ARGUS

ARGUS ECONOMIC COMMENTARY

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Inconclusive July: Our Monthly Survey of the Economy, Interest Rates, and Stocks

July has a good reputation for stock market outperformance, particularly among the generally sluggish summer months. Since 1980, July has averaged a 1.4% gain in the S&P 500, measurably better than June, August, and September. In 2026, however, July finished with a 0.1% decline (fractionally positive including hypothetical dividends). The month began with optimism that the memorandum of understanding between Iran and the U.S. would lead to lasting peace. Just before July ended and with both sides ready to ratchet up the hostilities, mediators announced a last-minute reprieve in a war both sides want to end.

A terrific 2Q26 earnings season is playing out, but spectacular results have been followed by profit taking in artificial intelligence (AI) leaders and just a minor lift to stocks in other sectors. AI investors have been spooked by cheap frontier AI models from China with as-good-as benchmarks compared to leading U.S.-origin models and vastly better "token economics."

Stocks are tracking up and down with oil prices. But the constant churn of the war and the mediation rumor mill have investors increasingly skeptical that any kind of sustainable peace is at hand. Without tangible progress in peace talks, August may be as inconclusive as July.

The Economy, Interest Rates, and Earnings

The advance (first) gross domestic product (GPD) report for 2Q26 reflected muted annualized growth of 1.5%, decelerating from 2.1% in 1Q26. Second-quarter 2026 GDP captures the full three-month effects of the U.S. war with Iran and Israeli war with Hezbollah, whereas 1Q26 GDP included just the initial month of the conflicts.

In broad strokes, the GDP report shows a resilient consumer economy rebounding from a weak first quarter but a commercial economy pulling back slightly from 1Q's aggressive spending on AI. The president's tariff agenda was complicated by court rulings; the resultant pause in policy enforcement likely contributed to a surge in imports that pulled down 2Q26 GDP. And overall government spending was negative, as this category remains volatile.

Second-quarter 2026 Personal Consumption Expenditures (PCE) increased a surprising 3.2%, rebounding sharply from 0.5% in 1Q26. Total spending on goods rose 5.2% in 2Q26, led by a 6.8% surge in durable goods spending. Both motor vehicles and parts and furnishings and durable household equipment contributed to this strong growth. Nondurable goods spending rose a healthy 4.4% in the calendar second quarter, even though spending on gasoline declined. Services spending, the biggest part of GDP, grew 2.2% in 2Q26. All of these consumer-spending categories rose about 0.5% in 1Q26.

Altogether, PCE contributed 2.12 percentage points to 2Q26 GDP, after contributing just 0.37 point in 1Q26. Consumer spending on goods and services contributed about equally at 1.08 points and 1.04 points, respectively, of 2Q26 GDP.

Nonresidential fixed investment, the proxy for corporate capital spending, rose by 8.4% in 2Q26, down slightly from 10.6% in 1Q26. The AI boom drove 15.2% growth in equipment spending and 8.8% growth in intellectual property products; corporate spending on structures declined 5.0%. Nonresidential fixed investment contributed 1.15 points to total 2Q26 GDP. Residential investment eked out 0.05% growth in 2Q26 after declining for five consecutive quarters.

PCE and nonresidential fixed investment normally constitute 80%-85% of GDP. These two categories contributed 3.27 percentage points to 2Q26 GDP growth after contributing

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1.79 points to 1Q26 GDP growth. So why wasn't overall 2Q26 GDP growth stronger? Mainly because of negative trends in key categories of net exports-imports, private inventories, and government spending.

Net exports-imports and private inventories were highly volatile in 2025 as companies sought to optimally position their overseas goods flows around the Liberation Day announcements in April and actual tariff implementation in August. The Supreme Court in February 2026 struck down the use of the International Emergency Economic Powers Act (IEEPA) for tariffs, and the White House used Section 122 of the Trade Act of 1974 to implement blanket 10% tariffs.

