \$35 billion* 8-week bills | | AUCTION: \$55 billion* 4-week bills \$35 billion* 8-week bills \$6 billion* 30-year TIPS ANNOUNCE: \$80 billion* 13-,26-week bills for auction on August 26 \$18 billion* 2-year FRNs for auction on August 28 \$40 billion* 2-year notes for auction on August 27 \$41 billion* 5-year notes for auction on August 28 \$32 billion* 7-year notes for auction on August 29 SETTLE: \$80 billion* 13-,26-week bills | | | | | | | | | | | | | | | | | | | | | | |

*Estimate