

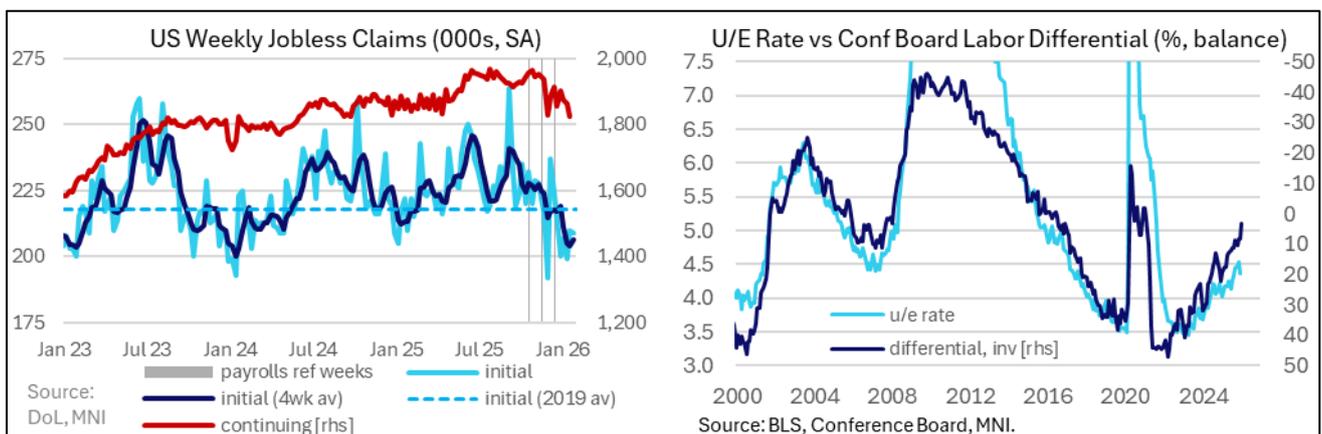
# MNI U.S. Macro Weekly

## MNI View: The Fog Of Warsh

January 30, 2026 – By Chris Harrison and Tim Cooper

### Executive Summary

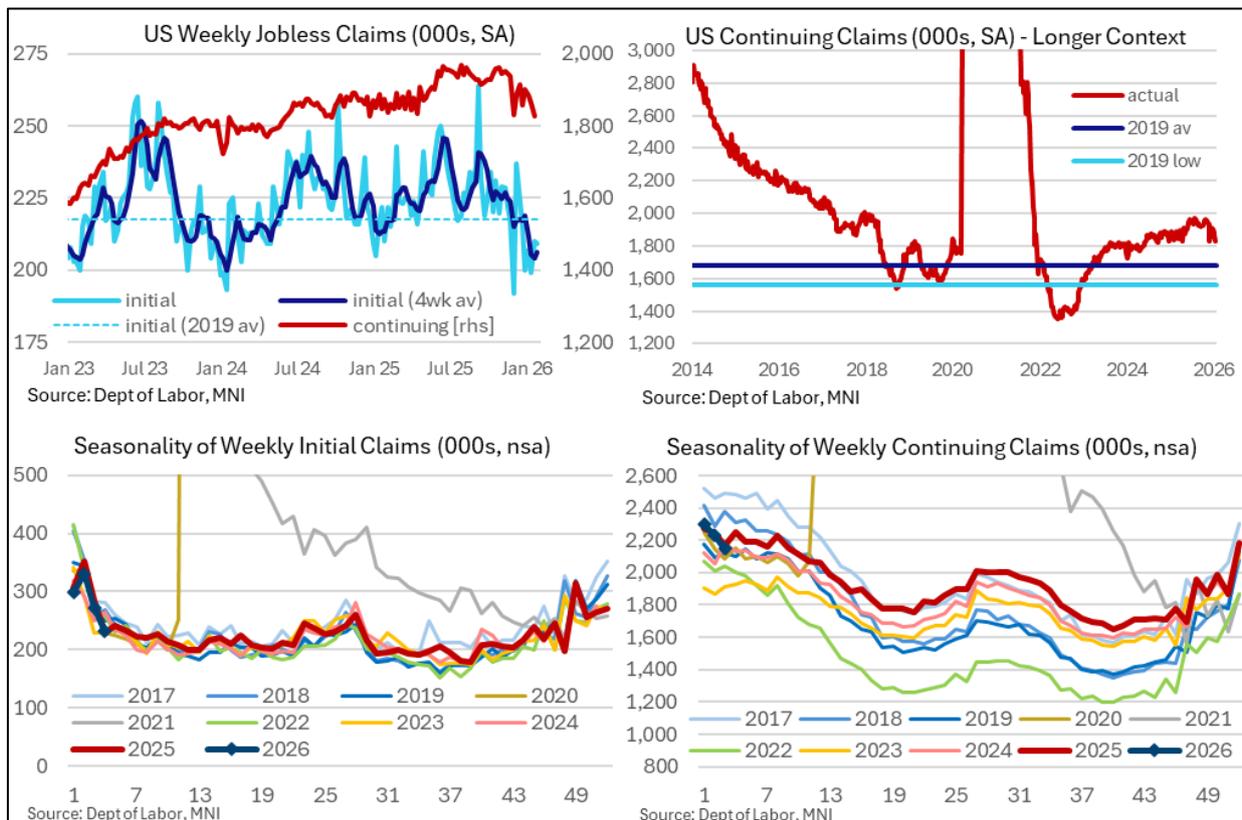
- The largest rate moves of the week surrounded President Trump’s selection of former Fed Governor Kevin Warsh as the next Fed Chair when Powell’s term in the position ends in May.
- A next Fed cut is close to being fully priced for the June meeting again (22bp, the first meeting under the new Fed chair) whilst there are two 25bp cuts fully priced by year-end.
- While historically more hawkish than most of the other contenders but also favoring economic productivity arguments for expecting inflation to remain in check amid solid growth, there remains high uncertainty on what the Fed might look like under Warsh’s leadership. *(More from our Policy Team on page 18.)*
- That includes policy on the balance sheet (preferring a smaller one) and communications, the Fed’s reach outside of core monetary policy channels, and even personnel, having previously said "I think what we need is regime change at the Fed, and that's not just about the Chairman, it's about a range of people...it's about breaking some heads, because the way they've been doing business is not working."
- Warsh or not, one impetus for consensus on a resumption of Fed easing would be a clear deterioration in the labor market, but here the data evidence remained mixed. Jobless claims remain at a healthy level despite initial claims surprising higher for the first time since Dec 11 after a particularly impressive run but with residual seasonality concerns. Continuing claims pushed lower still however but also with some questions over the role of unemployment insurance eligibility roll-off.
- A further acceleration of strong core PPI inflation trends had little impact on Friday against a backdrop of precious metal prices tumbling, whilst details confirmed strong core PCE estimates at ~0.4% M/M for Dec.
- Real GDP growth tracking for Q4 has been trimmed from 5.4% to a still very strong 4.2% after latest volatility in monthly trade reports. Capital goods imports are up strongly in tech-led strength but consumer and industrial imports are down heavily in a hangover from tariff front-running in Q1.
- Manufacturing firms’ sentiment firmed in January but consumer confidence slumped, with the lowest Conference Board metric since 2014 as consumer labor market perceptions softened further.
- The FOMC treaded a largely neutral path with its January decision, maintaining its easing bias but sounding slightly more patient in making its next move than it did last month. Markets took a very mildly hawkish interpretation with implied rates rising under 1bp for meetings to July but even less of a move further out, and the dollar remaining largely unmoved.
- Looking ahead, another government shutdown looms, starting Saturday, but with questions over its potential duration and breadth. In the event the BLS isn’t impacted, the nonfarm payrolls report for January will highlight the week’s economic data on Friday. The report will include benchmark revisions and will continue to see attention on the unemployment rate after its recent stalling around the 4.4% mark.
- We also get Treasury’s quarterly financing and borrowing updates, with attention on any revisions to its guidance on future increases in auction sizes.



**Labor: Healthy Claims But Consumers Increasingly Worried**

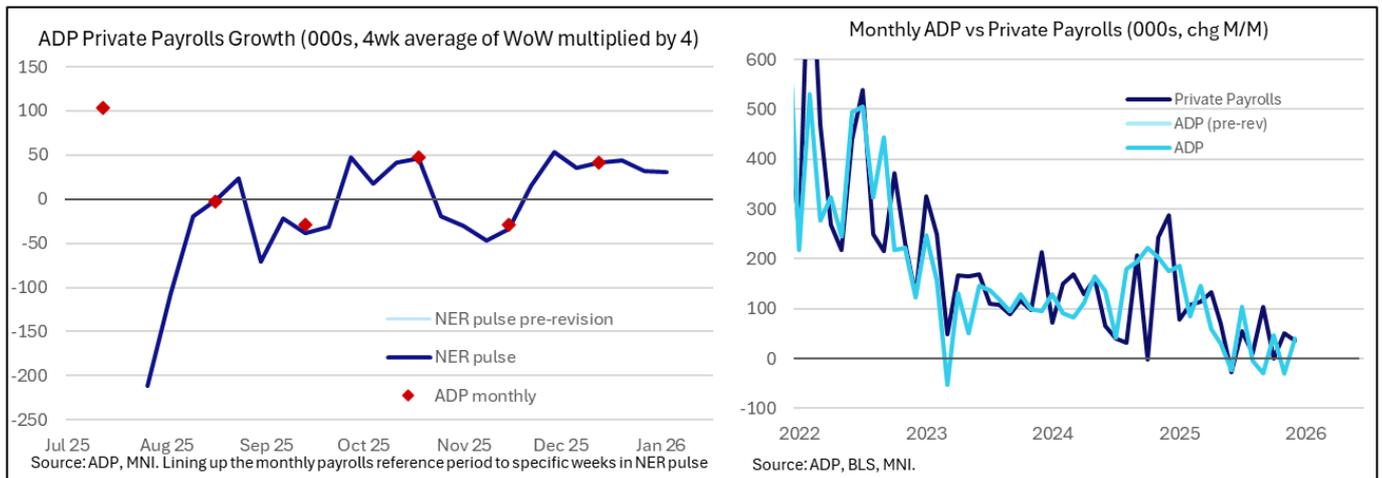
*A Mixed But Ultimately Healthy Claims Report, With Unusual Revisions*

- Initial jobless claims were a little higher than expected at 209k (sa, cons 205k) in the week to Jan 24, having last surprised higher in the week to Dec 6.
- It left initial claims almost unchanged on the week after an unusually large upward revision to 210k (initial 200k, revisions typically closer to 1-2k). The 13k upward revision in the NSA data primarily came from California (+5.6k), Kentucky (+3.6k) and Michigan (+2.4k).
- This 210k is still favorable compared with prior payrolls reference periods such as 224k in Dec, 222k in Nov, 231k in Oct and 232k in Sep.
- The four-week average is also still historically low, rising 2k to 204k for comfortably below the 2019 average of 218k, but with what looks like residual seasonality that points to increases heading into February (see top left chart).
- As we often note, that 2019 average came with a sub-4% u/e rate although re-hiring is clearly softer compared to 2019 with continuing claims levels chiming with an u/e rate more firmly in the 4s.
- That said, continuing claims pushed lower again to 'just' 1827k (sa, cons 1850k) in the week to Jan 17 for its lowest since Sep 2024.
- It follows an upward revised 1865k (initial 1849k) in the week to Jan 10, also an unusual revision as we can only recall seeing an upward revision twice in the whole of 2025 (early Jan and late Sep). Of the 19k upward revision in NSA data, 20k came from California, 9k from Puerto Rico, 5k from Florida along with -7.5k from Washington, -5k from Minnesota, -4k from Oregon.
- The rare upward revision poses slightly more two-sided risk to next week's revision for the Jan 17 data, corresponding with the payrolls reference period, rather than the almost ever-present downward revisions. Still, at 1827k before any revisions, it looks particularly favorable to the 1914k for Dec, 1944k in Nov, 1957k in Oct, 1916k in Sep and 1944k in Aug.
- Some have cautioned that continuing claims are pushing lower as long-term recipients roll out of eligibility although JPMorgan analysis suggests this isn't the sole factor.