Beginning in February, companies sued (many successfully) for the return of tariffs levied under the IEEPA. Tariffs levied under Section 122 of the Trade Act of 1974 expired in July after a 150-day window; Congress has shown no urgency to extend this usage, a required step to keep them in effect. The latest White House strategy, to levy 10% tariffs alleging widespread forced-labor violations, may fail in the courts. The tariff situation, which finally seemed settled, remains confusing and is a hindrance to business planning.

Exports rose 4.5% after moderating after 10.9% growth in 1Q26. At least some of that growth was in oil exports, after the Strait of Hormuz was closed by Iran. Imports rose 11.5% in 2Q26 after rising 11.8% in 1Q26. Net exports-imports subtracted 1.01 percentage points from 2Q26 GDP after subtracting 0.37 point in 1Q26. The change in private inventories, part of gross private domestic investment, subtracted 0.67 percentage point from 2Q26 GDP.

Government spending declined 0.8% in 2Q6. This formerly stable and now volatile category declined in the second quarter after 4.4% growth in 1Q26, which reflected recovery from a 5.6% decline in shutdown-impacted 4Q25. The decline in government spending subtracted 0.14 point from 2Q26 GDP growth after adding 0.74 point to 1Q26.

Argus Chief Economist Christopher Graja, CFA, notes that indicators point to further strengthening in gross domestic investment as companies seek to boost productivity and improve their return on investment by spending on AI. This in turn raises spending on the equipment and intellectual property accounts in the GDP report. The war with Iran, despite some setbacks in the peace process, continues to inch closer to settlement, although investors are no longer counting on a complete cessation in hostilities. The latest proposal issued early in August has sent oil prices lower, which should provide some relief to strained consumers. Less money spent on gasoline could stimulate 2H26 spending for the back-to-school and holiday seasons.

Chris continues to model positive GDP growth for 2026 and 2027, despite the many challenges and variables in the picture. Argus is now forecasting 2026 GDP growth of 2.3%, which was raised from 2.1% in June. The Argus GDP forecast for 2027 is for growth of 2.4%, also raised in June from 2.0%.

Outside the GDP accounts, the picture remains mixed. Based on sentiment surveys and diffusion indexes, the business community is guardedly optimistic due to the AI-related business surge, while consumers remain worried about affordability and new jobs availability. Sentiment regarding the war weaves in and out of overall sentiment while having a moderate impact on overall business and consumer spending.

After multiple years of strength, the U.S. employment economy showed signs of slowing in 2H25. On balance, employment growth was better than expected across 1H26 but remains volatile. The U.S. economy added 57,000 nonfarm payroll jobs in June 2026, below the consensus call near 100,000. Reflecting downward revisions to May and April, nonfarm payrolls averaged a monthly gain of 108,000 for June-April, compared with a previously reported average gain of 188,000 for March-May.

The unemployment rate edged down to 4.2% for June after three consecutive months at 4.3%. Average hourly earnings for June grew 3.5% annually, up from 3.4% for May; annual wage growth has mainly been in the 3.5%-4.0% range for the past few years. Over that span, hourly workers could at least count on annual wage growth staying ahead of rising prices. Wage growth and inflation are now running at approximately the same pace.

The age of AI has moved beyond the first phase of generative AI, characterized by training of large language models by hyperscalers building AI data centers. The next phase is agentic AI, now rolling out to enterprise and sovereign customers. The U.S. Industrial sector is helping to build the necessary infrastructure to support this transition.

New orders for durable goods rose 0.3% in June, reversing from a 4.0% decline in May; this volatile series posted a 7.9% increase for April. Orders excluding the highly volatile transportation component increased 0.6% in June; durable goods orders excluding defense rose 0.3%. Computer and electronic orders were up 3.1% month over month; this series grew in nine of the past 10 months in support of AI build-out.

