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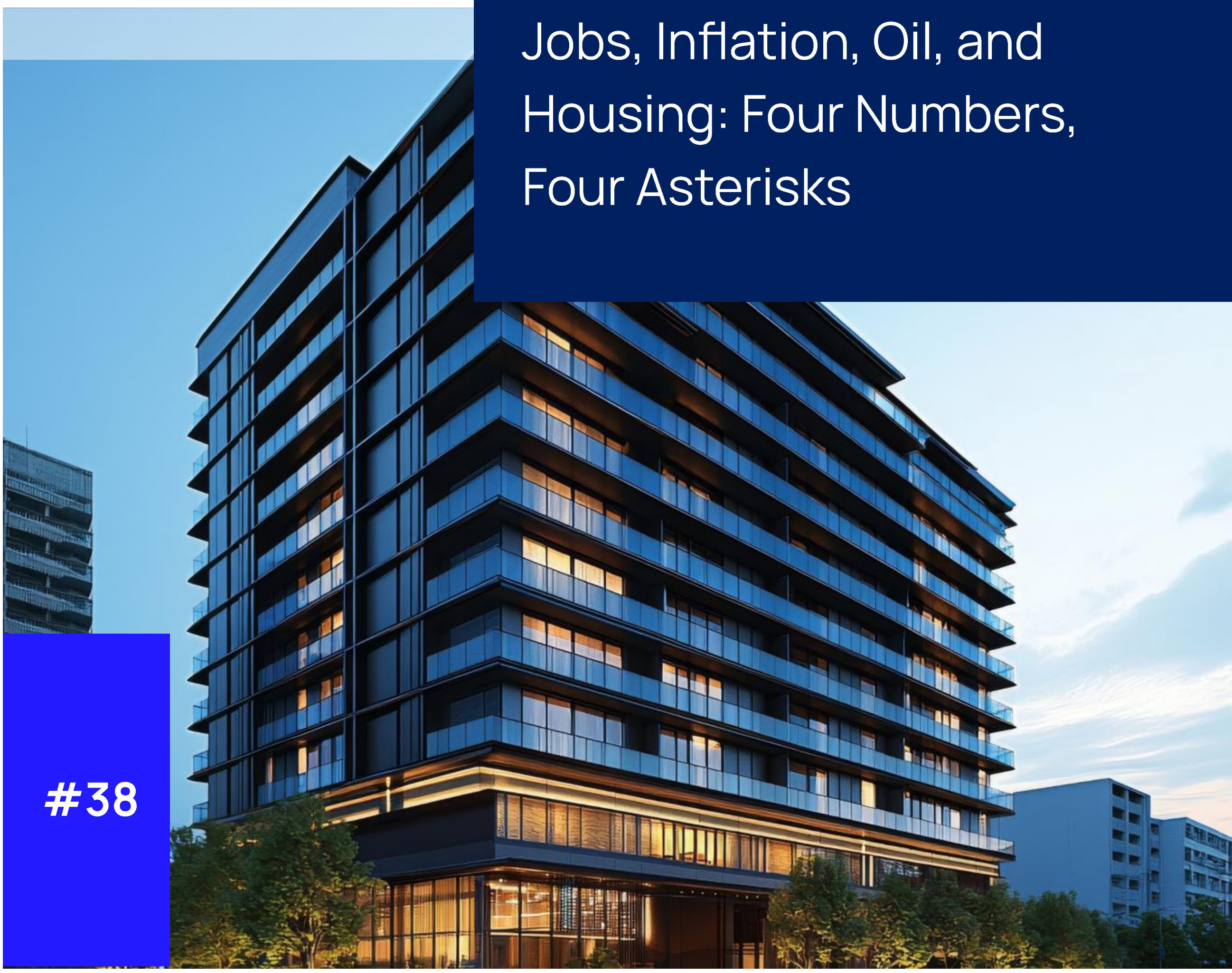
Beneath Headlines

Jobs, Inflation, Oil, and Housing: Four Numbers, Four Asterisks



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Executive Overview

Payrolls fell 23,000 with steep revisions, inflation eased to 3.4%, crude inventories posted their largest build since 2023, and home sales slowed as mortgage rates hit a 2026 high.

Four releases between August 7 and August 13, 2026 revealed a US economy cooling on multiple fronts at once. July nonfarm payrolls fell by 23,000, with May and June revised down a combined 103,000, though jobless claims rose only modestly to 209,000 the following week, suggesting the weakness hasn't deepened further.