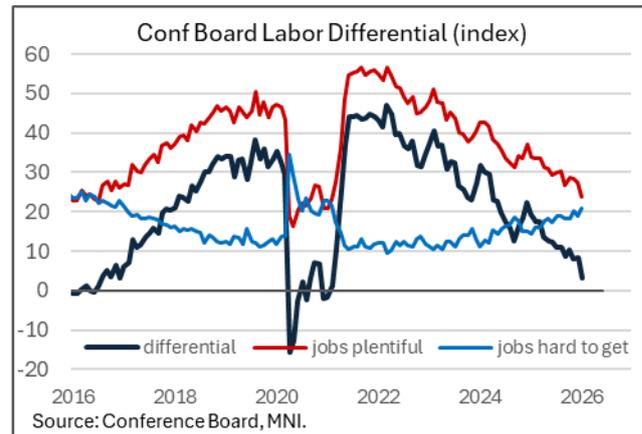
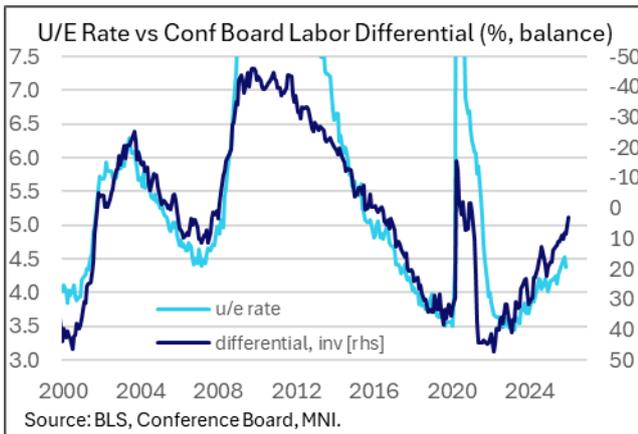
*Weekly ADP Appears On Track For Second Modest 'Monthly' Increase*

- ADP private employment saw an average weekly increase of 7.75k across the four weeks ending Jan 3 after 8k to Dec 27 (unrevised) and 11k to Dec 20 (revised from 11.25k).
- Getting closer to its monthly reference period, i.e. the week including the 12<sup>th</sup> day of the month, this week's monthly equivalent of 31k follows 32k from last week.
- It's a little slower than the 42k in the week corresponding with its December reference period (revised up from 41k in today's weekly update and last month's full release) but it's stronger than the -29k in November.
- The monthly series had been oscillating in recent months between small increases and declines (-3k Aug, -29k Sep, 47k Oct, -29k Nov and 41k Dec) although now appears on track for two modest monthly increases.
- Correlation with BLS private payrolls remains limited, with ADP close for December with just 4k overshoot but a large 79k undershoot in November compared to private payrolls growth of 50k (at least in the latest vintage).
- Still, the ADP data have provided a useful trend over the past year, moderating in 1H25 before at best limited growth since then (averaged 22k per month through 2H25, but with 104k of the cumulative 131k increase coming in July).
- St Louis Fed's Musalem told an MNI event earlier this month that his economists estimate an overall nonfarm payrolls breakeven pace somewhere between 30-80k per month.



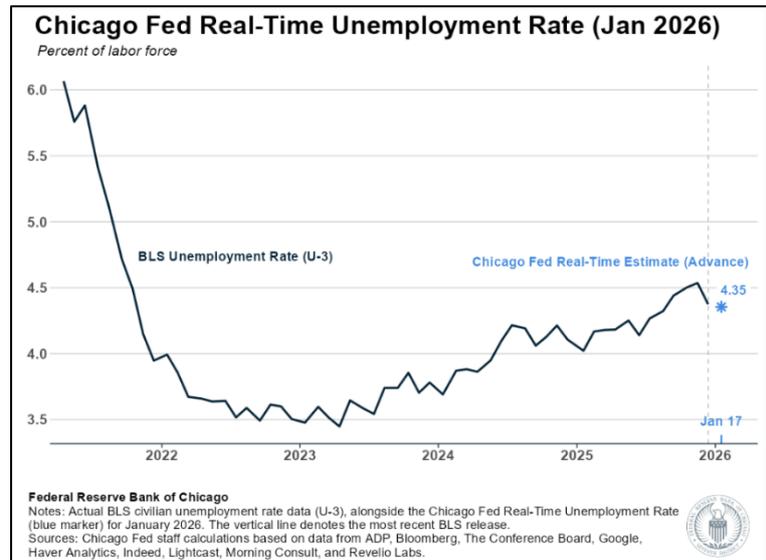
*Consumers Increasingly Concerned On The Labor Market*

- Adding to our broader take on the Conference Board's preliminary consumer survey for January, we also specifically note the decline seen in its labor differential, the difference between those finding jobs to be plentiful and those finding them hard to get.
- The net 3.1 in January is a new recent low, last lower Feb 2021, after an upward revised 8.4 (initial 5.9) in Dec.
- The move was driven by jobs plentiful falling to 23.9 from 27.5 in Dec and 28.2 in Nov although jobs hard to get also saw a solid increase to 20.8 after 19.1 in Dec and 20.1 in Nov.
- A reminder here that these initial values are preliminary readings and prone to revisions with next month's update.
- Whilst we caution against putting too much weight on this labor differential on a month-to-month basis, it's clearly points to a further uptrend in the unemployment rate. That's in contrast to a recent stalling in the u/e rate in shutdown-hindered BLS payrolls reports, most recently at 4.38% in Dec having stepped higher to 4.44% in September after a swift climb from 4.14% in June.



Chicago Fed U/E Rate Nowcast Looks For Small Dip In January

- The Chicago Fed’s advance release for January labor market indicators estimates an unemployment rate of 4.35% for a small further decline from the 4.38% in December.
- If accurate it would slightly extend the pullback from 4.54% in November after 4.44% in Sep and 4.32% in Aug.
- Of course, the November and less so December reports were heavily impacted by spillover from the government shutdown, with no October household survey conducted.
- Still over a week out from next week’s BLS payrolls report for January on Feb 6, consensus currently looks for an u/e rate of 4.4%.
- The Chicago Fed nowcast will be finalized on Feb 5.



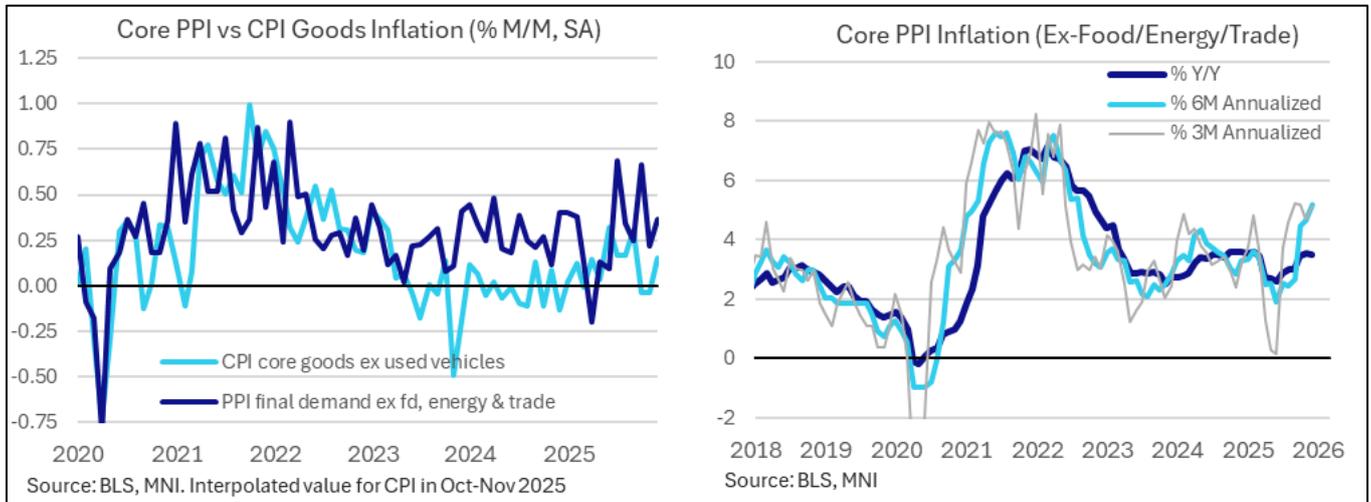
Inflation: Cost Pressures Build

Core PPI Inflation Trends Accelerate Further Into Year-End

Core PPI was a little stronger than expected in December but built on recent strength to leave a Y/Y running at 3.50% and the last six-month running at 5.2% annualized for the strongest since mid-2022.

- Final demand PPI inflation was easily stronger than expected in December at 0.45% M/M (cons 0.2) after 0.24% M/M, but it was boosted by the volatile trade services category bouncing 1.7% M/M.
- We focus on PPI ex food, energy & trade services, which was also firmer than expected but by a lesser extent at 0.36% M/M (cons 0.3).
- This core CPI metric saw minimal revisions to prior months (a touch lower recently, with offsetting strength further back), leaving months oscillating between solid and strong readings including 0.22% M/M in Nov, 0.67% in Oct, 0.25% in Sep, 0.34% in Aug and 0.68% in Jul.
- It left core PPI inflation running at 3.50% Y/Y (cons 3.4) after a slightly upward revised 3.54% in Nov, with these latest two 3.5% months running at their highest since March.
- Recent trend rates point to further upward momentum in the Y/Y, with the six-month running at 5.2% annualized for its strongest since Aug 2022.
- Core goods CPI inflation has been more subdued recently, with the ex-used vehicles series firming to only 0.16% M/M in December after falling an average -0.04% M/M across Oct-Nov.

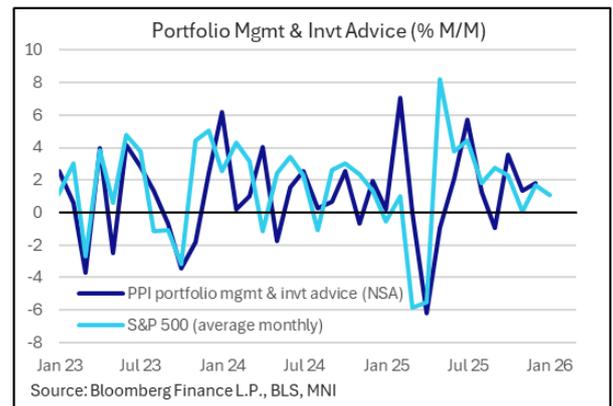
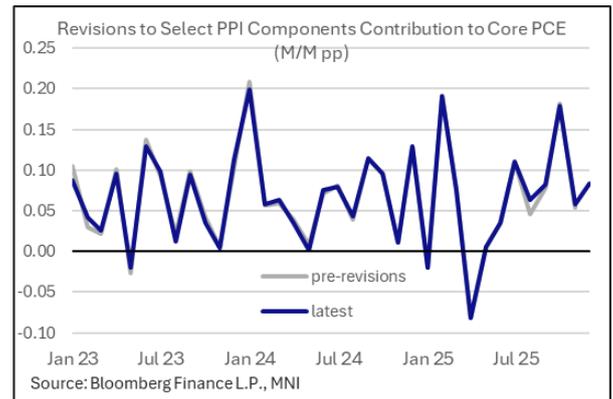
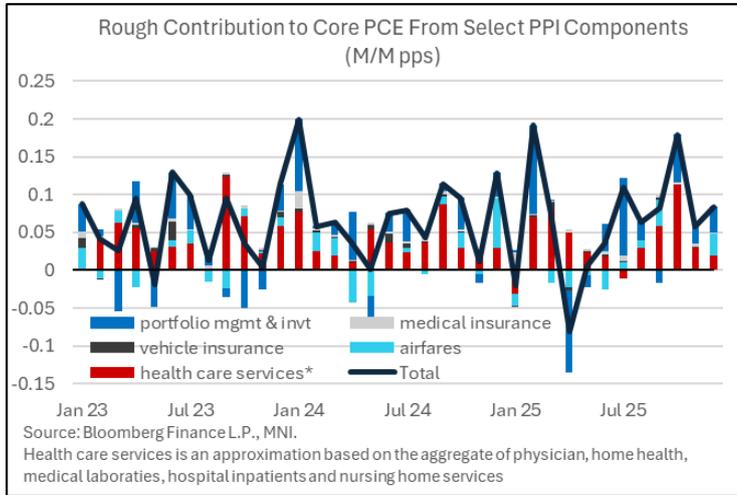
- Indeed, Fed Chair Powell said at the FOMC press conference that “a lot” of the tariff impact has already worked its way through the economy, although as we noted the NY Fed’s GSCPI pointed to the highest global supply chain pressures in nearly three years in December at 0.5 standard deviations above average.



*PPI Details Support Already Strong Core PCE Estimates For Dec*

PPI details offered a slightly stronger readthrough to core PCE inflation for December than was the case in November. Our best guess is that analysts will continue to expect core PCE inflation around 0.4% M/M in Dec after the 0.16% M/M in Nov (potentially revised up marginally).

