

Viewpoint

Our Thoughts

- The Deteriorating Labor Market Could Change Everything
- The 411 on 232s
- How the (Trade) War Was Won

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The Deteriorating Labor Market Could Change Everything

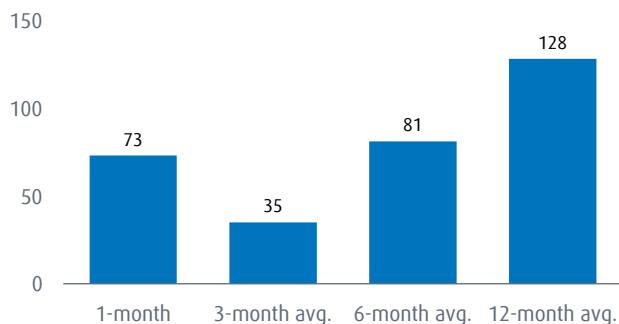
The July employment report should be a wake-up call to the markets and others that the U.S. tariff shock is real. There are meaningful risks to the labor market and inflation from the new higher tariffs, even if the reciprocal rates overall don't quite reach the heights we saw on 'Liberation Day'. The tame weekly initial jobless claims data had lulled many into a false sense of security. But weaker-than-expected July jobs data, and major downward revisions to the prior two months, illustrate a very different picture of labor market strength and resilience. Nonfarm payroll growth has been slowing rapidly since the turn of the year. The downtrend in average monthly job gains is very clear when looking at the 12-month (128k), 6-month (81k), and 3-month (35k) horizons (*Chart 1*). This is what economists, including BMO Economics, had been warning about for months, though largely falling on deaf ears in Washington, D.C. and on Wall Street.

Chart 1

Job Gains Grinding to a Halt

United States — July 2025 (thousands)

Nonfarm Payroll Change

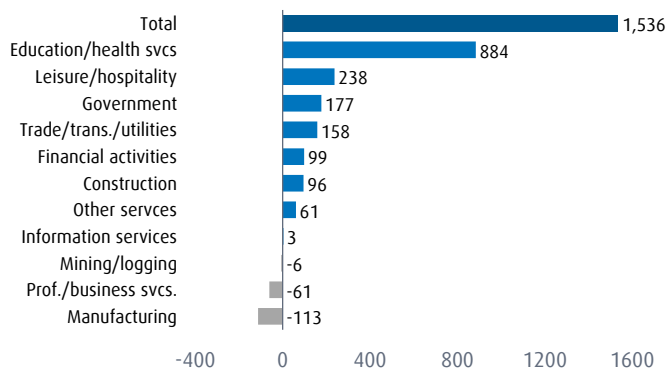


Sources: BMO Economics, BLS

Chart 2

Manufacturing In the Crosshairs

Nonfarm Employment Growth — July 2025 (000s : y/y chng)



Sources: BMO Economics, BLS

There is a lot we could focus on, but it's important to notice that most of the job losses so far, and **some of the hardest-hit industries from this tariff shock, are manufacturing and mining**: the very sectors that are being targeted with special higher sectorial tariffs in aluminum, steel, autos, etc. (*Chart 2*). Manufacturers have shed 113k jobs over the past twelve months, professional and business services are down 61k (mostly due to losses in temporary help positions), while mining and logging has shed 6k net jobs.

Hiring and demand for new workers has clearly deteriorated, but **what about labor supply?** Chair Powell noted in his remarks at the post-FOMC press conference this week that if labor supply is also contracting, due in part to new tougher immigration policies and an aging workforce, the market can remain relatively balanced as demand for labor softens. Indeed, the labor force participation rate has been declining sharply all year, starting at 62.6% in January to 62.2% in July, its lowest level since November 2022. The number of people describing themselves as not in the labor force has increased by 3 million over the past twelve months (*Chart 3*). More telling, the percentage of foreign-born people in the labor force has declined by a full percentage point since March 2025 to 18.8% (*Chart 4*).

