Fed Officials Weigh Solid Growth as Inflation Retreats

Scott McIntyre

This morning, the Fed's preferred inflation measure for July met expectations as price pressures continue to cool. Both headline personal consumption expenditures (PCE) and core PCE increased +0.2% in July, equaling the median forecast. On a year-over-year basis through July, overall PCE was rising at a +2.5% pace, while the annual core rate was up +2.6%. *No real surprises here.*

In other news today, July personal income rose +0.3%, slightly stronger than the prior month, while personal spending climbed +0.5%, up from +0.3% in June. *This indicates consumers started the new quarter on a positive note.*

Inflation is low enough to begin easing; the bigger question is *how aggressive can the Fed afford to be when the economy remains on solid ground?*

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