- Our crude proxy for PPI contributions to core PCE firmed a little in December, worth 0.08pps to core PCE M/M inflation after a marginally upward revised 0.06pp (vs 0.05pp initially) in Nov.
- The two months broadly consolidate after a particularly strong 0.18pp back in Oct (healthcare and portfolio) having previously averaged 0.07pp in Aug-Sep.
- Latest strength compared to Oct looks to have come from PPI airfares, with the overall series increasing a seasonally adjusted 2.9% M/M after -0.1% whilst the domestic-only series, which specifically feeds into PCE, increased 2.3% after -2.2% in NSA terms.
- Elsewhere, there were on net similar contributions from portfolio management & investment advice (0.03pp after 0.02pp stemming from 1.8% M/M after an unrevised 1.3% M/M) and the variety of health care services (0.02pp after 0.03pp).
- We imagine there won't be a huge change to where already strong estimates for core PCE inflation are centered. An average of four unrounded estimates had been 0.39% M/M in a range of 0.36-0.46% following the CPI release on Jan 13 - Morgan Stanley topped that range with 0.46% but have since revised that down to 0.39% M/M.

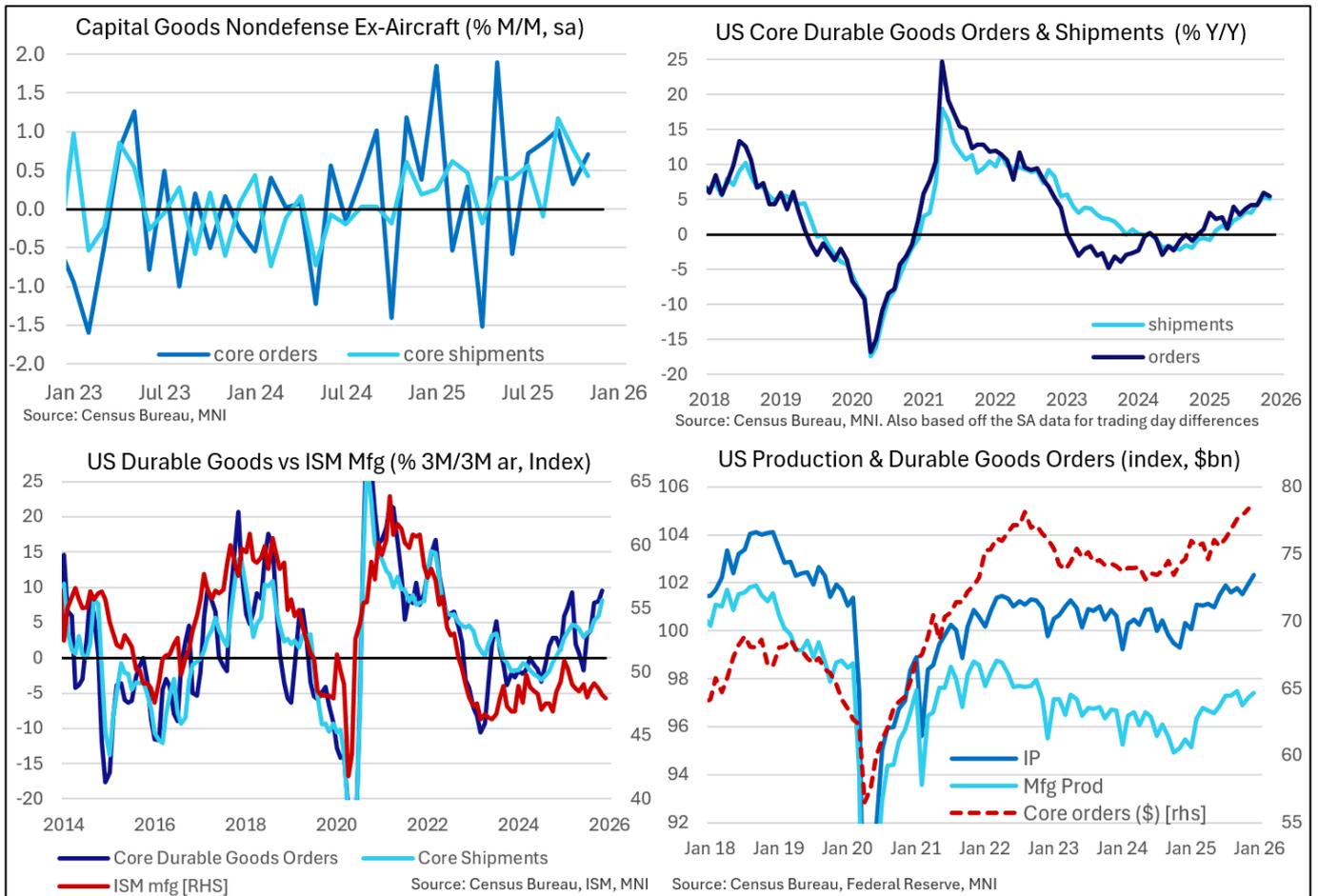


**Growth: GDP Tracking Trimmed On Further Trade Noise, Brighter Capex Outlook**

*Durable Goods Orders Point To Brightening Capex Outlook*

Durable goods orders picked up strongly in November to the best pace of growth in 6 months, and underlying metrics in the report also looked strong. We wouldn't quite characterize this as a capex boom in the making but things have definitely improved from the tariff-related volatility in mid-2025 and there is underlying potential for a reacceleration in business investment going into 2026.

- Headline durable goods orders rose 5.3% M/M (4.0% expected, prior -2.1%) but this is a notoriously volatile series and it was core capital goods orders that truly impressed. They rose 0.7% M/M (0.3% expected) albeit with a 0.2pp downward revision to October's growth (to 0.3%).
- Explaining the divergence between headline and core was as usual nondefense aircraft and parts category, which jumped 98% after dropping 18% in October. Core shipments slowed to 0.4% from 0.8% but this is a lagging indicator.
- We are more focused on the longer-term run rates and here, signs are positive: the 3M/3M annualized rate of core capital goods orders rose to 9.5%, the fastest pace since mid-2022 by our calculations, suggesting an impressive pickup in momentum. The Y/Y reading also remained solid at 4.3% (albeit a touch below the 36-month high 6.0% in October).
- Computers/Electronic products orders continue to be a standout, accelerating to 5.7% Y/Y in November for the 2nd fastest growth rate since early 2024.
- We know from already-published December data that Industrial Production looks as though it was on a slow if not entirely steady uptrend going into 2026, with business equipment led by tech spending leading the way.



**Q4 GDP Tracking Slips Under 5% As Net Export Contribution Dives**

The Atlanta Fed's GDPNow estimate for Q4 has tumbled to 4.24% Q/Q SAAR from 5.40% prior. That was the weakest estimate and biggest change since jumping from 2.9% to 5.4% on January 8 - and it's no coincidence that volatile trade data was responsible for both moves.

- Thursday's November trade data saw a larger-than-expected deficit that saw tracking for the net trade contribution to quarterly real GDP growth in Q4 cut from 1.88pp to 0.65pp annualized. It had been tracking at -0.3pp prior to the October trade report released Jan 8 and compares with the 1.6pp in Q3.
- This overshadowed and easily offset an increase in the estimate for Q4 equipment investment to 3.7% Q/Q SAAR growth from flat prior, following the latest durable goods/factory orders data, marking the highest estimate for this category so far this quarter (it grew 5.3% in Q3 and 8.5% in Q2).
- Private consumption and inventories saw slight downticks but the revisions were relatively inconsequential in the overall update, and overall the volatility in the net export number belies relative steadiness in underlying private domestic demand growth estimates.
- The next update comes on Feb 2 with the final nowcast on Feb 20.

Atlanta Fed GDPNow estimates for 2025: Q4, growth rates and changes

Date	Major Releases	GDP	PCE	Equip-ment	Intell. prop. prod.	Nonres. struct.	Resid. inves.	Govt.	Exports	Imports	Change in net exp.	Change in CIPI
22-Jan	Latest BEA estimate for 25:Q2	3.8	2.5	8.5	15.0	-7.5	-5.1	-0.1	-1.8	-29.3	323	-190
22-Jan	Latest BEA estimate for 25:Q3	4.4	3.5	5.3	5.6	-5.0	-7.1	2.2	9.6	-4.4	103	-6
23-Dec	Initial GDPNow 25:Q4 forecast	3.0	2.7	-2.4	5.6	-0.4	1.9	1.4	6.6	7.8	-26	57
6-Jan	Auto sales	2.9	2.6	-2.5	5.5	-0.4	1.6	1.4	6.5	7.7	-26	55
7-Jan	ISM Services, M3-2 Manufacturing	2.9	2.7	-2.4	5.5	-0.4	1.6	1.4	6.6	7.8	-26	55
8-Jan	International trade, Wholesale trade	5.4	3.0	-0.8	5.5	-0.4	1.5	1.4	6.1	-9.4	130	50
9-Jan	Employment Situation, Housing starts	5.1	3.0	-0.8	5.5	-0.4	-5.8	1.3	6.2	-9.3	130	48
13-Jan	CPI, New-home sales, MTS	5.1	3.0	-0.8	5.5	-0.4	-7.1	1.6	6.2	-9.2	129	48
14-Jan	Retail trade, PPI, Existing-home sales	5.3	3.1	0.7	5.5	-0.4	-6.1	1.6	6.7	-9.1	131	47
15-Jan	Import and export prices	5.2	3.1	0.7	5.5	-0.4	-6.1	1.6	5.1	-9.6	125	47
16-Jan	Industrial production	5.3	3.2	0.9	5.5	-0.4	-5.7	1.6	5.6	-9.1	124	49
21-Jan	Construction spending	5.4	3.2	0.9	5.5	-1.9	-1.0	1.5	5.6	-9.1	124	49
22-Jan	Q3 GDP, Pers. Income & outlays	5.4	3.1	-2.5	5.5	-1.9	-1.0	1.5	5.6	-9.1	124	58
26-Jan	Advance Manufacturing (M3-1)	5.4	3.2	-0.4	5.5	-1.8	-1.0	1.5	5.7	-9.1	124	53
29-Jan	Wholesale trade, M3-2 Manufacturing, International trade	4.2	3.1	3.7	5.5	-1.8	-0.8	1.5	0.9	-4.0	44	47
<b>Maximum forecast of real GDP growth</b>												
8-Jan	International trade, Wholesale trade	5.4	3.0	-0.8	5.5	-0.4	1.5	1.4	6.1	-9.4	130	50
<b>Minimum forecast of real GDP growth</b>												
5-Jan	ISM Manufacturing Index	2.7	2.4	-3.2	5.5	-0.5	1.3	1.4	6.4	7.6	-25	56

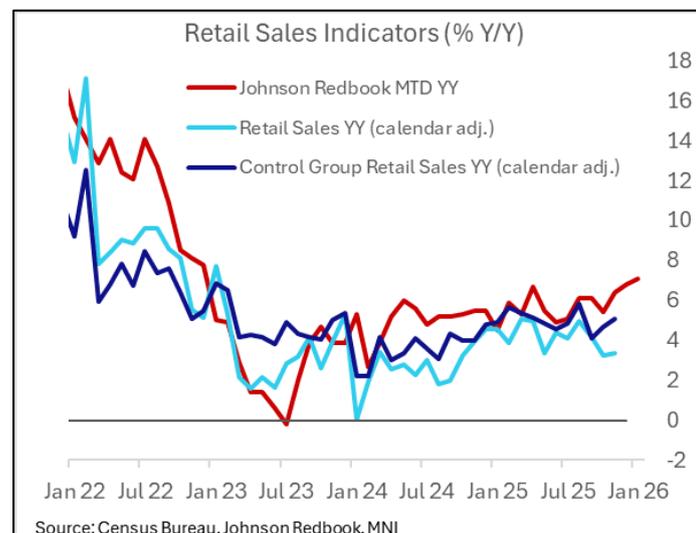
Source: Atlanta Fed

Consumer: Pre-Storm Stockpiling

Redbook Retail Sales Soar In Latest Week On Pre-Storm Stockpiling

Retail sales jumped 7.1% Y/Y in the week of Jan 24, accelerating from 5.5% a week prior, per the Johnson Redbook index. That brings month-to-date sales to 6.1% Y/Y, close to retailers' targeted 6.2% and above the 5.6% implied by the prior week's reading.

- If that holds through this week it would mark the strongest month for Redbook sales since 2022 - though we would treat this jump with caution.
- The report notes that there was a weather dynamic at play in this period, boosting sales due to stockpiling ahead of inclement weather, though there's also a suggestion that there could be some downward reversion in the following week as stores closed.
- "In anticipation of extreme cold, a major winter storm, and power outages expected late in the week, many shoppers hurried to stores to stock up on supplies. Grocery stores, gas stations, and discount retailers saw heavy crowds on Friday as people bought groceries, non-perishable foods, salt, firewood, heaters, and electric generators. Some stores closed or closed early due to severe weather and dangerous roads. Meanwhile, with the Super Bowl on February 8th, stores are gearing up with promotions on food, drinks, party supplies, and big-screen TVs."