As Chair Powell noted, **the best way to keep track of the growing slack in the labor market** today, with all the moving parts to both demand and supply, **is the unemployment rate**. At a high 4.2% in July, this rate is still only slightly above what most economists would consider full employment. However, it was at a low 3.4% in April 2023 and started the year at 4.0%, so the direction of travel is clear. We expect the unemployment

Chart 3 Exiting The Labor Force Entirely

United States (millions : y/y change)
Not in Labor Force



Sources: BMO Economics, Haver Analytics, BLS

Chart 4 Percentage of Foreign-Born Plunges

United States (% of total)
Percentage of U.S. Foreign-Born Labor Force



Sources: BMO Economics, BLS

Shading marks recession

rate to average 4.3% in Q3, rising to 4.5% in Q4 before stabilizing around 4.6% in 2026.

It is this growing labor market slack, and forecast for more ahead, that will get the FOMC and Jay Powell off the sidelines—despite the uncomfortable increase in headline and core inflation that will accompany it. **We continue to forecast a quarter point rate cut at the September and December FOMC meetings.** The weak July jobs data and downward revisions to May and June will go a long way toward changing the mindset of the median FOMC member, and materially raise the odds of the next rate cut occurring in September.

The 411 on 232s



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This week, President Trump signed a proclamation setting a **50% tariff on imports of select copper products**. This was the outcome of an investigation into the effect of copper imports on national security, **under Section 232 of the Trade Expansion Act of 1962** (as amended). The (final) report with its trade policy recommendations has not yet been published by the Department of Commerce, but a report (interim?) was transmitted to the President on June 30.

The investigation looked at imports in all forms (copper ores, copper concentrates, refined copper, copper alloys, scrap copper, and derivative products). According to the proclamation, it concluded that *“copper is being imported into the United States in such quantities and under such circumstances [global excess capacity] to threaten to impair the national security”*. It recommended a universal 30% tariff on semi-finished copper products and copper-intensive derivative products, among other measures (it’s unknown whether there were tariff recommendations for other copper forms). The President opted for a 50% duty.

Also this week, the announced trade deal with the European Union rolled back the 25% **Section 232 tariffs on automobiles and parts** to the deal’s universal 15% levy. The

50% national security tariffs on steel and aluminum remained. This was the same situation in the recent trade deal with Japan. Earlier, the U.K. trade deal reduced duties on autos to 10% from 25% (up to a quota) and kept the metals tariff at 25% instead of 50%, with the prospect of it being reduced to the 0%-to-10% range.

Note that the tariffs on steel and aluminum, along with automobiles and parts, are based on investigations conducted during the first Trump Administration. Based on import and industry (production and capacity) data as of 2017, the Commerce Department concluded that, to address the threat to national security, the following tariff levels were recommended: steel 24%, aluminum 7.7%, and automobiles and parts 25%. At the time, the steel and aluminum levies were rounded up to 25% and 10%, respectively. The Administration opted not to institute tariffs on autos and parts, with the USMCA's newly negotiated higher (and rising) regional value content requirement looming. (Under the **USMCA**, future Section 232 tariffs on autos and parts would not apply to Canada and Mexico under certain conditions and both countries would be given time to negotiate tariff-rate quotas for any new 232s. The current Administration has not honored these parts of the USMCA.)

These trade investigations were dusted off this year. (One wonders whether the conclusions drawn from 2017 data would be confirmed by fresher figures.) Only this time, the aluminum duty was set at 25%, and both metals were subsequently boosted to 50%. Autos and parts were set at the prescribed 25%. However, the fact that 232 tariffs are being set both well above and below their prescribed rates show that they are being **employed as trade negotiation levers as much as (if not more than) national security levies**. And this doesn't bode well for the **eight other 232 investigations** unfolding.

For the record, they cover (1) lumber, (2) semiconductors and chip-making equipment, (3) pharmaceuticals and ingredients, (4) medium and heavy trucks, (5) processed critical minerals and derivatives, (6) commercial aircraft and parts, (7) polysilicon and derivatives, and (8) drones and parts. The tariff parade appears poised to continue.

