

July 29, 2024 – Economic Commentary

There is only a small chance that there will be many surprises in the FOMC Interest Rate decision on Wednesday, despite this writer's hope that the interest rate cut that now seems firmly supported by the data might happen sooner rather than later. As a result, attention remains focused on the strength of the US consumer and the ability of consumer spending to drive US economic growth of 2.5-2.75%. There is general agreement that employment security is the linchpin to the soft-landing scenario; as excess balances in checking accounts have been depleted, the confidence in current and future cash flow sustains solid, though somewhat reduced, spending growth. Households can be surprisingly astute and adept at spending calculations, choosing to manage their debt-to-asset ratios when times are good, as they are now (employment strong, residential investments and the stock market rising), and switching to managing their debt-to-income ratios more aggressively when times are less favorable. This is why spending can seem to turn on a dime at times — and why the employment numbers this week are so important.

Data to Watch:

1. Federal Reserve Interest Rate Decision & Press Conference, Wednesday, July 31
2. US Institute of Supply Managers (ISM) Purchasing Managers Index for July, released Thursday, August 1
3. US Nonfarm Payrolls, Unemployment and Avg. Hourly Earnings for July, released Friday, August 2

Suggested Reading:

1. [What Gives Poor Kids a Shot at Better Lives? Economists Find an Unexpected Answer](#)
2. ['Sports tourism' is huge. But the Summer Olympics caused travel to Paris to plummet](#)
3. [Fed's Preferred Inflation Measure Cooled Overall in June](#)

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