Industrial production edged up 0.1% month over month in June, matching the pace from May, which slowed from 0.9% growth in April. Manufacturing output was unchanged in June, while utilities and mining production both rose 0.4%. Industrial production increased at a 4.0% annual rate in 2Q26. Capacity utilization, unchanged at 76.1%, is more than 3 percentage points below its long-run (1972-2025) average.

The purchasing managers' reports from the Institute for Supply Management showed the industrial and services economies clearly in expansion territory in June. The Manufacturing Purchasing Managers' Index (PMI) was at 53.3%, and the Services PMI was at 55.4% in June, both above the 50% demarcation line between expansion and contraction. The Services PMI has spent two years in expansion territory.

The Conference Board's Consumer Confidence Index edged up to 91.2 in June from 90.6 in April. The University of Michigan Index of Consumer Sentiment was 61.7% in July 2026, up from 60.1% in June and the highest level since February 2025. These levels, however, are still closer to historical lows than to pre–Iran War levels.

Actual and diffusion (sentiment) data reflect inflation anxiety in the wartime period. So many peace proposals have been floated that they are now being discounted. The memorandum of understanding seemed to promise resolution of the war with Iran, yet the Strait of Hormuz remains mostly closed. In the United States, the war has become old news, and consumers and companies are mainly continuing to go about their business. Consumers are employed, and businesses are investigating the AI opportunity.

Kevin Warsh began his tenure as chairman of the Federal Reserve (Fed) in May 2026. At the mid-June 2026 Federal Open Market Committee (FOMC) meeting, his first as chairman, nine members of the 12-member board favored at least a quarter-point rate hike at some point in 2026. The July FOMC meeting revealed more caution among the board of governors. Only three members voted for an immediate quarter-point rate hike, while nine members supported no change in policy.

Response to Chairman Warsh's post-FOMC news conference was mixed, as his words appeared to support a rate hike while policy remained static. He noted that in the past, commentary from the Fed chair seemed to drive the fixed-income market. Mr. Warsh emphasized that he would like to see the fixed-income market drive the Fed's response. The chairman has established five committees that will give him more insight into economic and market drivers but also gives him some cover to keep the Fed on hold at least through the midterm elections in November.

Within the advance 2Q26 GDP report, the PCE Price Index was 5.1%, up from 4.6% in 1Q26. The Core PCE Price Index, which strips out energy along with food, moderated to 3.4% growth in 2Q26 from 4.4% in 1Q26. In the Personal Income and Outlays report for June, the annual change of 3.7% in the Core PCE Price Index was up from 3.4% in May and was the highest in three years. Core PCE metrics are monitored by the Fed as part of its rate-setting deliberations.

June 2026 inflation data from the consumer and commercial economies provided the most encouraging news on pricing since the war began. The annual change in the all-items Consumer Price Index (CPI) for June was 3.5%, down from an annualized 4.2% increase in May. The chief contributor to the monthly decline in the June CPI was energy prices. The Core CPI (excluding food and energy) rose 2.6% from a year earlier, compared with the annual change of 2.9% reported for May.

The all-items Producer Price Index (PPI) in June 2026 gained 5.5% on a year-over-year basis, moderating from an annual change of 6.5% in May. On a core basis, which strips out food, energy, and trade services, June PPI rose 5.1% annually, matching the annual change as of the end of May. Improvements in the June all-items CPI and PPI were driven by lower energy and gasoline costs; those prices flared back up in July.

With inflation stubbornly strong, interest rates remained elevated across the second quarter and then ticked higher in July. The 10-year Treasury yield was 4.75% as of the end of July 2026, compared with 4.51% as of the end of June 2026 and 4.14% at year-end 2025. The two-year Treasury yield was 4.28% as of the end of June 2026, compared with 4.17% at the end of June and 3.45% as of year-end 2025.

The two-10 slope in the yield curve widened to 47 basis points (bps) at the end of July 2026 from 27 bps at the end of June. The year-end 2025 two-10 slope of 69 bps was the steepest since 2021, before the Fed began its fight against inflation.