How the (Trade) War Was Won



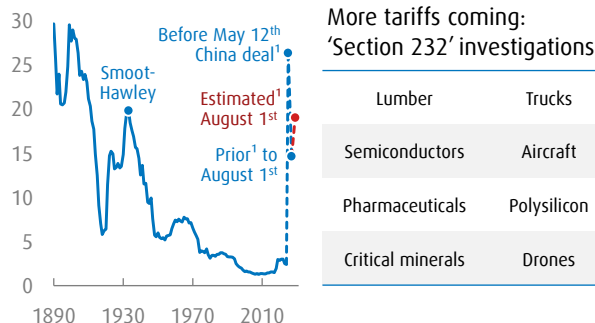
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In the last two weeks alone, three of America's largest trading partners have agreed to unilateral U.S. tariffs and pledged to make heavy-duty investments in the U.S. economy, all without firing a single shot. While there are still loose ends to tie up with some other major partners, Mexico has already locked down for another three months, and China may get there too. While markets were hit by soft jobs data Friday, the big picture is considerably calmer. The U.S. dollar is off its lows, bond yields are drifting down, and the S&P 500 has famously bounced more than 25% from the April low. And, this week's data suggested that the U.S. economy is little worse for wear from the intense trade uncertainty of three-to-four months ago. In turn, the IMF upgraded its forecast for global growth by two ticks to a solid 3.0% for 2025. All the while, the U.S. Treasury is now raking in more than \$300 billion annualized in customs revenues—and climbing—easing concerns over the OBBBA's impact on government finances.

Chart 1 Follow the Bouncing Ball

United States (percent)

Average Tariff Rate



Sources: BMO Economics, USITC, Yale Budget Lab

Table 1 Let's Make a Deal U.S. Goods Trade Balance with Select Regions

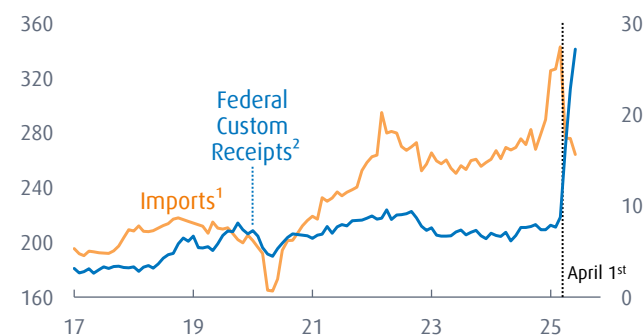
May 2025	Imports to U.S.	Exports from U.S.	Trade deficit	Tariff 'deal' rate ¹ (%)
	— (US\$ blns: 12-mo. m.s.) —			
E.U.	662.7	382.0	280.7	15
Mexico	518.4	335.4	183.1	25 ^{2,3}
China	423.1	130.1	293.0	30 ³
Canada	409.8	345.6	64.3	35 ²
Vietnam	156.6	14.4	142.2	20
Japan	149.8	81.6	68.3	15
Taiwan	140.3	46.8	93.5	20
South Korea	128.5	65.8	62.7	15
Switzerland	115.5	36.5	79.0	39
India	97.0	42.9	54.0	25
Thailand	70.0	18.7	51.3	19
U.K.	68.9	88.5	(19.7)	10
World	3,466.3	2,107.1	1,359.2	

surpluses in parentheses; ¹ as of Aug. 1; ² non-USMCA trade only; ³ still in negotiation

Sources: BMO Economics, U.S. Census, White House

Chart 2 Tariff Take

United States (US\$ blns)



¹ (lhs); ² (rhs)

Sources: BMO Economics, Haver Analytics, Census Bureau, U.S. Treasury

That is what 'winning' looks like, at least from a U.S. perspective. To briefly recap:

- Locked-in tariffs on major partners, with little retaliation
- A market rebound, with a record high for equities
- Modest impact on U.S. inflation or growth
- A solid inflow of tariff revenue

After the market hysteria in the spring (and, in fairness, among many economists), how did we end up in this near-dream-like outcome for the U.S.? In a nutshell, there were four major factors at work:

