

Economic Update, August 1, 2025
Submitted by Michael Mount

Summary: The Federal Reserve held interest rates steady, but two governors voted to decrease rates, citing slowing growth and a less dynamic labor market. The jobs report came in at a relatively low 73,000, though the unemployment rate remained at 4.2 percent. GDP rebounded in the second quarter, but that primarily reflected a decrease in imports. Consumer confidence improved a little but remains below its peak before the 2020 recession. Home sales were down.

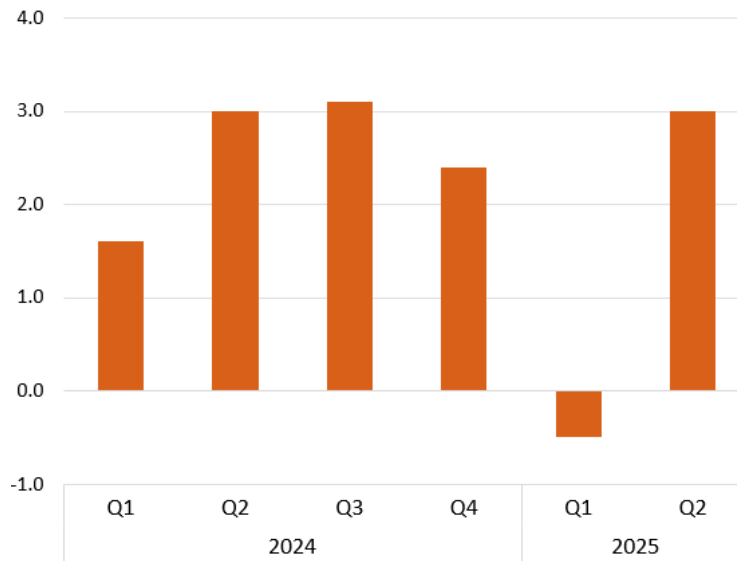
Federal Government Indicators and Reports

Bureau of Economic Analysis

Tuesday, [Economic Indicators](#): “The international trade deficit was \$86.0 billion in June, down \$10.4 billion from \$96.4 billion in May. . . . Wholesale inventories for June . . . were estimated at an end-of-month level of \$907.7 billion, up 0.2 percent from May 2025. . . . Retail inventories for June . . . were estimated at an end-of-month level of \$808.7 billion, up 0.3 percent from May 2025.”

Wednesday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 3.0 percent in the second quarter of 2025. . . . The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending . . . partly offset by decreases in investment and exports.”

Real GDP, Percent Change From Preceding Quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Thursday, [Personal Income and Outlays](#): “Personal income increased \$71.4 billion (0.3 percent at a monthly rate) in June. . . . Excluding food and energy, the PCE price index increased 2.8 percent from one year ago.”

Bureau of Labor Statistics

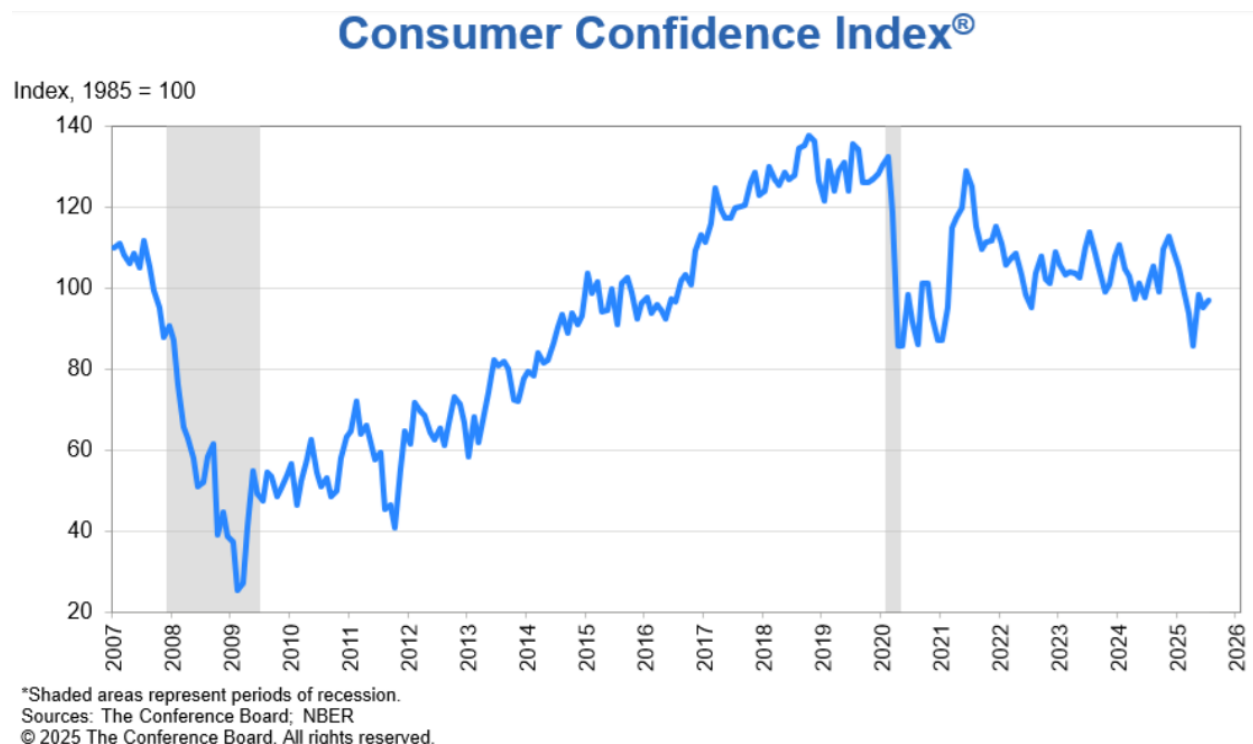
Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings was little changed at 7.4 million in June. . . . Over the month, both hires and total separations were little changed at 5.2 million and 5.1 million, respectively.”