Source: Census Bureau, Johnson Redbook, MNI

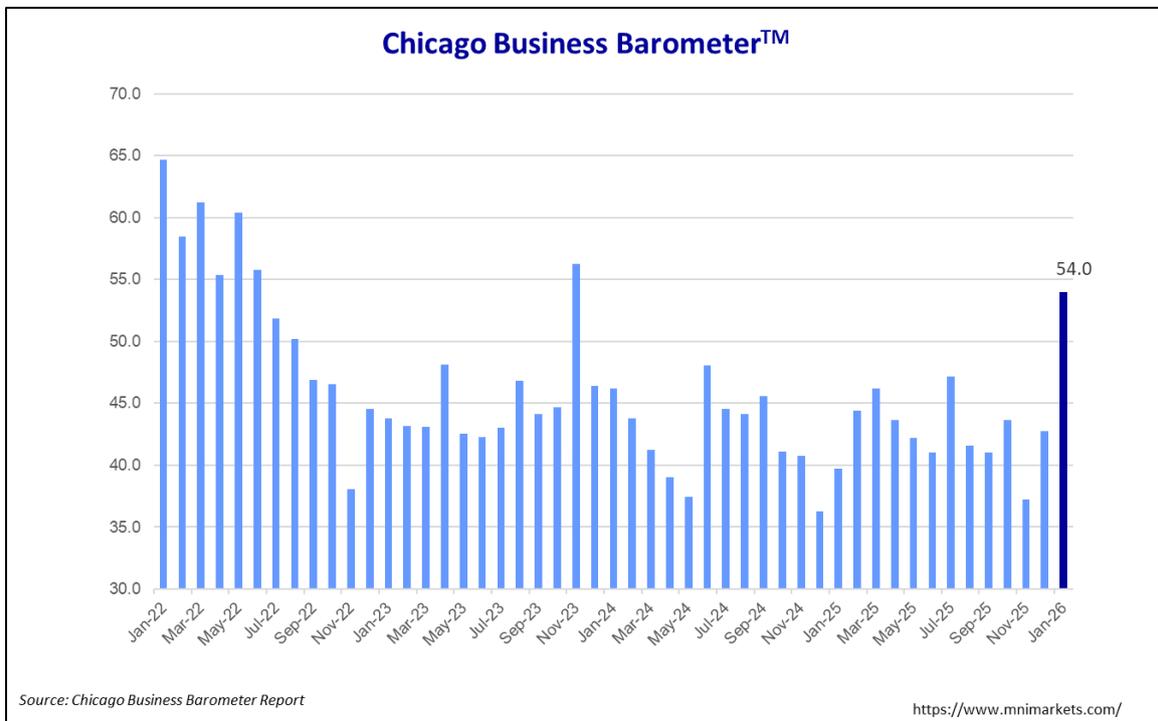
- Weather effects will thus be a factor to watch in overall January retail sales, but that might take a while as we still don't have "official" Census Bureau sales scheduled even for the December month. The Chicago Fed's preliminary ex-autos retail sales estimate for January is out on February 6.

## Business Sentiment: MNI Chicago PMI Jumps As Broader Manufacturing Activity Improves

*Chicago Business Barometer™ - Jumped to 54.0 in January*

The Chicago Business Barometer, produced with MNI, jumped 11.3 points to 54.0 in January. The index is in expansionary territory for the first time since November 2023, after twenty-five consecutive months below the key 50 mark.

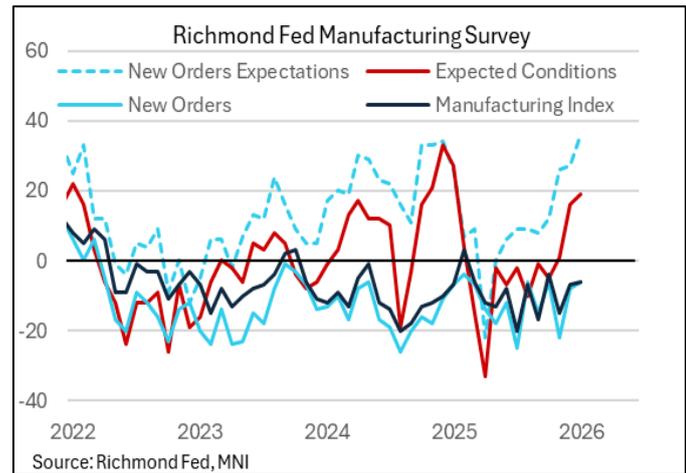
- The rise was driven by increases in Employment, New Orders, Order Backlogs and Production. A decline in Supplier Deliveries provided a marginal offset.
- Employment rose 17.5 points to the highest level since December 2024, and comfortably above the 2025 average, but still below the 50 neutral level.
- New Orders climbed 15.8 points to the highest level since March 2022.
- Order Backlogs strengthened 11.5 points, now above 50 for the first time since December 2022.
- Production advanced 9.1 points to the highest since December 2023. The index sits well above the 2025 average.
- Supplier Deliveries dipped 2.1 points, but still remained above 50 for the twelfth consecutive month.
- Inventories grew 14.3 points, now back in expansionary territory for the first time since April.
- Prices Paid fell 9.0 points, unwinding four consecutive months of rises, and dropping to the lowest level since January 2025.
- The survey ran from January 2 to January 14.



## Buoyant Optimism In Richmond Fed Surveys Bodes Well For Activity (1/2)

The Richmond Fed's Fifth District manufacturing and non-manufacturing surveys for January added a final piece of regional evidence for a national pickup in economic activity to start the year, with firms' optimism even stronger than current conditions. We wouldn't want to overstate the significance of the jump in forward expectations, as they sometimes go unfulfilled (including the late 2024 burst of optimism), but we would be unsurprised by an improvement in the "current" numbers in the months ahead.

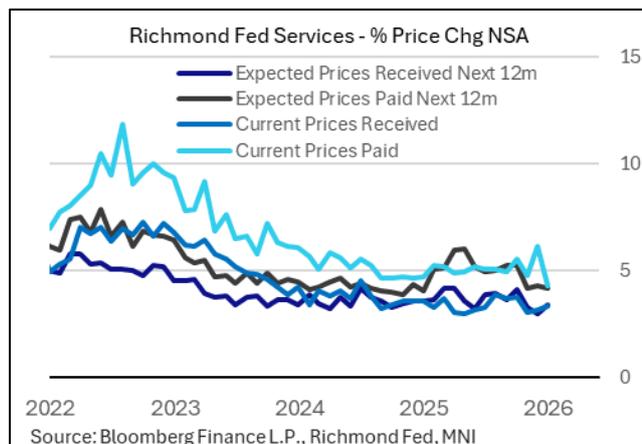
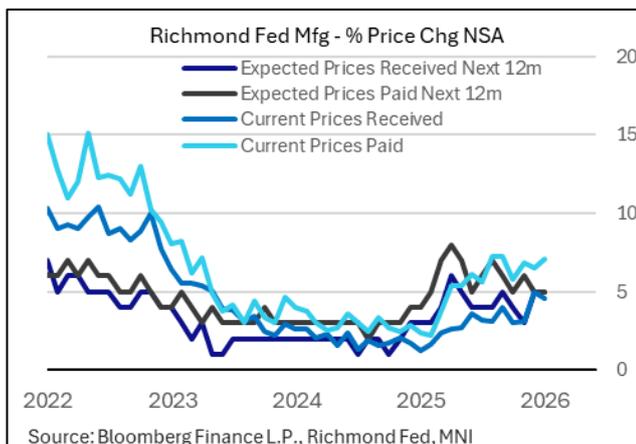
- **Manufacturing:** The composite manufacturing index printed -6, disappointing vs the -5 expected but an improvement from -7 prior. This was just a 3-month high for the index which remains below the longer-term average, but the underlying details appeared relatively solid. New orders ticked up to -6 from -8 for a 33-month high, with expectations of new orders jumping to 36 from 27. Local business conditions were flat but expectations jumped to a 12-month high. In less good news, employment retreated to -6 from -1 prior though expectations remained positive.
- **Services:** The non-manufacturing (ie services) index rose relatively strongly however, to -6 from -11 (-7 had been expected), like manufacturing a 3-month high. Revenues picked up 3 points with demand up 5, and indices for future revenues and demand rose further into positive territory. And while current employment remained a relatively robust 5, forward-looking employment rose to a year's high 20 from 14 prior.
- The slight manufacturing pickup was in line with improvements across flash national PMI and the NY, Dallas, and Philly Feds for the month, while services have been a little more mixed.



Price Dynamics Mixed In Richmond Survey (2/2)

Services vs Manufacturing price pressures diverged in January, with a pullback in non-manufacturing prices paid reflecting a broader national trend.

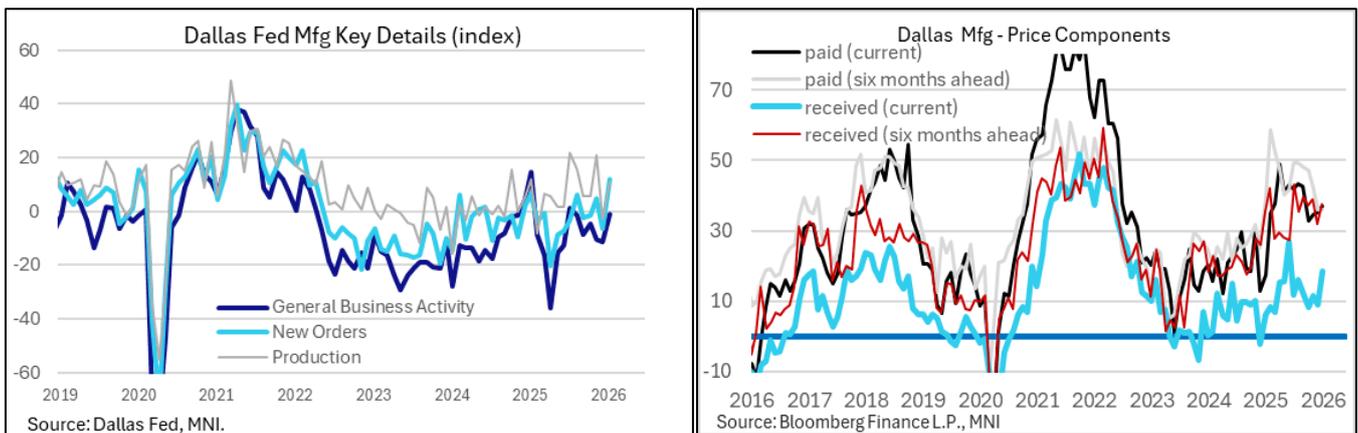
- For Manufacturing, Current prices paid rose to 7.1% from 6.5% prior for a 4-month high, with prices received dipping a little to 4.6% from December's 31-month high 5.0%. Expected prices paid/received were both steady at a still-elevated 5.0%. 3 of 5 regional Fed surveys showed higher manufacturing prices paid in January (the exceptions: neighboring NY and Philadelphia).
- Conversely, Services prices paid pulled back sharply, to 4.3% from 6.1% for a 59-month low. And with current prices received ticking up to a 3-month high 3.4% from 3.2% prior, it stands to reason that some of non-manufacturing firms' optimism in the month came from better current margins. (Expected prices were more mixed, with paid basically unchanged at 4.2% though received rose 0.4pp to 3.4%).
- That marked 4 of 5 regional Feds reporting lower non-manufacturing prices paid (Kansas Ctiy the exception).



### Robust Improvement In Texas Manufacturing Comes With Stubborn Inflation

The Texas Manufacturing Outlook Survey produced by the Dallas Fed shows a much stronger improvement in January than expected, the latest piece of data indicating a pickup in manufacturing activity to start the year.