1) The absence of retaliation

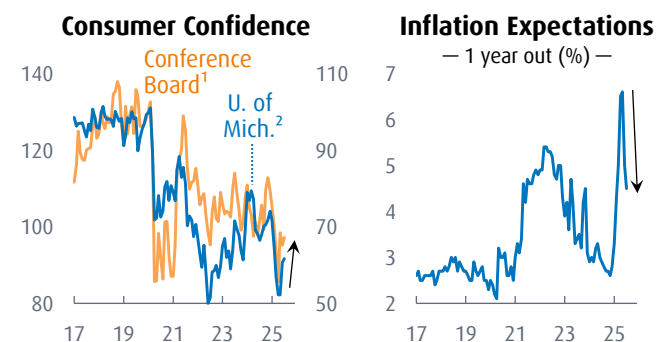
Depending on what unfolds in the days ahead with China, the average U.S. tariff rate will land at nearly 19%. That's the highest in over a century, and above even the lofty Smoot-Hawley rate in 1930 (*Chart 1*). Yet, no one is conjuring up a replay of the 1930s, or even a U.S. recession at this point, since the trade "war" really never happened. Outside of the one-month slugfest with China, and the low-level skirmish with Canada, **no other trade partner dared to impose any restrictions on U.S. goods**, with many already agreeing to a framework (*Table 1*). In fact, some nations have since offered concessions on pre-existing tariffs or other barriers, in part thanks to a highly effective divide-and-conquer strategy. In combination with some softening in the dollar since the start of 2025, U.S. exporters have thus faced remarkably little resistance this year.

2) Agile corporations

Perhaps the most pleasant surprise is the lack of any serious U.S. inflation response to the trade war, at least so far. Economists are embarking on veritable deep dives to find evidence of rising inflation. Since the tariffs began in February (first on China), core prices are up at a mere 2.1% annual rate for the CPI and 3.0% on the PCE deflator. The latter is similar to last year's average pace, while the core CPI is the slowest in four years and actually below pre-pandemic norms. The big question is: Why? Companies did a great job of **stockpiling** imported industrial materials and consumer goods ahead of the tariffs, and are now gradually working off those inventories (*Chart 2*). Moreover, they have found ways to minimize tariff costs, by **shifting production, adjusting products, or seeking relief**. While U.S. customs receipts

Chart 3
Never Mind

United States

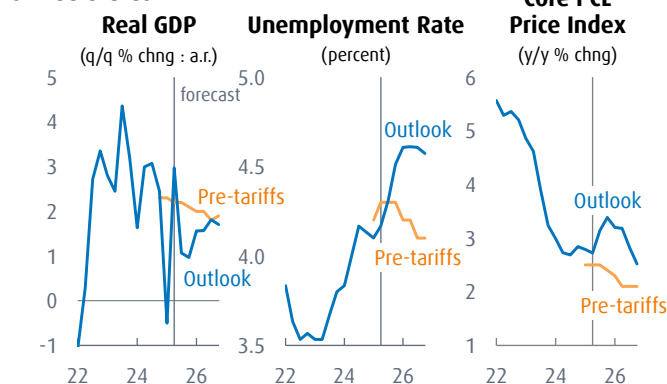


¹ (lhs : 1985 = 100); ² (rhs : 1966 Q1 = 100)

Sources: BMO Economics, Haver Analytics, U. of Mich., Conference Board

Chart 4
Tariffs' Toll... Manageable

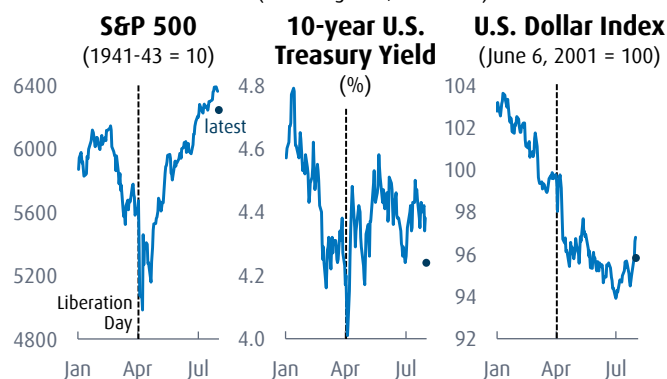
United States



Sources: BMO Economics, Haver Analytics, BLS, BEA

Chart 5
Markets' Message

United States — 2025 (as of August 1, 11:25 am)



Sources: BMO Economics, Haver Analytics, S&P, FRB, WSJ

have shot up, the effective tariff rate on overall imports (at around 10% in June) remains well below the posted rate, suggesting companies are finding workarounds, for now.