Argus Fixed Income Strategist Kevin Heal now believes there will be no cuts in the Fed Funds rate in 2026. The monetary policy outlook for 2027 is uncertain. Following the late-July meeting of the FOMC, the CME FedWatch tool indicated a 65% probability the Fed would raise the rate by the September 2026 FOMC meeting. And by year-end 2026, the CME FedWatch tool shows just a 13% probability that the Fed Funds rate will be at the current 3.50%-3.75% tendency and an 87% probability that the Fed Funds rate will be higher.

Given the pending midterm elections, we see little chance of any change in monetary policy either up or down before the December 9, 2026, FOMC meeting.

The calendar 2Q26 earnings season has one thing in common with 1Q26 earnings season, and that is 20%-plus annual EPS growth. Unlike 1Q26, when investors went into the reporting period expecting low-double-digit to midteens growth at best, expectations entering July 2026 were for 20%-plus growth for the second quarter.

Despite what is shaping up as the best quarter for earnings growth since the pandemic-impacted comparisons of 2021, stocks have had an underwhelming response to spectacular EPS results. That is likely due to a combination of high expectations across the board and, for Information Technology stocks in general, concerns that low-cost Chinese frontier AI models will wreck the economic foundations that justify highly elevated AI infrastructure spending by U.S.-based hyperscalers for 2026 and 2027.

As of the end of July, and with just over 60% of companies having reported, S&P 500 earnings from continuing operations for calendar 2Q26 are up in a range of 45%-47%

from 2Q25, according to the tracking firms Bloomberg, FactSet, and Refinitiv. That range of blended estimates is based on both actual earnings data and estimates from companies yet to report. That mid-40% growth rate includes one-time gains from two GAAP-only reporting companies. Alphabet Inc. recognized a $98 billion one-time gain due to net unrealized gains on equity securities. And Amazon.com Inc. recognized a $53 billion gain from investments in Anthropic. Excluding those gains, the blended 2Q26 EPS growth rate is closer to 28% — still the second-best growth since 2Q21.

Among companies reporting earnings growth, 86% have surpassed prereporting consensus expectations – well above the 75%-80% range prevailing for the past 10 years. Heading into 2Q earnings season, the consensus of investors was anticipating 23% EPS growth. Backing out those AMZN and GOOGL one-time gains, EPS growth of about 28% is exceeding expectations by about 5 percentage points — in line with long-term averages.

Collectively, Magnificent 7 (Mag 7) companies are forecast to report 30%-plus continuing-operations earnings growth for calendar 2Q26. The best AI-driven growth has been coming not from the hyperscalers but from the companies whose hardware – semiconductors, memory & data storage, and networking – supports the transition from generative AI to agentic AI. These include memory companies Seagate Technology Holdings plc and Western Digital Corp., with forecast 90%-plus EPS growth, and networking companies Ciena Corp., Arista Networks Inc., and Cisco Systems Inc., with 25%-50% forecast growth. Semiconductor giants Broadcom Inc. and Nvidia Corp., which report late in the cycle, are forecast to deliver EPS growth of at least 80% year over year.

While AI and Information Technology capture the headlines, an equally important story in this reporting quarter is across-the-board earnings strength, with sectors such as Materials, Energy, Industrial, Financial, and Utilities delivering double-digit EPS growth. Still, success in this earnings season remains reliant on Information Technology and the Mag 7. Altogether, if the 40% or so of the market representing sectors adjacent to IT and Mag 7 delivers aggregate 50%-60% growth, that alone would carry the earnings season to mid-20% growth.

Given this reliance, we see some risk that IT departments are redirecting spending to servers, storage, and other AI infrastructure cornerstones — to the detriment of software and other legacy IT priorities. The AI revolution has meant riches across the technology hardware space. If the IT sector were to devolve into haves (memory sellers) and have-nots (memory buyers), robust sector earnings could slow more rapidly than most investors are anticipating.

