Rising Productivity, Lower Labor Costs and Factory Weakness Increase Rate Cut Probability

Scott McIntyre

Improved second quarter labor productivity and a slowdown in labor costs further increases the likelihood of a September rate cut, while the Bank of England's first easing move in over four years adds additional pressure on the Fed.

Nonfarm productivity rose at an annualized rate of +2.3% in the second quarter, above the +1.8% median forecast and considerably higher than the revised +0.4% gain in Q1. On a year-over-year basis, productivity growth actually slowed from +2.9% to +2.7%, but it has now been *five consecutive quarters of solid increase*.

Read the full article

Read more Economic Commentary

©2026 Hilltop Securities Inc. \ All rights reserved \ MEMBER: NYSE/FINRA/SIPC