3) Solid underlying economic trends

With the U.S. consumer facing little in the way of major price increases, so far, sentiment has improved notably. After falling fast earlier this year on the wave of trade war headlines, consumer confidence has since gradually firmed to its best level since February (Chart 3). Tellingly, household inflation expectations have nearly unwound all of the big run-up as well. Personal spending managed to rise at a decent 1.4% a.r. for all of Q2. Meantime, the job market, while cooling, has not seriously blinked. The July jobless rate of 4.2% is up only 1 tick so far this year. This simply reinforced the message from the recent stability in jobless claims, and the return to low levels of layoffs.

Thus, **the net change to our economic forecast** since the start of the year has been **relatively modest** (Chart 4). True, GDP growth has been marked down somewhat, but much of that was captured in the sour first quarter, so most of the downward adjustment to expectations is already in the rear-view mirror. The jobless rate outlook has been nudged up somewhat, but the expected peak of just over 4.5% is far from concerning. And, finally, while we do still expect some delayed impact on core inflation, the anticipated rise to just over 3% pales in comparison with some earlier warnings, let alone the recent spike in 2021/22.

4) A fast market recovery on a mis-perception

The first three factors all helped markets mount a spirited comeback (Chart 5). But the rally was initially triggered by the U.S. climbdown on the reciprocal tariffs—which many misconstrued as a surrender. Market strength was then powered by the incorrect assumption that the U.S. Administration would back down from its tough trade stance (the so-called TACO trade). In fact, it was **others** that **backed down**. No matter, by the time it was clear that the U.S. tariffs were real and hefty, the economy and markets had managed well through the initial stages of the trade war, and have since moved on. In summary:

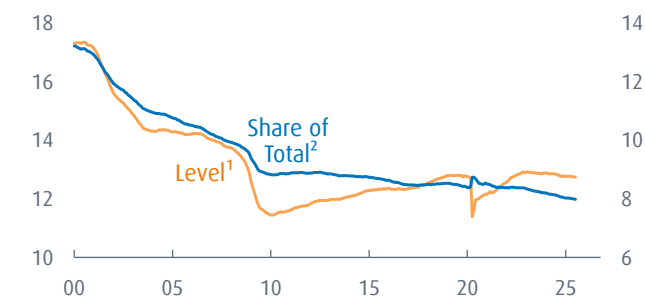
- **Equities** hit a record high as recently as this week. While the 6% year-to-date rise in the S&P 500 trails some other major markets, it is nevertheless remarkable given the waves of uncertainty.

- **Treasury yields** have eased slightly on net this year, and the brief spike after 'Liberation Day' is a distant memory. Ten-year yields of around 4.25% are a bit below this year's average. No news is good news on this front.
- **The U.S. dollar** is quietly attempting a small recovery after being hit hard in the early stages of the trade war. The trade-weighted currency is down more than 7% from its early-year high, but it's now much more of a two-way trade.

Chart 6
What's It All About?

United States (US\$ blns)

Factory Payrolls



¹ (lhs : mlns); ² (rhs : % of total nonfarm employment)

Sources: BMO Economics, Haver Analytics, Census Bureau, U.S. Treasury

What does “victory” ultimately imply?

Recognizing that it is still very early days in assessing the full impact of the tariffs, how will we know if the war is truly won? U.S. Trade Representative Greer laid out three markers this week: 1) The **U.S. trade deficit** narrows; 2) **incomes** grow faster than inflation; and, 3) **manufacturing's** share of GDP rises. Given the wild swings in the trade gap this year, a fair comparison will be versus last year's goods deficit of \$1.2 trillion (or \$100 billion per month). Economists don't all agree that a narrower deficit is a positive on a standalone basis, and many factors can swing trade. There's no debate that income growth is a positive, but incomes have many drivers, and trade policy is scarcely a leading player.

That leaves the share of manufacturing in the U.S. economy. It has dropped steadily from 28% in 1955 to 10% now. That downward trend is echoed in the jobs share, which has dropped even further to 8% (*Chart 6*). Even with some comeback from the 2009 lows, there are fewer U.S. factory jobs now than 70 years ago. The share managed a small bump up in 2018, but has since resumed its relentless decline, even with the chips-related factory building boom in recent years. There has been a drop of 36,000 factory jobs in the past five months alone. The bottom line is that if a key goal of the broader trade war is to bring back manufacturing jobs, we suspect there will be disappointment—thus **this entire campaign could prove to be a pyrrhic victory**.



