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Economic Indicators

RESTAURANT SALES FLAT IN MAY

Restaurant sales were essentially flat in May at $101.0 billion, edging slightly below April levels as earlier momentum paused under pressure from elevated gasoline prices. Even so, consumers continue to prioritize dining out, underscoring the sector's resilience. Encouragingly, the recent decline in fuel costs, down roughly 50 cents from mid-May highs, along with easing energy market pressures following the reopening of the Strait of Hormuz, should help support discretionary spending. A strengthening labor market provides an additional tailwind, with more than 500,000 jobs added over the past three months and unemployment holding at a low 4.3%, sustaining household confidence. Retail sales more broadly remain solid, even as gasoline outlays have risen sharply. However, much of the recent growth in restaurant sales reflects higher prices rather than increased traffic, with real sales down 0.9% year-over-year, pointing to ongoing softness in customer volumes.

Meanwhile, the Federal Open Market Committee held rates steady at 3.50%–3.75% for a fourth consecutive meeting but signaled a more hawkish stance, projecting a potential rate hike later based on current economic forecasts. Inflation is expected to remain elevated at 3.6%, suggesting continued vigilance from policymakers. For now, the Fed appears inclined to maintain its wait-and-see approach, allowing time to assess economic developments before adjusting policy. While the broader economy remains resilient, persistently higher borrowing costs could gradually weigh on business investment and consumer spending, posing risks for interest-sensitive sectors such as restaurants.

▶️ **Deeper Dive:** Click here for a deeper economic analysis .