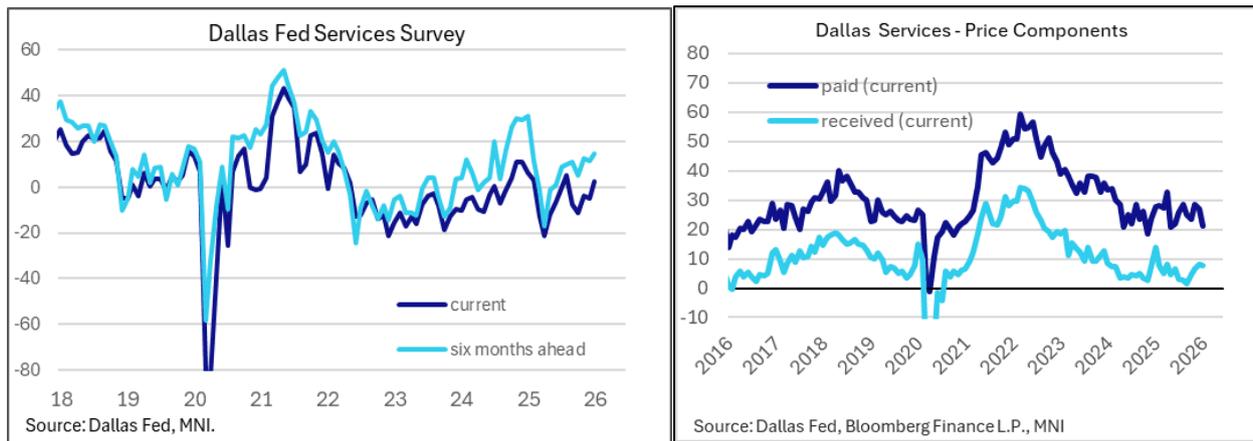
- The general business activity index rose to -1.2 (-8.5 expected) from -11.3 prior for a 6-month best and the 2nd highest reading since the start of 2025. Particularly impressive was the jump in new orders to 11.8 (-6.6 prior) for the highest in 3 years, boding well for future activity. Production more than reversed December's contraction, coming in at 11.2 (-3 prior), denoting "a reading suggestive of an above-average pace of output expansion" per the Dallas Fed.
- Employment increased 10 points to 8.2, while the overall 6-month outlook rose to a 5-month high (16.6).
- If there is a negative takeaway it is in prices paid which continued to tick up for a 3rd consecutive month (by 1.9 points to 37.1 for a 4-month high), with prices received jumping (7-month high 18.5, up 9.7 points). It's potentially indicative of Texas manufacturers both bearing higher costs and passing them through (indeed the uptick in confidence comes as implied future margins widened to the best since early 2024, with received up but paid down) though this hasn't really been replicated in the other regional manufacturing surveys.
- This follows the 0.1pp tickup in flash manufacturing PMI and NY and Philadelphia Fed's impressive readings for January, albeit the Kansas City Fed's report was flat.
- We get the last major regional manufacturing survey for January on Tuesday with the Richmond Fed's report, followed by the Dallas Fed's Texas services survey which will round off the month of non-manufacturing reports. So far, January manufacturing activity's progress has looked more impressive than services'.



### Dallas Fed Survey Wraps Up Solid Month For US Nonmanufacturing Activity

The Dallas Fed's Texas Service Sector Outlook Survey continued its recent improvement in January, marking a clean sweep of 5 regional Fed non-manufacturing surveys pointing to improved activity to start 2026 - importantly, alongside fading price pressures.

- Dallas's general business activity index hit a 5-month high 2.7 (-5.0 prior). The revenue index, "a key measure of state service sector conditions" per the report, rose from 0 to 7.8.
- The internals were a little more mixed, with the outlook uncertainty index little changed at 16.5, and labor market measures of hours/employment at flat levels. Indeed a special question in the survey showed just "Forty-four percent of surveyed firms are currently trying to hire, down from 51 percent in July 2025 and representing the lowest share since this question was first posed in 2019."
- But there was plenty else to like including a sharp improvement in optimism: future revenue rose 6 points to an above-average 37.2 and future general business activity up to a 12-month high 14.7 (11.5 prior), reflecting increased optimism in categories including employment and capex.
- Related to this improvement in sentiment, we think, is that the Prices Paid gauge dropped considerably too, falling to an 8-month low 21.1 (27.1 prior) with expectations also falling to an 8-month low (37.5).
- Overall this caps the best month on aggregate for regional Fed survey current activity since August 2025.

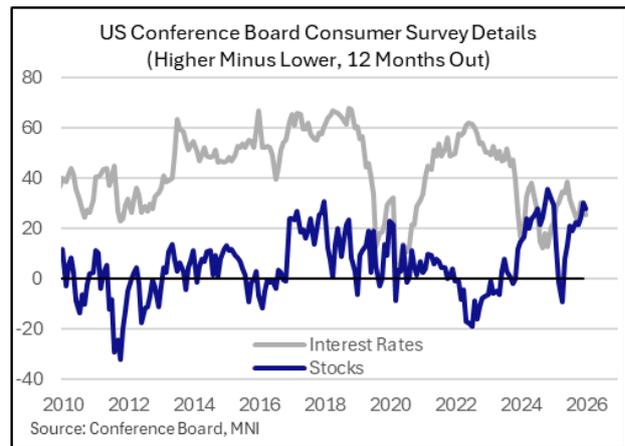
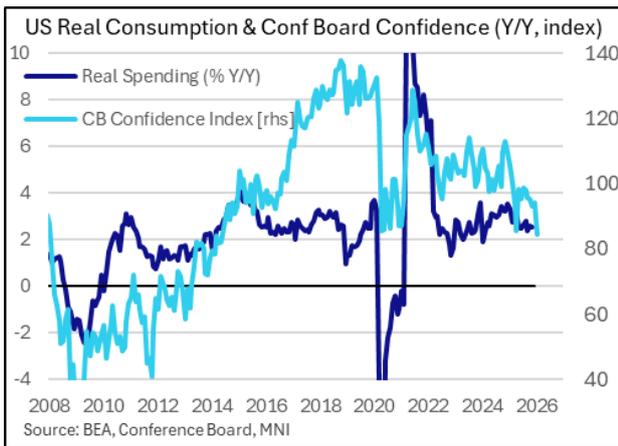
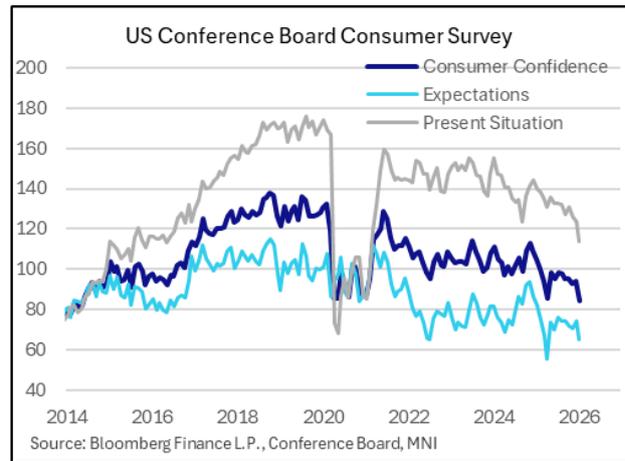
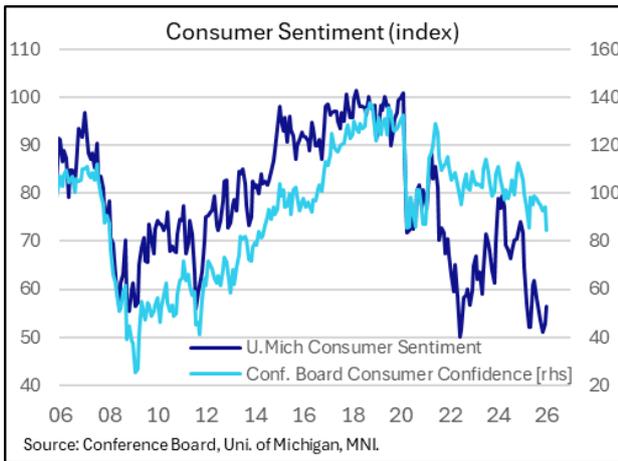


## Consumer Sentiment: Lowest Since 2014

### Consumer Confidence Slides In January Conference Board Survey

The Conference Board consumer survey was far weaker than expected in January, with its main index falling to 84.5 for an almost 10pt drop from December to its lowest level since May 2014. There are some important caveats here, such as the weak fit with actual consumer spending and the large upward revision to December confidence levels, but for now this is a clearly weak piece of soft data.

- Consumer confidence slipped to 84.5 (cons 91.0) in January, surpassing the 85.7 in April on tariff announcements for its lowest since 2014.
- The monthly drop was made larger by an upward revision to 94.2 (initial 89.1) in December although the magnitude of that revision suggests the latest figure should be taken with some caution. The cut-off for today's preliminary results was Jan 16.
- It's in contrast to the preliminary U.Mich consumer survey for January (which improved to 56.4 after 52.9), conducted across Dec 16-Jan 6. That came just prior to a rise in political tensions stemming from ICE activity in Minneapolis from Jan 7th onwards.
- Large drops were seen in both the present situation (113.7 after 123.6 – lowest since Feb 2021) and expectations (65.1 after 74.6 – lowest since April).
- From the press release (link): “The Present Situation Index fell, as net views on current business conditions dwindled to just barely positive, at +0.1%. Perceptions of employment conditions also edged lower, with the labor market differential—the share of consumers saying jobs are “plentiful” minus the share saying jobs are “hard to get”—continuing to flag. All three Expectations Index components also weakened in January. Expectations for business and labor market conditions six months from now fell further into negative territory. The outlook for household incomes became less positive.”
- Trend declines are broad-based, with six-month moving averages declining across all age groups and income brackets, whilst “Consumer confidence continued to fade in January among all political affiliations, with the sharpest decline among Independents.”
- “Consumers’ write-in responses on factors affecting the economy continued to skew towards pessimism. References to prices and inflation, oil and gas prices, and food and grocery prices remained elevated. Mentions of tariffs and trade, politics, and the labor market also rose in January, and references to health/insurance and war edged higher.”
- One area where there wasn't a material deterioration was in stock price expectations, with 52.2% expecting increases in the 12 months ahead, down from 53.7% in Dec but otherwise the highest since January. The bottom right chart below shows the net share expecting increases ahead over time.



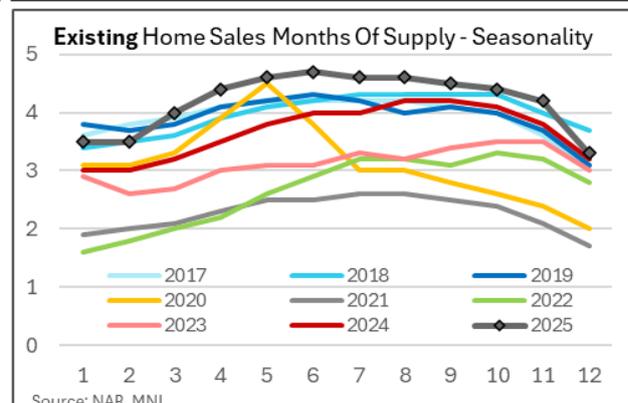
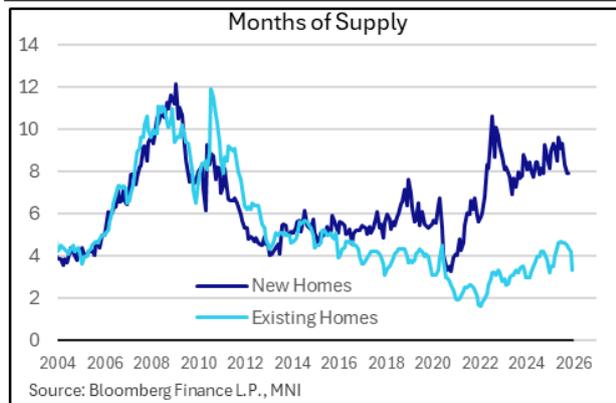
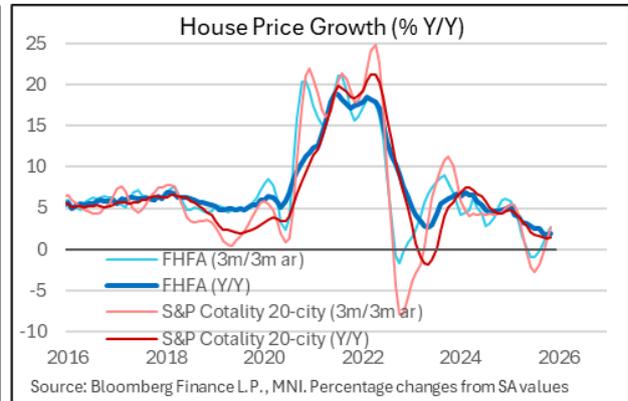
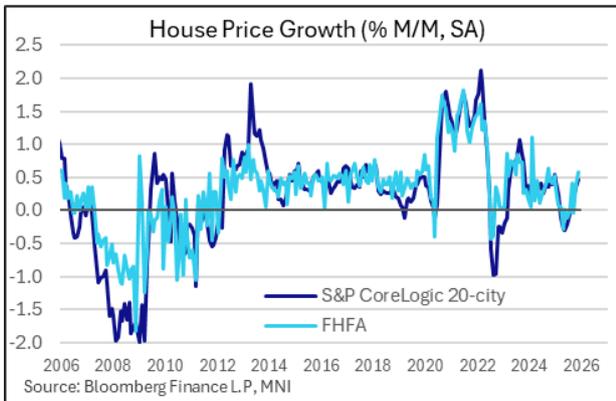
## Housing: Green Shoots Emerging

### House Prices Look To Have Ended 2025 On A Firmer Footing

FHFA and S&P Cotality house prices reported a second solid monthly increase in November and by the most in roughly a year, as house prices recovered towards the end of 2024 after a weak summer. Lower mortgage rates appear to have been a greater supporting factor than housing market dynamics. It likely saw real estate as a positive contributor to changes in household net worth in Q4 after weighing in Q3, but with moves still dwarfed by equity gains.