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*Indications of stronger growth and a move toward price stability are **good news** for the economy.*

United States

- New reciprocal tariffs effective Aug. 7
- FOMC holds rates steady as expected—but two governors dissent in favor of cutting
- Weaker economic data point to September rate cut

Canada

- BoC holds rates steady at 2.75%
- 35% tariff up from 25%

China

- Trade talks continue and questions on extension remain

Japan

- BoJ stays on hold; lifts inflation forecast

Europe

- U.S. slaps 15% tariff on EU
- BoE expected to trim rates on Aug. 7th

Other

- IMF raises 2025 global growth forecast from 2.8% to 3.0%
- Softer Australian inflation points to RBA rate cut in August
- Mexico granted 90-day extension to negotiate trade deal

Good News

Real GDP +3.0% a.r. (Q2 A)—but largely driven by trade swings
Goods Trade Deficit narrowed to a 2-year low of \$86.0 bln (June)
Conference Board Consumer Confidence Index +2.0 pts to 97.2 (July)
Personal Income +0.3% (June)
Continuing Claims unch at 1946k (July 19 week)
Employment Cost Index 4-year low +3.6% y/y (Q2)
Average Hourly Earnings rose 3.9% y/y (July)
Wholesale Inventories +0.2%; **Retail Inventories** +0.3% (June A)

Wholesale Trade +0.7% (June A)
S&P Global Manufacturing PMI +0.5 pts to 46.1 (July)

Jobless Rate steady at 2.5% (June)
Retail Sales +1.0% (June)
Industrial Production +1.7% (June P)—first rise in 3 months

Euro Area—Consumer Prices +2.0% y/y (July P)—**Core** steady at +2.3% y/y, **Services** slow to 3.1% y/y
Euro Area—Real GDP +0.1% q/q (Q2 A)
Euro Area—Jobless Rate unch at record-low 6.2% (June)—**Germany** flat at 6.3%; **Italy** slips to 6.3%
Euro Area—Economic Confidence +1.6 pts to 95.8 (July)
Germany—Real Retail Sales +1.0% (June)
France—Real GDP +0.3% q/q (Q2 P)
France—Consumer Spending +0.6% (June)
Italy—Retail Sales +0.6% (June)

Australia—Consumer Prices slowed to 2.1% y/y (June)
Australia—Retail Sales +1.2% (June)
Mexico—Real GDP +0.7% q/q (Q2 P)

Bad News

Unemployment Rate rose 0.1 ppts to 4.2% (July)
Nonfarm Payrolls just +73k (July)—and big downward revisions
Job Openings fell to 7.44 mln (June)
Core PCE Price Index +0.3% (June)
Real Personal Spending +0.1% (June)—slowing
Construction Spending -0.4% (June)
ISM Manufacturing PMI -1.0 pts to 48.0 (July)
Pending Home Sales -0.8% (June)—second straight month of decline
S&P Case-Shiller Home Price Index -0.3% (May)
FHFA House Price Index -0.2% (May)

Monthly Real GDP -0.1% (May)—but June looks to be up 0.1%
Job Vacancy Rate slipped to 2.7% (May)—lowest since 2017

Industrial Profits -4.3% y/y (June)
Manufacturing PMI -0.4 pts to 49.3 (July)
Non-Manufacturing PMI -0.4 pts to 50.1 (July)
S&P Global Mfg. PMI -0.9 pts to 49.5 (July)
Consumer Confidence -0.8 pts to 33.7 (July)

Germany—Real GDP -0.1% q/q (Q2 P)
Italy—Real GDP -0.1% q/q (Q2 P)