CPI eased to 3.4% annually while PPI held flat month-over-month, both pointing toward continued disinflation, though core price pressure in shelter and services remains sticky.

Crude oil inventories posted their largest weekly build since January 2023, up 17.4 million barrels, driven by a sharp drop in exports tied to ongoing Strait of Hormuz disruptions.

Existing-home sales fell 1.7% in July as the 30-year mortgage rate climbed to a 2026 high of 6.69%, even as the median home price set its 37th consecutive monthly record.

Together, the data shows a labor market that stumbled in July without collapsing, inflation still cooling but not resolved, an oil market absorbing a geopolitically driven supply shift, and a housing sector caught between record prices and rising borrowing costs.

Payrolls Fall, Claims Rise

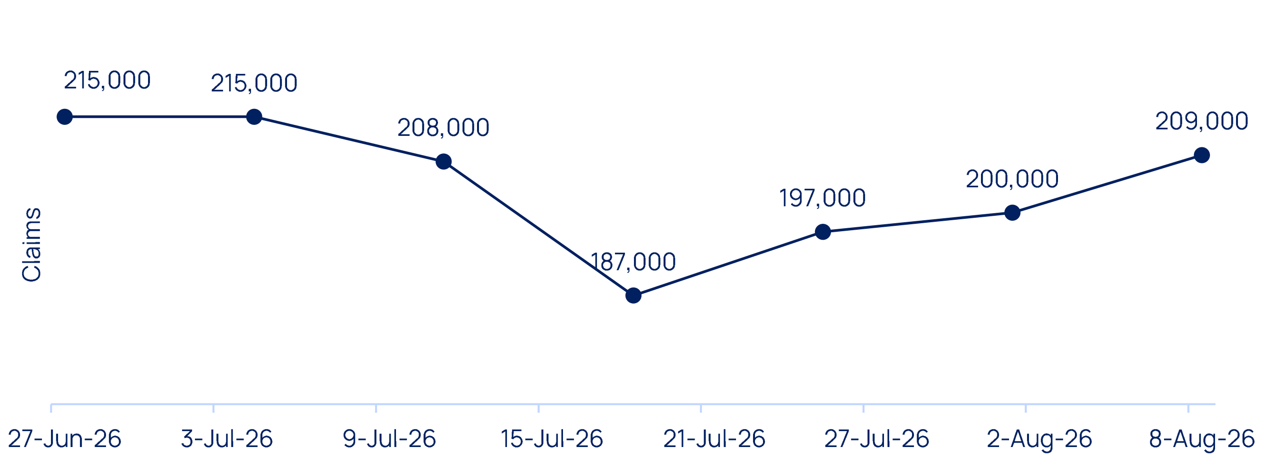
July payrolls fell 23,000 with steep revisions, while claims rose to 209,000 the following week

The Bureau of Labor Statistics reported on August 7, 2026 that nonfarm payrolls fell by 23,000 in July, missing a consensus estimate for a gain of roughly 83,000 to 95,000 jobs. May and June payroll gains were revised down by a combined 103,000, from 129,000 to 63,000 for May and from 57,000 to 20,000 for June.

The unemployment rate ticked down to 4.1% from 4.2% in June, though the decline traced to a shrinking labor force rather than stronger hiring: the labor force participation rate fell to 61.4%, its lowest level in more than five years. Average hourly earnings rose just 2 cents for the month, pulling 12-month wage growth down to 3.2%, the lowest since May 2021. One week later, on August 13, 2026, the Department of Labor reported that initial jobless claims rose by 9,000 to 209,000 for the week ended August 8, above the roughly 202,000-205,000 consensus and up from a revised 200,000 the prior week. Continuing claims fell 22,000 to 1,777,000.

Together, the two releases show a labor market that weakened meaningfully in July but has not deteriorated further into August, a distinction the Federal Reserve will weigh closely ahead of its September 15-16 meeting, particularly with Fed officials publicly split on how urgently to respond.