- FHFA house prices increased 0.57% M/M (sa, cons 0.3) in November after 0.39% M/M in Oct, the strongest seasonally adjusted increase since Sep 2024.
- S&P Cotality 20-city house prices increased 0.47% M/M (sa, cons 0.22) after an upward revised 0.36% M/M (initial 0.32) in Oct, the strongest seasonally adjusted increase since Dec 2024.
- Annual growth remains tepid in both cases, at 1.9% Y/Y and 1.4% Y/Y respectively, although nearer-term trends have firmed since summer weakness. Specifically, the FHFA metric is now running at 2.7% annualized on a 3mth/3mth basis vs -1% annualized in June whilst the S&P Cotality metric is also running at 2.7% annualized vs -2.7% in July.
- The recent increase in house prices has come despite a continued push higher in relative housing supply, with existing home sales for example running at 4.2 months of supply in November (vs 3.8 in Nov 2024, 3.5 in Nov 2023 and 3.2 in Nov 2022).
- Lower mortgage rates are likely a supporting factor however, with latest weekly data continuing to look supportive. The 30Y mortgage rate was ~50bp lower at the end of November than it was in the summer and has since fallen another ~15bp as of mid-January. That in turn has lifted mortgage applications although new purchase applications have seen a more measured increase than refis, rising 20% between end-July to end-November before little additional trend impetus since then.

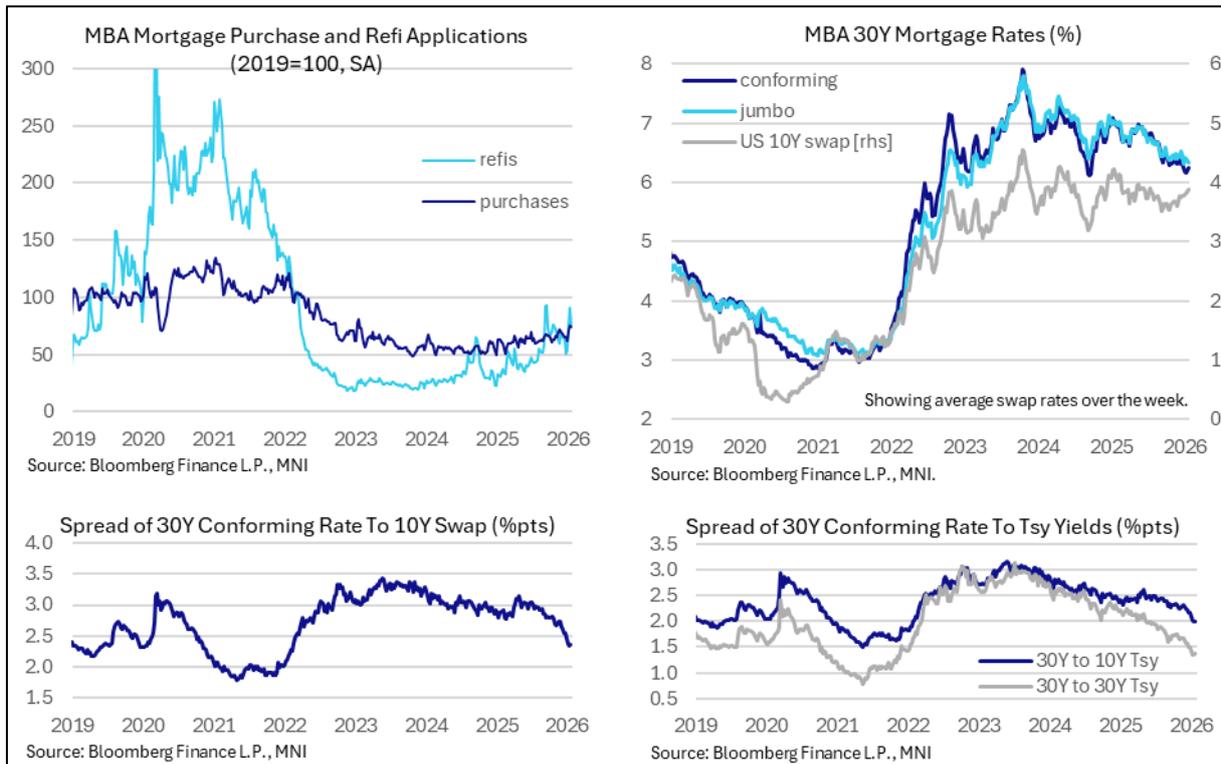
- It should start to see a return of real estate acting as a positive factor for household net worth after Federal Reserve data showed real estate net worth fell by \$0.3trn in Q3 following a \$1.1trn increase in Q2 and \$0.25trn increase in Q1.
- These flows of course pale into insignificance compared to recent contributions from equities, surging by \$5.5trn in Q3 and \$5.65trn in Q2 or about 18% of annual GDP in each quarter, in further evidence of the tailwind behind the upper portion of the “k-shaped economy”.



**Encouraging Signs From New Purchase Mortgage Applications**

Mortgage applications fell back last week as refis dropped back after particularly strong increases, but within the release new purchase applications held onto recent solid gains in encouraging signs for near-term housing activity.

- MBA composite mortgage applications fell -8.5% last week (sa) to pare two large increases that had pushed applications to their highest since Apr 2022.
- Refis have driven the move (-16% after 20% and 40%) whilst new purchases applications held onto their strong increases (-0.4% after 5% and 16%).
- This holding onto recent gains for new purchases is more notable as it points to some further green shoots for housing activity after recent improvements in house prices and sales.
- Levels relative to 2019 average: composite at 76%, new purchase at 75% and refis at 77%.
- The decline in overall applications came as the 30Y mortgage rate rose 8bp to 6.24% after the 6.16% in the previous week was its lowest since Sep 2024 and before that Sep 2022.
- Mortgage swap spreads widened a little in the latest week but it doesn't alter an impressive narrowing in recent months. The 30Y rate to the average 10Y swap rate over the week of 235bp (+2bp) compares with a peak of 315bp in May in post-tariff disruption, an average 285bp in 1Q25 and 302bp in 2024.
- Compared to August when US Tsy Sec Bessent talked on wanting to see flat or lower mortgage spreads, this swap rate spread has narrowed nearly 60bp or 42bps to 199bps for the 10Y Treasury yield equivalent.
- Narrowing has been supported by Fannie Mae and Freddie Mac increasing their retained portfolios ahead of a potential IPO, with MBS spreads then tumbling earlier this month after Trump ordered \$200bn in MBS purchases.

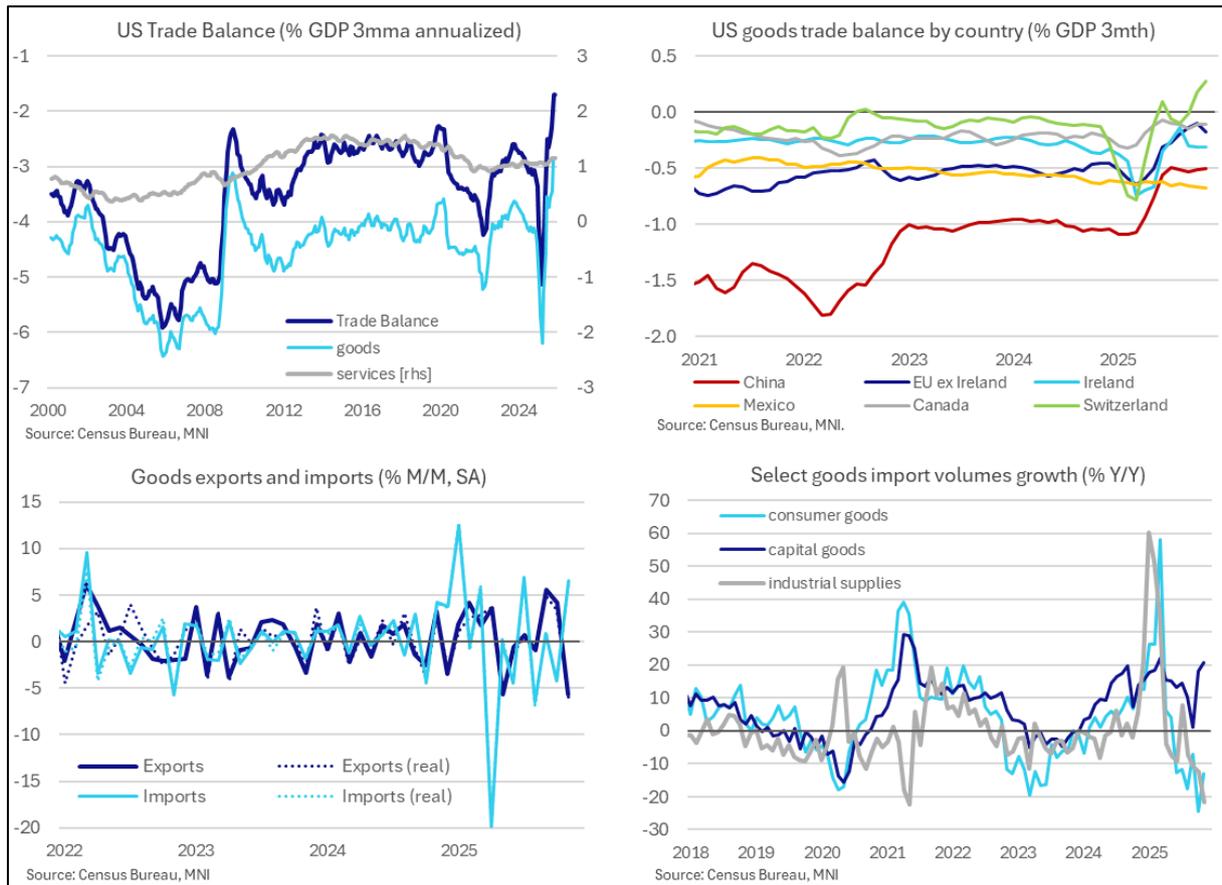


**External: Smallest Trade Surpluses Since The 1990s But A Lot Of Moving Parts**

*Another Trade Surprise But Goods Deficit Is Still Smallest Since 1990s*

Volatility remained rife in trade data for back in November, with the goods & services deficit surprising higher after the particularly small deficit in last month's update. The recent goods-only deficit at 2.8% GDP continues to track at its lowest since the late 1990s.