Economic Forecast Summary for August 1, 2025

		2025				2026				Annual		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
UNITED STATES												
Real GDP	(q/q % chng : a.r.)	-0.5	3.0	1.1 ↓	1.0 ↓	1.6	1.6	1.8	1.7	2.8	1.6 ↑	1.5
Consumer Price Index	(y/y % chng)	2.7	2.5	3.1	3.2	2.9	3.1	2.7	2.5	3.0	2.9	2.8
Unemployment Rate	(percent)	4.1	4.2	4.3	4.5	4.6	4.6	4.6	4.6	4.0	4.3	4.6
Housing Starts	(mlns : a.r.)	1.40	1.33	1.34	1.38	1.40	1.41	1.41	1.42	1.37	1.36	1.41
Current Account Balance	(\$trlns : a.r.)	-1.80	-1.10 ↑	-1.10 ↑	-1.12 ↑	-1.13 ↑	-1.14 ↑	-1.14 ↑	-1.15 ↑	-1.19	-1.28 ↑	-1.14 ↑
Interest Rates (average for the quarter : %)												
Fed Funds Target Rate		4.38	4.38	4.29	4.04	3.79	3.54	3.29	3.04	5.15	4.27	3.42
3-month Treasury Bill		4.34	4.37	4.40	4.10	3.85	3.60	3.30	3.00	5.18	4.30	3.45
10-year Note		4.45	4.36	4.35 ↓	4.30	4.20	4.15	4.05	4.00	4.21	4.35	4.10
EXCHANGE RATES (average for the quarter)												
C\$/US\$		1.43	1.38	1.37 ↑	1.35	1.35	1.34	1.34	1.33	1.37	1.38	1.34
¥/US\$		152	144	146	143	142	141	141	140	151	146	141
US\$/Euro		1.05	1.13	1.17	1.19	1.19	1.20	1.20	1.21	1.08	1.14	1.20
US\$/£		1.26	1.34	1.35 ↓	1.37	1.37	1.38	1.38	1.39	1.28	1.33	1.38
CANADA												
Real GDP	(q/q % chng : a.r.)	2.2	-0.8	0.0 ↑	1.5 ↑	1.9 ↓	1.8 ↑	1.8	2.1	1.6	1.3	1.4 ↑
Consumer Price Index	(y/y % chng)	2.3	1.8	1.9	1.8	1.6	2.0	2.1	2.3	2.4	2.0	2.0
Unemployment Rate	(percent)	6.6	6.9	7.2	7.5	7.4	7.2	7.1	6.9	6.4	7.1	7.2
Housing Starts	(000s : a.r.)	223	283	248	247	240	232	225	225	245	250	230
Current Account Balance	(\$blns : a.r.)	-8.5	-67.8 ↓	-62.4 ↓	-61.1 ↑	-58.7 ↑	-55.6 ↑	-52.5 ↑	-49.2 ↑	-14.1	-50.0	-54.0 ↑
Interest Rates (average for the quarter : %)												
Overnight Rate		2.92	2.75	2.67	2.42	2.17	2.00	2.00	2.00	4.48	2.69	2.04
3-month Treasury Bill		2.85	2.63	2.60	2.35	2.10	1.95	1.95	1.95	4.37	2.60	2.00
10-year Bond		3.12	3.21	3.45	3.40	3.35	3.30	3.25	3.20	3.34	3.30	3.25
Canada-U.S. Interest Rate Spreads (average for the quarter : bps)												
90-day		-149	-173	-176 ↑	-173	-174	-164	-137	-108	-53	-168	-146
10-year		-133	-115	-92 ↑	-90	-87	-84	-81	-80	-87	-108	-83

Blocked areas mark BMO Capital Markets forecasts; up and down arrows (↑↓) indicate forecast changes; spreads may differ due to rounding

Key for Next Week



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ISM Services PMI

Tuesday, 10:00 am

July (e) 51.3

Consensus 51.5

June 50.8

The **ISM Services Index** is expected to extend its rebound from the 'Liberation Day' shock. The index should improve to 51.3 in July from a near-stagnant 50.8 in June and a slightly contractionary 49.9 in May. Consumer confidence and regional manufacturing PMIs continued to rise in July as the worst fears from the tariff shock have yet to materialize. S&P Global's preliminary Services PMI improved by 2.3 points in July to a robust 55.2—its highest reading all year. The ISM Services measure has tended to be much more subdued in recent months than the S&P Global gauge, so we don't expect to see as strong of a rebound in July. Investors will be closely watching the new orders, employment, and prices paid components for signs of future slowing in activity and rising inflation pressures. Consumer spending has been volatile and uneven recently, while real personal income has declined over the past two months, suggesting more headwinds for services in the second half of the year. — S.A.