Figure 1: **Initial Jobless Claims**



Source: US Department of Labor

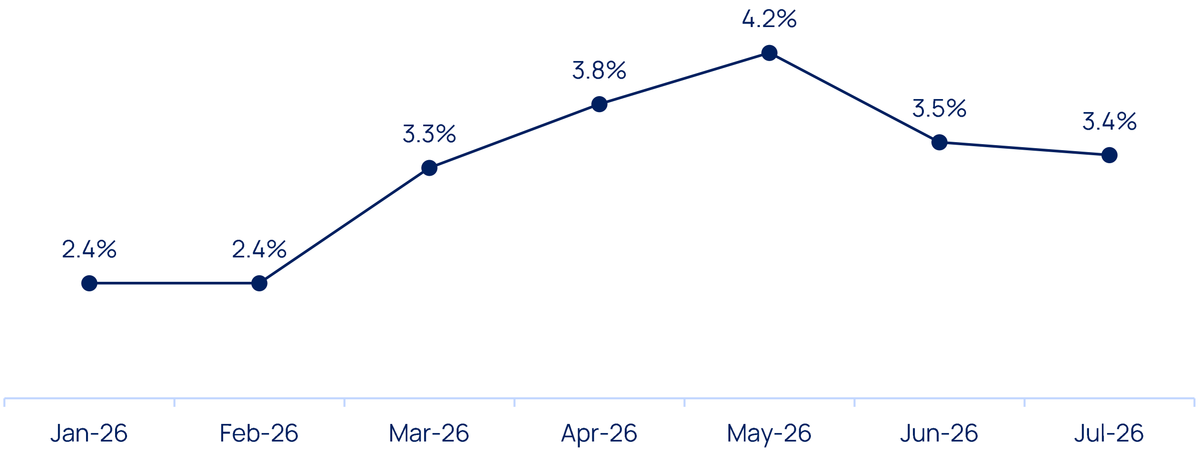
Inflation Cools, Core Sticky

CPI eased to 3.4% annually while PPI held flat, though core price pressure remains elevated

The Bureau of Labor Statistics reported on August 12, 2026 that the Consumer Price Index rose 0.1% month-over-month in July, rebounding from a 0.4% decline in June. The annual rate eased to 3.4% from 3.5%, the second consecutive monthly slowdown. Core CPI, excluding food and energy, rose 0.2% for the month, with the annual core rate easing to 2.5% from 2.6%. Energy prices fell 1.5% in July, while shelter rose 0.1% and accounted for roughly two-thirds of the headline monthly increase. One day later, on August 13, 2026, the Bureau reported that the Producer Price Index for final demand was unchanged in July, following a 0.1% decline in June.

Final demand goods prices fell 0.7%, driven in part by a reported decline in jet fuel prices, while final demand services rose 0.2%, including a reported increase in portfolio management fees. On an annual basis, PPI rose 4.7%. Both releases point in the same direction, inflation is cooling for a second straight month, but core price pressure,

Figure 2: U.S. Headline CPI Inflation



Source: US Bureau of Labor Statistics

particularly in shelter and select services categories, remains sticky enough to keep the Federal Reserve's 2% target out of reach. Gasoline prices, still up sharply year-over-year despite July's monthly decline, remain a reminder that this year's earlier price shock hasn't fully unwound.

Crude Stockpiles Surge Unexpectedly

Crude oil inventories jumped 17.4 million barrels, the largest weekly build since January 2023

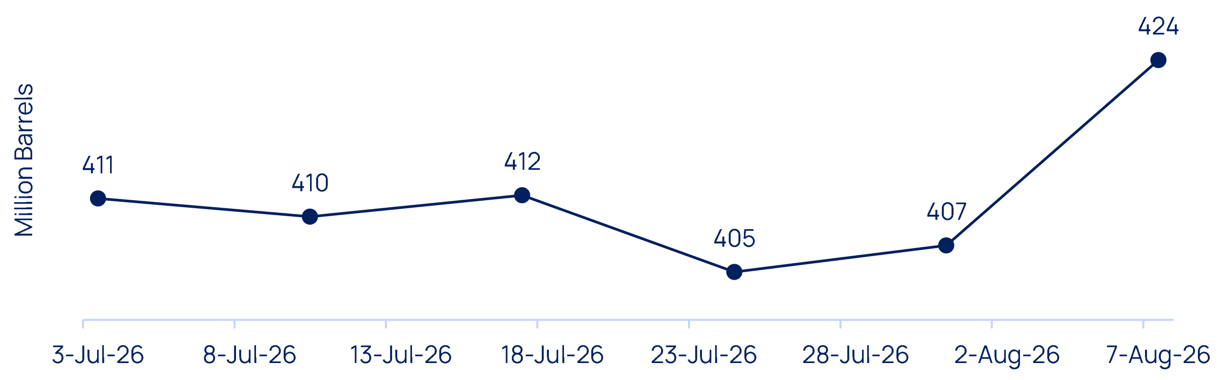
The U.S. Energy Information Administration reported on August 13, 2026 that commercial crude oil inventories, excluding the Strategic Petroleum Reserve, rose by 17.4 million barrels for the week ended August 7, the largest weekly build since January 2023.