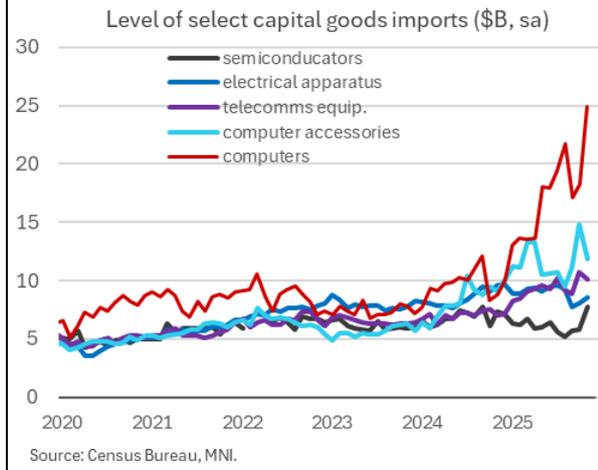
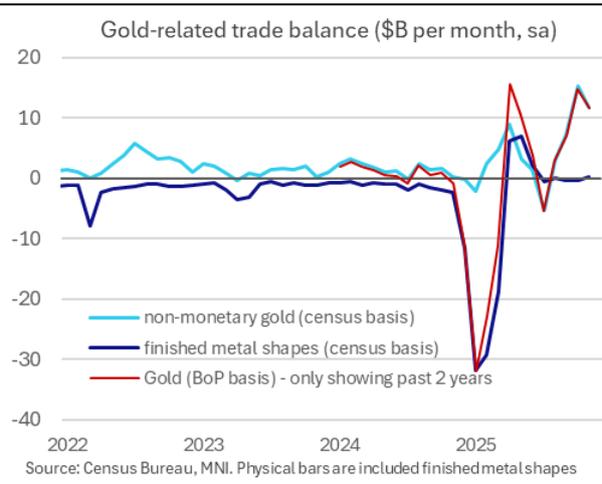
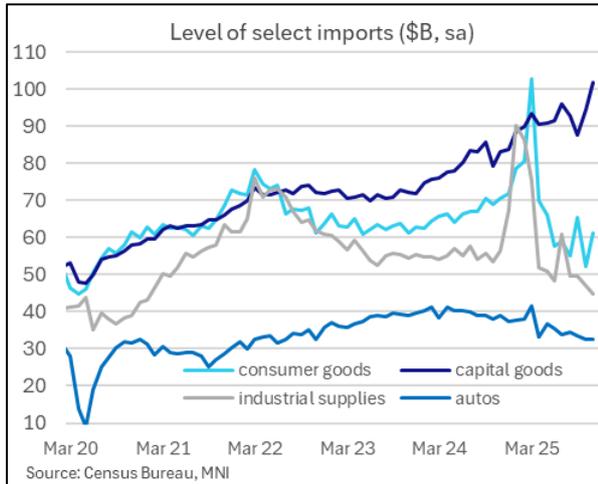
- The goods & services trade deficit swung back higher in November, to \$56.8bn (cons \$44bn) after \$29.2bn in Oct (\$29.4bn initially in what had been a much smaller than expected print last month) for its largest monthly deficit since July.
- It was driven entirely by the goods deficit (\$86.9bn after \$59bn in Oct and \$78bn in Sep) whilst the services surplus held at \$30.1bn after \$30.0bn.
- Highlighting the volatility, goods exports fell -5.6% M/M after 4.2% whilst goods imports rose 6.6% M/M after -4.3%. Drivers here include a pullback in gold exports along with higher computer and pharma imports – see part two.
- It left a goods & services trade deficit unchanged at 1.7% GDP on a three-month rolling basis, whilst the goods deficit narrowed a tenth to 2.8% GDP (a new recent low since the late 1990s) and the services surplus dipped back a tenth to 1.1% GDP.
- Last month's Q3 current account release caught President Trump's attention, writing at the time on the goods balance that: "Numbers released today show that the United States of America has the lowest Trade Deficit since 2009, and going even lower".
- Comparing the latest three month goods balances with those from end-2024 by country, the largest adjustments have come from China at +0.5pp (deficit halved from 1.0% to 0.5% GDP), Switzerland at +0.5pp (deficit of 0.3% GDP to a surplus of 0.3 GDP) with gold shipment volatility at play, and the EU ex Ireland at +0.3pp (deficit from 0.5% to 0.2% GDP).
- USMCA partners continue to have seen relatively little change however, with the Canadian balance improving by just 0.1pp (deficit from 0.2% to 0.1% GDP) and the balance with Mexico actually widening 0.1pp (deficit from 0.6% to 0.7% GDP).



**November Trade Data See Mostly Negative Impact On Q4 GDP Tracking**

The November trade release saw further significant swings in noisy components that will have only a partially caveated impact on latest GDP tracking. It's generally negative owing to import strength but not as negative as could have been first implied seeing as a non-trivial portion of the pullback in exports came from gold. We'll touch more on GDPNow tracking in due course but it sees a much smaller net trade contribution for Q4 (0.65pp vs 1.9pp) although it's still larger than seen prior to last month's trade update (-0.3pp).

- GDP negative: pharma imports bounced \$6.8bn to \$21.1bn (accounting for most of the \$9.2bn monthly increase in consumer goods) after sliding \$13.7bn in October.
- GDP negative: computer imports surged another \$6.6bn to \$24.9bn for a new record high. For context, this averaged \$15bn in 1H25 and is historically closer to \$8bn/month. A smaller impact but semiconductor imports also increased \$2bn to \$7.7bn for close to a joint high.
- No impact on GDP: non-monetary gold exports fell \$4.2bn back to \$12.9bn after jumping \$6.8bn in Oct. Switching to a BoP- rather than Census-basis to more easily strip out trade distortions per GDP accounting (as GDPNow does), the gold trade surplus was \$11.7bn in Nov after \$14.8bn in Oct and \$7bn in Sep. This is small in absolute terms compared to the huge deficit of \$32bn in Jan 2025 but it's still large vs the \$1.0bn surplus averaged through Jan-Nov 2024 in more 'normal' times.
- GDP negative: It's not a clearcut story that export weakness was solely driven by gold exports falling by \$4.2bn, as total goods exports fell by \$11.1bn. These other exports weighed on GDP tracking.
- The combination saw Atlanta Fed GDPNow tracking for the net trade contribution to quarterly real GDP growth in Q4 cut from 1.9pp to 0.65pp annualized. It had been tracking at -0.3pp prior to last month's trade report and compares with the 1.6pp in Q3 and the huge tariff-driven swings of 4.8pp in Q2 and -4.7pp in Q1.
- As for broader real import trends, there are huge differences by major categories, with overall goods imports volumes still negative at -3.7% Y/Y but capital goods still growing rapidly (21% Y/Y) vs industrial supplies (-21.5% Y/Y) and consumer goods (-13% Y/Y) under pressure as a result of the continued shadow from tariff front-running seen in 1Q25 - chart shown in part one.



## FED: Trump Picks Warsh And The FOMC Leaves Rates Unchanged In A Broadly Supported Decision

- Trump names Kevin Warsh as Fed Chair
- Senate Majority Leader Thune said “probably not” when asked if he can confirm a new Fed chair without Senator Tillis, who vowed to block any nomination until the DoJ resolves the probe into Fed renovations.
- The FOMC treaded a largely neutral path with its January decision, maintaining its easing bias but sounding slightly more patient in making its next move than it did last month.
- Gov Waller eyes 50-75bp of cuts with a “not remotely healthy” labor market whilst Miran agrees with many of Warsh’s views.

*MNI: Trump Names Kevin Warsh New Fed Chair*

By Pedro Nicolaci da Costa (Jan 30)

WASHINGTON - U.S. President Donald Trump said Friday he will appoint former Fed Governor Kevin Warsh to replace Jerome Powell as chair of the Federal Reserve when his term expires in May, capping off a year-long search that left financial markets on edge about the risk of a loss of Fed independence.

With the appointment of Warsh, Trump has chosen someone whose experience is widely seen as making him a credible steward of monetary policy, compared with the other top candidate Kevin Hassett, whose recent role as chair of the president’s National Economic Council made him appear too close to politics for the role of Fed chief. Warsh has had to overcome the perception that he is an instinctive hawk, especially because of his vocal opposition to the Fed’s second and subsequent rounds of large-scale asset purchases during the Great Financial Crisis, during which he was then-chair Ben Bernanke’s right hand man in navigating the market turmoil.

A lawyer by training and a long-time investor, most recently at Duquesne Family Office, Warsh is not a PhD economist and has vowed to lessen the central bank’s reliance on traditional Phillips curve models of the economy. He has criticized the Powell Fed for lacking a coherent reaction function.

He told MNI in October that the Fed should shrink its balance sheet in order to disentangle itself from fiscal affairs and create more room to lower interest rates and boost the real economy.

“The Powell Fed cut rates last September and mortgage rates went up a full percentage point. That’s further evidence the Fed needs regime change, including a new operating framework. When the Fed cuts rates, they should actually go down.”

Warsh has also vowed to enact substantial reforms in the regional Fed system. He would seek to reduce the amount of duplicative work done at the 12 regional banks, which Warsh thinks would be more useful as distinct centers of excellence focused on specific issues that are key to the Fed’s function -- inflation, employment, financial stability, payments and more. (See MNI POLICY: Regional Fed Banks Could Face Revamp Under Warsh)

Warsh would also likely take significant steps on policymaker communications and forward guidance, likely de-emphasizing or perhaps even ditching the Summary of Economic Projections or “dot plot” that markets closely follow. (See MNI POLICY: Warsh Could Reshape Fed On Rates, Communication) A Warsh Fed would also likely take steps to move away from the Beige Book report as it is currently compiled, because it is too anecdotal and inexact to be a useful guidepost for policy.

The president’s nominee has argued for a new Treasury-Fed accord that would lead to better coordination but also a clearer delineation of powers and duties.

“In a potential new accord between the Fed and the Treasury, the Fed’s grand ambitions and bloated balance sheet would be checked,” he said. “The Fed’s assets would be reduced in size and scope, and it would materially lower interest rates. And Secretary Scott Bessent’s fiscal and regulatory authorities would be strengthened to carry out the president’s policies. The real economy would benefit enormously.”

Trump had the following to say later in the day:

*Q: Did Kevin Warsh commit to you that'd he'd push to cut interest rates if you nominated him as Fed chair?*

A: "No. But we talk about it, I've been following him and I don't wanna ask him that question, I think it's inappropriate probably. I want to keep it nice and pure. But he certainly wants to cut rates, I've been watching him for a long time."

*Q: Do you have any concerns about his hawkish history of pushing for rate hikes?*

A: "He's gonna wanna do the same thing. I think that I've had times where you've really had to have rate hikes too. But he's very smart, very good, strong, young, pretty young. He was the central casting guy people wanted."

### **MNI Fed Review: Patient FOMC Treads Neutral Path**

The FOMC treaded a largely neutral path with its January decision, maintaining its easing bias but sounding slightly more patient in making its next move than it did last month. Markets took a very mildly hawkish interpretation with implied rates rising under 1bp for meetings to July but even less of a move further out, and the dollar remaining largely unmoved. As it stands, there is under 4bp of cuts priced for the next meeting in March.

**See the full report ([link](#)) for a PDF report for the MNI view, market reaction, MNI Instant Answers, policy statement changes and the press conference transcript.**

### **Fedspeak**

*Gov Waller Eyes 50-75bp Cuts As Labor Market "Not Remotely Healthy" (Jan 30)*

Gov Waller explains his dissent at the January FOMC meeting in favor of a 25bp rate cut ([link](#)) by arguing "monetary policy is still restricting economic activity, and economic data make it clear to me further easing is needed". He calls for bringing the policy rate closer to neutral, "which the median FOMC participant estimates is 3 percent, and not where we are-50 to 75 basis points above 3 percent.". That's unchanged from his pre-FOMC stance though it was a bit of a surprise that he dissented at this meeting given he had sounded more patient in the lead-up (though the cynical view of many was that he was signalling to the White House that he would pursue easy policy if named Chair - a position which we now know is going to Kevin Warsh).

- In particular he is extremely concerned about the labor market, which he says "does not remotely look...healthy". He says that despite December's unemployment rate downtick, the rate has risen since the middle of 2025 and the upcoming revisions to nonfarm payrolls will "likely show that there was virtually no growth in payroll employment in 2025. Zero. Zip. Nada."
- He echoes Chair Powell in citing both supply and demand for labor as being issues but "While lower labor supply was surely a factor, it also indicates considerable weakness in labor demand" with anecdotal information suggesting "that there is considerable doubt about future employment growth and...that a substantial deterioration in the labor market is a significant risk."
- Inflation gets only a brief mention in the dissent: "Inflation excluding tariff effects is running close to the FOMC's 2 percent target and on a path to sustainably reach that goal."

*Gov Miran: A Lot Of Warsh's Views Are Really Right (Jan 30)*

Fed Gov Miran - who dissented against this week's rate hold in favor of a 25bp cut (smaller than the 50bp he called for at the prior 3 meetings) - continued to argue for easier policy in a CNBC appearance Friday. The post-blackout period Fedpeak has of course been overshadowed by the White House's nomination of Kevin Warsh as the next Fed Chair, and one of the big questions was whether Warsh would take Miran's seat on the Board. Miran tells CNBC that "I would assume" that Warsh will take his seat since it's "the only one available". "I guess we'll see when the President formally sends the nomination over to the Senate" but at present he expects to remain in the seat at least through the March FOMC meeting.

- Miran praised the Warsh nomination and suggested that they were aligned on some monetary policy issues, saying "He's had a long history of convincing people about his arguments and so I think as a result, he's going to be treated with a lot of respect, and you know, I think people are going to find him very persuasive, because at the end of the day I think a lot of his views are really right."
- For example Miran says that he agrees with Warsh's view that the Fed balance sheet should be smaller, but "we've got to right size the regulations first" in order to lower the level of system reserves.
- Asked about whether he thinks Warsh will change the Fed's communications strategy, Miran says that the Fed should get rid of the projected policy rate dot in the Summary of Economic Projections. (Warsh has been critical of the Fed's current communications strategies.)
- In explaining his dovish dissent this week, Gov Miran repeats many of the same arguments he's made for several months, including that the PCE metric overestimates inflation ("Once you make these adjustments, you look at market based core ex-housing, it's running at 2.2% that's within noise of our target. So there is no inflation problem").
- He says that the gradual cooling trend in the labor market should be taken more seriously than the December unemployment rate downtick ("I don't understand why we'd be so quick to change our mind on the back of one data release... I think the unemployment rate is half a point too high or so, right? That's almost a million people who don't have jobs"), though he says he isn't as downbeat on the labor outlook as Miran's co-dissenter Gov Waller who said earlier that the jobs market "does not remotely look...healthy).

