

Preview of the Week Ahead

This edition of the Comerica weekly previews the next two weeks' economic releases. Wishing all our clients and colleagues a safe and Happy Thanksgiving!

The minutes of the Fed's November 1 meeting will likely show FOMC members see a path clearing toward interest rate cuts in 2024. Existing home sales likely edged lower in October. Sales will likely fall in November after mortgage rates' October surge, then recover in the winter months with mortgage rates coming back down and seasonal comparisons easier.

Consumer sentiment likely improved in November, since Americans' concerns that the Israel-Hamas war would raise gas prices were not realized—in fact, prices at the pump fell to the lowest since January this month. House prices likely rose faster in year-over-year terms in September.

Personal income and expenditures likely rose more slowly in October after strong growth in the third quarter; the Personal Consumption Expenditures Price Index likely slowed, too, paralleling trends in the month's CPI report. The ISM PMI surveys likely showed manufacturing activity picked up in November after the end of the UAW strike. Vehicle sales likely held steady in November.

The Week in Review

CPI, retail sales, and industrial production were all cooler than expected in October, pushing medium- and long-term interest rates lower as financial markets priced in higher conviction that the Fed would lower interest rates in 2024. The CPI was unchanged in October, undershooting consensus forecasts for a small increase. Gasoline prices fell 5.0% as domestic crude production rose to a new record high. Food prices rose 0.3%. The core CPI basket excluding food and energy rose 0.2%, also undershooting the consensus forecast. Retail and food service sales fell 0.1%, with gasoline station sales down 0.3%, reflecting lower prices, and motor vehicle and parts sales down 1.0% after a 1.1% increase in September. Excluding these and other volatile categories, core or "control" retail sales rose a moderate 0.2%. Industrial production fell 0.6%, worse than the consensus forecast for a 0.4% decline. The culprit was a 16% drop in motor vehicle production and a 6% drop in motor vehicle parts production during the UAW strike.

But even after the strike ended, jobless claims continue to rise. Continued claims were up 9% from the end of September to the first week of November, and are at the highest since late 2021. The ten-year Treasury yield briefly touched 5% in mid-October, and has pulled back to 4.4% in mid-November on these and other soft recent data releases, while the two-year Treasury yield has fallen from 5.2% to 4.9%.

Also helping push long-term Treasury yields down, the Treasury's fiscal deficit narrowed to \$66.6 billion in October from \$171.0 billion in September. On a twelve-month rolling basis, it hit \$2.26 trillion in the year through July, and has narrowed to \$1.67 trillion in the year through October.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 11/20	No market-moving releases	--	--	--
Tue 11/21	Existing Home Sales (Oct, Seasonally-Adjusted Annualized Rate "SAAR")	3.96 million -2.0% M/M	3.90 million -1.5% M/M	3.90 million -1.5% M/M
	FOMC Meeting Minutes	--	--	--
Wed 11/22	Initial Jobless Claims (Week of 11/11)	231,000	226,000	230,000
	Continued Jobless Claims (Week of 11/4)	1,865,000	1,875,000	1,870,000
	University of Michigan Consumer Sentiment (November Final Release)	60.4	61.0	62.0
	U. Mich. 1-Year Inflation Expectations (Nov Final)	4.4%	--	4.2%
	U. Mich. 5-10 Year Inflation Expectations (Nov Final)	3.2%	--	3.1%
Thu 11/23	No market-moving releases	--	--	--
Fri 11/24	S&P Global Manufacturing PMI for the United States (November Flash Estimate)	50.0	49.9	50.5
	S&P Global Services PMI for the United States (November Flash Estimate)	50.6	50.2	50.3
Mon 11/27	New Home Sales (Oct)	759,000 12.3% M/M	725,000 -4.5% M/M	750,000 -1.2% M/M
	Dallas Fed Manufacturing Survey (Nov)	-19.2	--	-15.0

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Tue 11/28	FHFA House Price Index (HPI, Sep)	0.6% M/M 5.6% Y/Y	-- --	0.4% M/M 5.7% Y/Y
	S&P CoreLogic Case-Shiller 20-City HPI (Sep)	1.0% M/M 2.2% Y/Y	-- --	0.6% M/M 3.8% Y/Y
	Consumer Confidence Index® (Conference Board, Nov)	102.6	100.5	103.0
Wed 11/29	International Trade in Goods (Oct Advance Estimate)	-\$86.8 billion	--	-\$87.0 billion
	Real GDP (2 nd Estimate, 3 rd Quarter 2023, SAAR)	4.9%	5.1%	4.9%
	GDP Price Index (2 nd Est, 3 rd Quarter 2023, SAAR)	3.5%	--	3.5%
	Federal Reserve's <i>Beige Book</i> Economic Survey	--	--	--
Thu 11/30	Personal Income (Oct)	0.3% M/M	0.2% M/M	0.1% M/M
	Personal Consumption Expenditures ("PCE," Oct)	0.7% M/M	0.2% M/M	0.2% M/M
	PCE Price Index (Oct)	0.4% M/M 3.4% Y/Y	--	0.1% M/M 3.1% Y/Y
	Core PCE Price Index Excluding Food and Energy (Oct)	0.3% M/M 3.7% Y/Y	0.2% M/M --	0.2% M/M 3.5% Y/Y
	Personal Saving Rate (Oct)	3.4%	--	3.3%
	Initial Jobless Claims (Week Ended 11/25)	--	--	233,000
	Continued Jobless Claims (Week Ended 11/18)	--	--	1,875,000
Pending Home Sales (Oct)	1.1% M/M -13.1% Y/Y	-- --	-0.8% M/M -7.7% Y/Y	
Fri 12/1	Construction Spending (Oct)	0.4% M/M	--	0.5% M/M
	ISM Manufacturing PMI Survey (Nov)	46.7	47.6	52.0
	Ward's Vehicle Sales (Nov, SAAR)	15.50 million	--	15.50 million

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