The increase came in sharply against analyst expectations for a draw of roughly 1.4 million barrels, and followed a smaller draw of approximately 2.4 million barrels the prior week. Total commercial crude stocks reached 424.4 million barrels, the highest level since early June, though still about 2% below the five-year seasonal average.

The build was driven primarily by a jump in crude imports which rose to 7.3 million barrels per day, up 1.14 million barrels per day from the prior week, alongside a drop in exports to 3.06 million barrels per day, the lowest level since November 2025 and since the start of the conflict with Iran.

The EIA's Short-Term Energy Outlook, released August 11, 2026, cited continued constraints on Strait of Hormuz transits as a factor keeping regional crude production below pre-conflict levels, forecasting Brent crude to average near $85 per barrel in the third quarter of 2026 before easing toward $69 per barrel in 2027 as disrupted supply gradually returns.

Figure 3: **U.S. Crude Oil Inventories**



Source: EIA

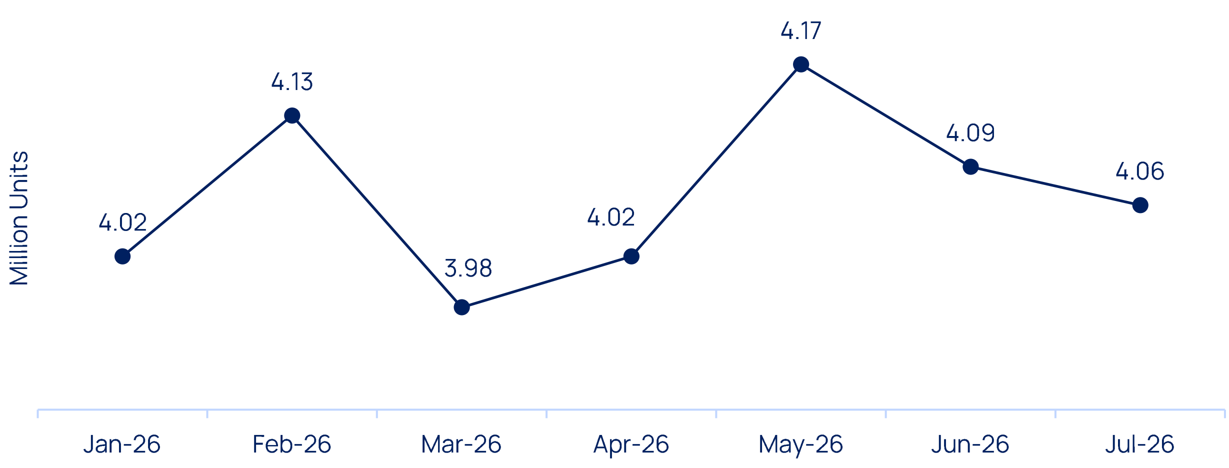
Home Sales Slow, Prices Record

Existing-home sales fell 1.7% as mortgage rates hit a 2026 high, yet median prices set a record

The National Association of Realtors reported on August 11, 2026 that existing-home sales fell 1.7% month-over-month in July to a seasonally adjusted annual rate of 4.06 million, marking a second consecutive monthly decline, though sales remained 0.7% higher than a year earlier. The median existing-home price rose to a record $434,100, the 37th consecutive month of year-over-year price gains. Inventory fell to 1.54 million units, representing 4.6 months of supply. The sales slowdown coincided with a rising mortgage rate environment: Freddie Mac's Primary Mortgage Market Survey put the 30-year fixed rate at 6.69% for the week ending August 6, 2026, a fifth consecutive weekly increase and the highest level recorded in 2026.

NAR's own data showed the average rate at 6.54% in July, up from 6.49% in June. Despite higher rates, NAR's Housing Affordability Index improved to 103.3, up from 98.3 a year earlier. First-time buyers accounted for 29% of July transactions, roughly in line with a year ago.

Figure 4: U.S. Existing-Home Sales



Source: National Association of Realtors

For investors, the pending home sales index and the trajectory of Freddie Mac's weekly rate survey are the two clearest early signals on whether the fall selling season improves or extends this slowdown.

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