Productivity

Thursday, 8:30 am

		Unit Labor Costs
Q2 P (e)	+2.8% a.r.	+1.5% a.r.
Consensus	+2.0% a.r.	+1.5% a.r.
Q1	-1.5% a.r.	+6.6% a.r.

After cruising at an above-2% yearly rate since mid-2023, **labor productivity** growth slipped to 1.3% in Q1, but should return to around 2% in Q2. On a quarterly basis, we expect a 2.8% annualized bounce after Q1's contraction, with the swings tied to gyrating imports. Looking past the trade-related noise, there's little sign, yet, of fundamental weakness in productivity stemming from the trade war. But that could change, as businesses search for alternative suppliers to avoid tariffs. The expected upturn in Q2, coupled with an estimated 4.3% rise in hourly compensation, could lift **unit labor costs** 1.5% annualized. That's non-threatening, but the trade-related distortions suggest policymakers will largely ignore this release. — S.G.

North American Calendar — August 4–August 8

	Monday August 4	Tuesday August 5	Wednesday August 6	Thursday August 7	Friday August 8
United States	10:00 am Factory Orders June (e) -4.7% <i>Consensus</i> -5.0% <i>May</i> +8.2% 11:30 am 13- & 26-week bill auctions \$155 bln	8:30 am Goods & Services Trade Deficit June (e) \$62.0 bln <i>Consensus</i> \$62.0 bln <i>May</i> \$71.5 bln 9:45 am S&P Global Services/Composite PMI (July F) 10:00 am ISM Services PMI July (e) 51.3 <i>Consensus</i> 51.5 <i>June</i> 50.8 11:30 am 6-week bill auction \$85 bln 11:30 am 52-week bill auction \$50 bln 1:00 pm 3-year note auction \$58 bln	7:00 am MBA Mortgage Applications 30-year FRM Aug. 1 <i>July 25</i> -3.8% 6.83% 10:00 am Global Supply Chain Pressure Index July <i>June</i> 0.00 Fed Speakers: Governor Cook, Boston's Collins (2:00 pm); San Francisco's Daly (3:10 pm) 1:00 pm 10-year note auction \$42 bln	8:30 am Initial Claims Aug. 2 (e) 222k (+4k) <i>July 26</i> 218k (+1k) 8:30 am Continuing Claims July 26 <i>July 19</i> 1,946k (unch) 8:30 am Productivity Unit Labor Costs Q2 P (e) +2.8% a.r. +1.5% a.r. <i>Consensus</i> +2.0% a.r. +1.5% a.r. <i>Q1</i> -1.5% a.r. +6.6% a.r. 10:00 am Wholesale Inventories June F (e) +0.2% <i>May</i> -0.3% 3:00 pm Consumer Credit June (e) +\$9.0 bln <i>Consensus</i> +\$7.2 bln <i>May</i> +\$5.1 bln Fed Speaker: Atlanta's Bostic (10:00 am) 1:00 pm 30-year bond auction \$25 bln	Fed Speaker: St. Louis' Musalem (10:20 am) Saturday August 9 ▶ Fed Speaker: Governor Bowman (12:15 pm)
	Civic Holiday (markets closed)	8:30 am Merchandise Trade Balance June (e) -\$6.5 bln <i>Consensus</i> -\$5.9 bln <i>May</i> -\$5.9 bln 11:15 am Cash management bond buybacks \$0.5 bln	9:30 am S&P Global Services PMI July <i>June</i> 45.6 Noon 5-year bond auction \$5.25 bln	10:00 am Ivey PMI (s.a.) July <i>June</i> 53.3 Noon 10-year bond auction \$5.25 bln 2-year bond auction announcement	8:30 am Employment July (e) unch (+10,000) <i>Consensus</i> +0.1% (+15,000) <i>June</i> +0.4% (+83,100) 8:30 am Unemployment Rate July (e) 7.0% <i>Consensus</i> 7.0% <i>June</i> 6.9% 8:30 am Average Hourly Wages July (e) +3.0% y/y <i>June</i> +3.2% y/y

^c = consensus; ^d = date approximate; ^r = reopening

Upcoming FOMC Policy Meetings: Sep. 16-17, Oct. 28-29, Dec. 9-10

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