In June 2026, we raised our forecast for 2026 S&P 500 earnings from continuing operations to $340 per share from a prior $315. Our new estimate assumes 24.8% growth in continuing operations earnings from 2025. At that time, we also raised our 2027 forecast for S&P 500 earnings from continuing operations to $390 per share from a prior $363. Our new estimate assumes 14.5% growth in continuing operations earnings from our 2026 estimate.

Domestic and Global Markets

The performance discussed herein captures the market status as of end of July 2026. This data does not reflect what has happened in the market in recent days.

The major indices have vacillated between growth leadership and everything else — defensive, cyclical, commodity, and rate sensitive — for much of 2025 and all of 2026 to date. After a risk-off and down first quarter, growth leadership reasserted itself in 2Q26. July saw extensive profit taking in AI names, some momentum elsewhere, and, overall, a flat month for the market.

As of the end of July 2026, the major indices were all up for the year-to-date, after all being down for the year at the end of March 2026. The S&P 500 was up 10.1% year-to-date on a total return basis including dividends as of the end of July. The Nasdaq Composite, which was way ahead of the S&P 500 at midyear, was up 9.5% year-to-date at the end of July. While both the Nasdaq and S&P 500 declined in July, the Dow Jones Industrial Average rallied in the month and was just ahead of the S&P 500, with a 10.2% gain.

Although value and growth had been vying for leadership, one style is clearly in charge. The FT Wilshire US Large Cap Growth index was up 2.7% year-to-date at the end of July, versus 14.3% for the FT Wilshire US Large Cap Value index. Small caps continue to relatively outperform, and the Russell 2000 Index was up 19.0% at the end of July — although down from its 22% gain at the end of June. Stock performance has been headline driven. While awaiting a lasting end to hostilities and reduced pressure on inflation from a decline in oil prices, stocks remain positive for the year.

Sector leadership in 2Q26 diverged sharply from leadership in 1Q26 — and July was more like the first quarter than it was like the second. In the first quarter, Energy was the clear leader, with a 36% gain. Materials, which like Energy is seen as an inflation hedge, rose 14% in 1Q26. Also winning in 1Q was the high-yielding Utilities sector, up 7%, and the defensive Consumer Staples sector, up 6%. First-quarter laggards included Information Technology, Consumer Discretionary, and Communication Services; the three growth sectors dropped 6%-12%.

Investors flipped the script in 2Q26, with growth leadership reasserting itself and defensive, income, and inflation hedges stepping to the rear. Information Technology rose over 32% in 2Q26, as agentic AI drives a new round of AI fever. Consumer Discretionary recovered in 2Q on hopes an end to the war will drive down energy inflation and drive up consumer spending. Industrial and Financial rose in mid-single-digit percentages for 2Q26 on signs of acceleration in economic activity. Many of 1Q's winners were in the loss column for 2Q26, with Energy most notably falling after a strong 1Q26.

These two divergent quarters topped off with a mixed and turbulent July have led to a balanced advance for the market heading into August 2026. Energy is back to the low-30% range for 2026 year-to-date. Five sectors — Information Technology, Industrial, Real Estate, Consumer Staples, and Materials — are up in the low-teens to mid-teens range.

We have always believed that rotation away from growth and toward more diversity in sector leadership is positive for sustaining the health and length of the bull market. A balanced advance lessens the risk of a thin, toppy market and can help a shaky bull get steadier on its hooves.

July, as noted, was a turbulent month, but some patterns were clear within the noise. Information Technology was subject to profit taking despite terrific earnings, mainly on fear of inexpensive Chinese AI models, and shed 120 bps of weighting to finish at 36.8%. Other sectors that lost ground in July included Industrial and Utilities, although those were modest reductions.

Sectors that benefited from this weight reduction included Financial in particular, which ended the seventh month with a 12.5% weighting. Energy added 40 bps of weight in July, and long-struggling Healthcare added 20 bps from the end of June.