#### *St Louis's Musalem: "Unadvisable" To Cut Now (Jan 30)*

St Louis Fed's Musalem (not a 2026 FOMC voter but a hawkish-leaning member) on Friday echoed comments he made prior to the December meeting in suggesting that it would be "unadvisable" to cut rates at this time. That said, if the data were to align, then he is open to the possibility of cuts in future. Key quotes from [his speech](#):

- He says he supported this week's decision to hold rates, and "given the current data and the balance of risks, I believe it would be unadvisable to lower the rate into accommodative territory at this time...I believe that policy is now well positioned to respond as needed to either of the Fed's dual mandate objectives."
- But he appears to retain an easing bias: "I could support additional reductions in the policy rate if new evidence of labor market weakness or risks emerge, absent further signs of persistent above-target inflation or rising inflation expectations. I could also support lowering the nominal policy rate if expected inflation declines to target or falls below it."
- He notes that "Recent data indicate the labor market is regaining some of its footing" and his view is that "Although hiring remains soft, continued above trend economic growth should support the demand for labor while low levels of immigration limit growth in labor supply." Conversely he says inflation "has been stubborn" and , "but I expect inflation will resume a path toward 2% as tariff effects ebb later this year."
- He's upbeat on economic activity: "I expect the economy will continue to expand at or above its long-run trend rate in 2026...Reports indicate that consumer spending was especially strong in late December and into January...Supportive financial conditions are among [] tailwinds...changes in tax law and various forms of deregulation could also lift spending...Productivity growth is another potential tailwind" with his only real reservation being on the housing market which "has been weak for several quarters and poses some downside risk".

STIR: Ending On A Dovish Note With Trump Picking Warsh For Fed Chair

- This week's largest moves came following Trump picking former Fed Governor Kevin Warsh as his pick for Fed Chair, primarily in the hours ahead of the actual announcement having been heavily touted in newswires.
- After an initially modest hawkish reaction, rates have rallied along with a sharp pullback in precious metals.
- The FOMC decision and Powell's press conference on Wednesday drew relatively little reaction.
- A next Fed cut starts to be more earnestly considered for the June meeting again, under the new Fed chair with Powell's chair role expiring in May, with 22bp priced.
- The market also prices in two 25bp cuts to year-end, essentially pulling forward the second cut that the median FOMC member (of a highly divided committee) pencilled in for 2027 into 2026.



Fed Funds futures implied rate for Dec26 FOMC. Source: Bloomberg Finance L.P. Times in GMT

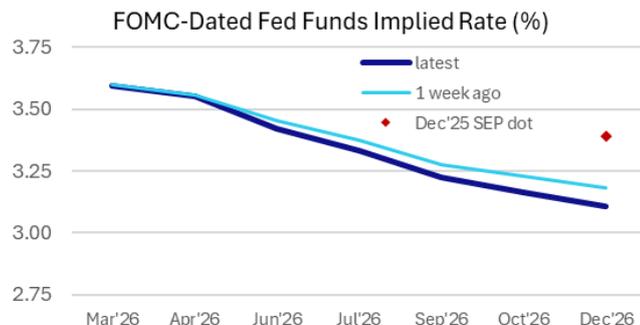
FOMC-dated Fed Funds futures implied rates

Meeting	Latest			pre Powell presser (Jan 28)			chg in rate bp	pre FOMC announcement (Jan 28)			chg in rate bp
	%	step (bp)	cum. (bp)	%	step (bp)	cum. (bp)		%	step (bp)	cum. (bp)	
Effective	3.64			3.64				3.64			
Mar'26	3.59	-4.6	-4.6	3.60	-4	-4.3	-0.3	3.60	-4	-4	-0.4
Apr'26	3.55	-4.1	-8.7	3.56	-3	-7.7	-1.0	3.56	-4	-8	-0.4
Jun'26	3.42	-13.4	-22.1	3.45	-12	-19.3	-2.8	3.44	-12	-20	-2.3
Jul'26	3.33	-8.7	-30.8	3.37	-8	-26.8	-4.0	3.37	-7	-27	-3.6
Sep'26	3.22	-10.8	-41.6	3.28	-9	-36.2	-5.4	3.28	-9	-36	-5.3
Oct'26	3.16	-6.2	-47.8	3.23	-5	-41.3	-6.5	3.23	-5	-41	-6.5
Dec'26	3.11	-5.5	-53.3	3.18	-5	-46.0	-7.3	3.18	-5	-46	-7.3

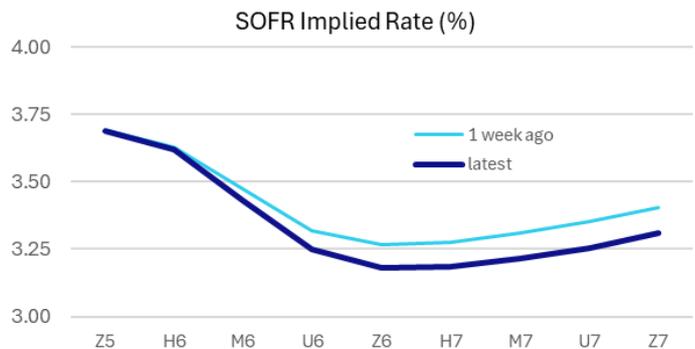
Source: Bloomberg Finance L.P., MNI.

Assuming same EFRR-target lower bound spread from latest fix going ahead

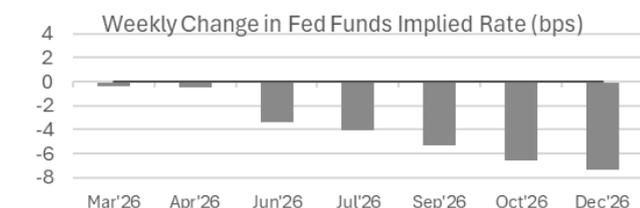
Weekly changes:



Source: Bloomberg Finance L.P., MNI. SEP median dot shows implied effective basis with current spread to lower bound



Source: Bloomberg Finance L.P., MNI.



## The US Macro Week Ahead

### Data - US Nonfarm Payrolls, Possibly

Another government shutdown looms but with questions over its potential duration and breadth. In the event the BLS isn't impacted, the nonfarm payrolls report for January will highlight the week's economic data on Friday. Monthly payrolls growth is currently expected at 65k in January for a similar pace to the 50k in December and 56k in November. If accurate, it would see another month that implies roughly zero payrolls growth when extrapolating expected downward revisions. We'll finally see these annual benchmark revisions to the level of employment back in March 2025 with this release, with the preliminary estimate of -911k but -700-800k more likely in our view. A 700k reduction would be close to the 60k per month touted by Fed Chair Powell.

The unemployment rate will again be a key component in shaping reaction to the report, with consensus currently looking for 4.4% after the 4.38% in December pulled back from the surprisingly high but shutdown-distorted 4.54% in November after 4.44% in Sep and 4.32% in Aug. The Chicago Fed's advance nowcast looks for 4.35% whilst alternative metrics have been mixed, with consumers clearly feeling pressures as the Conference Board's labor market differential weakened to fresh recent lows but jobless claims data have offered particularly favorable comparisons with prior payrolls reference periods. Some have cautioned that continuing claims are pushing lower as long-term recipients roll out of eligibility for regular state 26-week programs although JPMorgan analysis suggests this isn't the sole factor.

Should the BLS be impacted by a shutdown, expect additional weight to be placed on the ISM surveys (manufacturing Monday, services Wednesday) as well as the ADP employment report, with the latter expected at 45k but its latest weekly series tracking lower at an equivalent 31k.

### Quarterly Refunding

The February Refunding round starts on Monday Feb 2 (1500ET) with the Treasury's update on financing requirements for the current (Jan-Mar) and next (Apr-Jun) quarters, at which it is expected to largely maintain its borrowing projections for the current quarter. The main event is the full Refunding announcement on Wednesday Feb 4 (0830ET), in which any adjustments to the policy statement's guidance on future auction size increases will be closely-watched as usual. The prevailing expectation is that there will be no change to the guidance "Treasury anticipates maintaining nominal coupon and FRN auction sizes for at least the next several quarters", but that was also the overwhelming expectation in the last refunding round which surprised with a tweak, adding that "Treasury has begun to preliminarily consider future increases to nominal coupon and FRN auction sizes". Of course, it would be a shock if there were any changes to nominal coupons in this round given Treasury's professed adherence to a "regular and predictable" approach. Our expectation remains that the next upsizing will be in November but the risks are skewed to a later increase. Consensus is fairly roughly split between November 2026 and February 2027.

### *Gov't Shutdown Risks BLS Data Delay; BEA/Census Should Still Publish (Written Jan 27)*

In the event of a federal government shutdown at the end of this month, our understanding is that the Commerce Department IS fully funded so we should continue to get data from the BEA and Census Bureau during the shutdown.

- However, the Bureau of Labor Statistics (BLS) is part of the Department of Labor which is NOT funded beyond the end of January so their data releases (including January nonfarm payrolls due out next week, as well as CPI, and PPI) would be postponed if the shutdown goes long enough.
- And as with the prior shutdown, if the BLS can't produce or share some of its data, then some BEA/Census data series looks likely to be delayed too unless it's based on already-produced data. That shouldn't be a major problem for the first few weeks as most of the key BLS data (CPI, payrolls) for December has already been published but would become an increasing problem if the shutdown drags on further and BLS-produced January data is put into jeopardy.
- This morning, the Census Bureau announced several post-shutdown rescheduled data points - see graphic below. The main updates are:
  - advance retail sales for December, now scheduled for Feb 10

- multiple residential indicators including combined Nov/Dec reports for new residential construction (permits, starts) alongside December durable goods orders on Feb 18; and total construction spending for Nov/Dec on Feb 27
- trade data for December on Feb 19

Advance Monthly Sales for Retail and Food Services	February 10, 2026	8:30 AM	December 2025
Manufacturing and Trade: Inventories and Sales	February 10, 2026	10:00 AM	November 2025
Business Formation Statistics	February 11, 2026	10:00 AM	January 2026
New Residential Construction (Building Permits, Housing Starts, and Housing Completions)	February 18, 2026	8:30 AM	November 2025
New Residential Construction (Building Permits, Housing Starts, and Housing Completions)	February 18, 2026	8:30 AM	December 2025
Advance Report on Durable Goods—Manufacturers' Shipments, Inventories, and Orders	February 18, 2026	8:30 AM	December 2025
U.S. International Trade in Goods and Services	February 19, 2026	8:30 AM	December 2025
Advance Economic Indicators Report (International Trade, Retail, & Wholesale)	February 19, 2026	8:30 AM	December 2025
New Residential Sales	February 20, 2026	10:00 AM	November 2025
New Residential Sales	February 20, 2026	10:00 AM	December 2025
Advance Services Report	February 20, 2026	10:00 AM	Fourth Quarter 2025
Full Report - Manufacturers' Shipments, Inventories and Orders	February 23, 2026	10:00 AM	December 2025
Monthly Wholesale Trade: Sales and Inventories	February 24, 2026	10:00 AM	December 2025
Construction Spending (Construction Put in Place)	February 27, 2026	10:00 AM	November 2025
Construction Spending (Construction Put in Place)	February 27, 2026	10:00 AM	December 2025
Preliminary U.S. Imports for Consumption of Steel Products	Suspended	10:00 AM	December 2025
Advance Monthly Sales for Retail and Food Services	TBD	8:30 AM	January 2026
Manufacturing and Trade: Inventories and Sales	TBD	10:00 AM	December 2025
New Residential Construction (Building Permits, Housing Starts, and Housing Completions)	TBD	8:30 AM	January 2026
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Source: Census Bureau

Date	ET	Impact	Event
02 Feb	0945	***	S&P Global Manufacturing Index (final)
02 Feb	1000	***	ISM Manufacturing Index
02 Feb	1230		Atlanta Fed's Raphael Bostic
03 Feb	0800		Richmond Fed's Tom Barkin
03 Feb	0855	**	Redbook Retail Sales Index
03 Feb	1000	***	JOLTS jobs opening level
04 Feb	0700	**	MBA Weekly Applications Index
04 Feb	0830	***	Treasury Quarterly Refunding
04 Feb	0945	***	S&P Global Services Index (final)
04 Feb	0945	***	S&P Global US Final Composite PMI
04 Feb	1000	***	ISM Non-Manufacturing Index
04 Feb	1000		Treasury Secretary Scott Bessent
04 Feb	1200		Richmond Fed's Tom Barkin
04 Feb	1830		Fed Governor Lisa Cook
05 Feb	0830	***	Jobless Claims
05 Feb	1000		Treasury Secretary Scott Bessent
05 Feb	1050		Atlanta Fed's Raphael Bostic
06 Feb	0830	***	Employment Report
06 Feb	1000	***	U. Mich. Survey of Consumers
06 Feb	1000	**	University of Michigan Surveys of Consumers Inflation Expectation
06 Feb	1200		Fed Vice Chair Philip Jefferson