

## November 27, 2023 – Economic Commentary

Lots of October economic data is being released this week, all of it feeling very old because October seems so yesterday. What investors and economists really want is insight into how much the US economy may be slowing down, if it is, and that is thought to be a November story. Preliminary (very preliminary) evidence on consumer spending from Black Friday and early Cyber Monday sales seems solid, if not spectacular. Against this backdrop, the inflation numbers at the end of the week will really stand out; expectations are for a continuing signal of 3.5% inflation.

In Europe, better-than-expected economic numbers last week prompted ECB President Christine Lagarde to remind markets that reducing inflation remains the overwhelming primary goal of current monetary policy. If this week's US PCE inflation numbers come in higher than the above-mentioned 3.5%, do not be surprised to see everyone re-thinking the view that the Federal Reserve is done tightening through raising interest rates (there are other ways to tighten, specifically via Quantitative Tightening, and it is important to remember that this tightening has not ended). However, in sharp contrast to the end of 2022, the focus now seems definitely and appropriately on questions of economic growth, employment trajectories and dislocations associated with interest rates higher for longer than would have been expected 18 months ago when critical financing decisions were being made.

### Data to Watch:

1. US New Home Sales for October, released Monday, November 27
2. US Retail and Wholesale Inventories for October, released Wednesday, November 29
3. US Personal Consumption Expenditures (PCE) deflator for October, released Thursday, November 30
4. US Personal Income and Spending for October, released Thursday, November 30

### Suggested Reading:

1. [Hot Healthcare Hiring Bolsters Cooling U.S. Labor Market](#)
2. [ECB's Lagarde warns against premature inflation celebration](#)
3. [It's the Most Wonderful Time of the Year \(for the Economy\)](#)

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