Compared with one year ago, Information Technology is still net positive, adding 280 bps since July 2025. That did not leave much room for other sectors to gain weight, although Healthcare and Industrial edged higher from a year ago. The worst declines year over year were in Financial and Consumer Discretionary.

At the end of July, seven of nine global bourses in our tally were positive for 2026. Global stocks mainly did better than the U.S. market in 2025. The U.S. is mainly energy independent, and the war in Iran has kept the S&P 500 at least in the middle of the pack since April. Huge Middle Eastern oil consumers India and China remain negative.

In terms of our themes, mature economies are up 15.7% year-to-date in 2026 on safe-haven demand. Americas markets are up 9.0% in 2026, as double-digit gains from Canada and the U.S. offset modest declines from Brazil and Mexico. Resources economies are up 8.7%, level with the end of June. On signs of improved oil flows through the Strait of Hormuz, Asian markets are up 4.9% in 2026 to date; most of that gain is attributable to Japan. BRICs-minus-Russia are now down 1.7% for the year to date.

Conclusion

Despite mid-20% growth in 2Q26 earnings, investors remain in cautious profit-taking mode. The S&P 500 finished July just under 7,500, which is where it was in mid-May 2026. The benefit of stalled stocks and rising earnings is that valuations continue to gradually become more favorable.

The two-year forward P/E ratio of 20-times for the S&P 500 is near the midpoint of the normal range of 15-24 and down from low- to mid-20s readings in 2024-25. The ratio of the S&P 500 price to an ounce of gold is 1.7, within the normal range. Our Stock/Bond Barometer is indicating that the two major asset classes are trading near parity on valuation. The current valuation is a 0.60 premium for stocks — not a discount, but within the fair value range.

These valuation measures suggest that the S&P 500, which thus far remains in the bull market dating back to October 2022, is not meaningfully overvalued. We continue to model GDP advancing in the 2% range, unemployment remaining in the low-4% range, and corporate earnings growing at mid- to high-20% rates. Amid swirling geopolitical and economic developments, we believe moderate but steady GDP growth, corporate earnings growth, and still favorable valuations can support a positive 2026 for stocks.

Jim Kelleher, CFA,
Director of Research

KEY ECONOMIC FORECASTS

- The $32 trillion U.S. economy remains on course for productive long term growth, powered by corporate investments in Artificial Intelligence. Nvidia CFO Colette Kress estimated, on May 20, that AI infrastructure spending is on track to reach $3 - $4 trillion annually by the end of this decade.
- Real Potential GDP – the sustainable speed limit of the US economy is poised to increase to 2.1%, on average, through 2030 according to the Congressional Budget Office. AI is likely to raise productivity, offsetting slower growth in the labor force from an aging population and reduced immigration.
- Our 2026 gross domestic product growth forecast is 2.3%. Our 2027 forecast is 2.4% In the Monetary Policy Report to Congress, the Federal Reserve said, “Overall, economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East.”
- National gasoline prices once again exceed $4.00 a gallon as tensions between the U.S. and Iran remain. Gas prices below $4.00 are important to consumers with the holidays around the corner. Inflation is likely to be a key issue in fall elections for control of the House and Senate.
- The Misery Index, which is the Consumer Price Index (CPI) inflation rate plus the unemployment rate is below the average of 9.2% since 1949, but it has risen to 7.7% from 6.9% in January. Unemployment is low at 4.2%. CPI eased to 3.5% in June from 4.2% in May but could be pressured with higher oil.
- We are monitoring financial conditions and high-frequency indicators. They show ongoing economic resilience and financial system stability that accommodates saving, borrowing, and investing.
- Argus expects S&P 500 EPS to rise almost 25% to $340 in 2026 and increase about 15% to $390 in 2027. EPS is helped by an increase in operating margins to about 19% this year, well above 13.9% in pre-pandemic 2019. Growing tech giants such as MSFT and NVDA have operating margins of 47% and 64% respectively while Dow stalwarts Walmart and Caterpillar earn 4% and 18%. Argus expects the S&P 500 to trade in a range of 6,730-8,225 over the next 12 months. Our year-end 2026 price target for the S&P 500 is 8,000 based on a multiple of 20.5-times our 2027 EPS estimate.
- The Federal Open Market Committee voted 9-3 in July to maintain the federal funds target at 3.5%-3.75%. Following the meeting, Argus Fixed Income Strategist Kevin Heal reiterated his expectation for the Fed to maintain the current funds target in 2026 and cut rates by 25 basis points in the second half of 2027. We expect the dollar to be slightly stronger in 2026 driven by foreign demand for shares of innovative U.S. companies, continuing economic growth, and elevated interest rates.
- Gold is likely to remain at elevated levels amid global uncertainty. The safe-haven asset topped $5,000 an ounce in 1Q, but it has declined to approximately $4,100. Market rates on short-term bonds have risen. This raises the opportunity cost for holding gold, which doesn’t pay interest.
- What could go right? Low unemployment, spending by wealthy consumers, strong S&P earnings, strong capital investment in Artificial Intelligence, productivity gains, and ongoing innovation.
- Risks: Strains on affordability from years of elevated inflation, uncertainty related to hostilities with Iran, a lower 10-year Treasury yield could depend on deficit reduction, a weak housing market, low income consumers are struggling, spending by affluent may depend on stock market gains.