Friday, [Jobs Report](#): “Total nonfarm payroll employment changed little in July (+73,000) and has shown little change since April. . . . The unemployment rate, at 4.2 percent, also changed little in July. Employment continued to trend up in health care and in social assistance. Federal government continued to lose jobs.”

Economic Indicators and Confidence

The Conference Board

Tuesday, [Consumer Confidence](#): The index “improved by 2.0 points in July to 97.2 (1985=100), from 95.2 in June (revised up by 2.2 points).”



ADP

Wednesday, [Private Employment](#): “Private employers added 104,000 jobs in July. . . . Hiring gains were led by a resurgence in services, with the exception of education and health, which has posted a net loss of jobs so far this year.”

Federal Reserve

Wednesday, [Interest Rate Decision](#): “Although swings in net exports continue to affect the data, recent indicators suggest that growth of economic activity moderated in the first half of the year. The unemployment rate remains low, and labor market conditions remain solid. Inflation remains somewhat elevated. . . . [T]he Committee decided to maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent.”

Friday, [Statement from Federal Reserve Governor Waller](#): “At the most recent Federal Open Market Committee (FOMC) meeting, I dissented because I concluded that cutting the policy rate by 25

basis points was the appropriate stance of policy. . . . With underlying inflation near target and the upside risks to inflation limited, we should not wait until the labor market deteriorates before we cut the policy rate.”

Friday, [Statement from Federal Reserve Governor Bowman](#): “I preferred to lower the target range for the federal funds rate by 25 basis points. . . . With economic growth slowing this year and signs of a less dynamic labor market, I saw it as appropriate to begin gradually moving our moderately restrictive policy stance toward a neutral setting.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment improved for the second straight month, inching up a scant single index point from June,” ending July at 61.7.

Mortgages and Housing Markets

U.S. Census

Monday, [Residential Vacancies and Homeownership](#): “National vacancy rates in the second quarter 2025 were 7.0 percent for rental housing and 1.1 percent for homeowner housing. . . . The homeownership rate of 65.0 percent was not statistically different from the rate in the second quarter 2024 (65.6 percent).”

S&P Global

Tuesday, [Home Price Index](#): “The leading measure of U.S. home prices recorded a 3.4 percent annual gain in March 2025, a slight decrease from the previous reading in February 2025.”

Federal Housing Finance Agency

Tuesday, [House Price Index](#): “U.S. house prices fell 0.2 percent in May, according to the U.S. Federal Housing (FHFA) seasonally adjusted monthly House Price Index (FHFA HPI). House prices rose 2.8 percent from May 2024 to May 2025.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “‘Mortgage applications fell [by 3.8 percent from one week earlier] to their lowest level since May, with both purchase and refinance activity declining over the week. There is still plenty of uncertainty surrounding the economy and job market, which is weighing on prospective homebuyers’ decisions,’ said Joel Kan, MBA’s Vice President and Deputy Chief Economist.”

National Association of Realtors

Wednesday, [Pending Home Sales](#): For the Southern United States, pending home sales decreased 0.7 percent in June, slightly less than the 0.8 percent decrease for the U.S. overall.