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Mixed bag

The Federal Reserve released the minutes of the Federal Open Market Committee's May meeting this week, and the markets yawned. That's because it revealed little that the meeting's statement, Chair Jerome Powell's comments in his press conference or the many appearances by Fed officials since then already had. It's best summed by this sentence: "Participants affirmed that additional favorable data were required to give them greater confidence that inflation was moving sustainably toward 2%."

So what of the data out this week? Also mixed. In total, it suggested the economy is cooling in a manner that suggests inflation should fall—but the Fed doesn't move on suggestions. The ISM reports for June painted the picture of a softening economy. Manufacturing was 48.5, down from 48.7 in May, and services touched 47.3, down from 54.1. The latter was much lower than expected.

But the labor market continued to give the same mixed results it has been providing for many months. Job openings, measured through JOLTS, rose in May and the ADP report was essentially unchanged. And the Big Daddy of employment reports had plenty of contradictory information. While the jobs report released Friday showed that the country added a stronger-than-expected 206,000 jobs in June and the participation rate rose to 62.6%, private payrolls gained just 136,000 jobs and the Bureau of Labor Statistics revised nonfarm payrolls for April and May down by a combined 111,000 jobs. Also, the unemployment rate rose to a 32-month high of 4.1%.

In all, not the sort of data that inspires confidence in any direction.

Views are as of the date above and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

The Institute of Supply Management (ISM) manufacturing index is a composite, forward-looking index derived from a monthly survey of U.S. businesses.

The Institute of Supply Management (ISM) nonmanufacturing index is a composite, forward-looking index derived from a monthly survey of U.S. businesses.

The Job Openings and Labor Turnover Survey (JOLTS) is conducted monthly by the U.S. Bureau of Labor Statistics.

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