CURRENT ECONOMIC RELEASES

Current Economic Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
30-Jul	GDP Annualized QoQ	2Q "Advance"	2.1%	2.0%	2.1%	**1.5%**
	GDP Price Index	2Q "Advance"	3.6%	3.8%	3.7%	**6.2%**
	PCE Deflator	June	4.1%	3.7%	3.7%	**3.7%**
	PCE Core Deflator	June	3.4%	3.3%	3.3%	**3.3%**
	Personal Income	June	**3.9%**	3.9%	NA	**3.9%**
	Personal Spending	June	**6.6%**	6.1%	NA	**6.3%**
3-Aug	ISM Manufacturing	July	53.3	54.4	54.0%	**55.6%**
	ISM New Orders	July	56.0	56.2	NA	**56.7**
	ISM Prices	July	73.0	76.0	NA	**71.1**
	Construction Spending	June	**-3.4%**	-2.0%	NA	**-3.2%**
4-Aug	Trade Balance	June	-$77.6 Bln.	-$72.5 Bln.	NA	**-$73.3 Bln.**
	Factory Orders	June	**2.5%**	7.2%	NA	**7.4%**
	Total Vehicle Sales	July	**16.6 Mln.**	16.7 Mln.	NA	**16.3 Mln.**
5-Aug	ISM Services Index	July	54.0	54.5	54.3	**54.1**
6-Aug	Nonfarm Productivity	2Q	0.3%	0.7%	0.6%	NA
	Unit Labor Costs	2Q	1.8%	1.4%	2.1%	NA
	Wholesale Inventories	June	4.0%	4.4%	NA	NA
7-Aug	Nonfarm Payrolls	July	57K	80K	83K	NA
	Unemployment Rate	July	4.2%	4.2%	4.2%	NA
	Average Weekly Hours	July	34.3	34.3	34.3	NA
	Average Hourly Earnings	July	3.5%	3.5%	3.5%	NA
11-Aug	Existing Home Sales	July	4.09 Mln.	4.10 Mln.	NA	NA
12-Aug	Consumer Price Index	July	3.5%	3.4%	NA	NA
	CPI ex-Food & Energy	July	2.6%	2.5%	NA	NA
13-Aug	PPI Final Demand	July	5.5%	4.9%	NA	NA
	PPI ex-Food & Energy	July	4.7%	4.2%	NA	NA
14-Aug	Retail Sales	July	6.7%	6.1%	NA	NA
	Retail Sales ex-autos	July	6.9%	6.6%	NA	NA
	Business Inventories	June	3.1%	3.0%	NA	NA
	U. Michigan Sentiment	August	55.2	54.5	NA	NA

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