

January 16, 2024 – Economic Commentary

As the likelihood of an economic "soft landing" is increasingly accepted by investors, businesses and consumers, attention is shifting to the challenges of profitability, sales growth and geopolitical threats. This week, one of those threats will be much in the news: the outcome of Taiwan's elections. China has already signaled its unhappiness with the outcome and voiced nonspecific cautions to the United States. Potentially amplifying the Chinese response is the increasingly worrisome state of the domestic economy, where weak consumer demand has pulled prices into a third month of deflation. Chinese export growth rose in December, as one might well expect during the North American and European holiday sales season, but trade problems have been noted in falling Asia-US West Coast shipping rates. It is very unclear what China will or can do in the near term to rectify its economic difficulties and it is entirely possible that Taiwan will be employed as a much-desired distraction.

Data to Watch:

1. US Retail Sales for December, released Wednesday, January 17
2. Fed "Beige Book" Survey of Regional Conditions, released Wednesday, January 17
3. US Building Permits and Housing Starts, released Thursday, January 18

Suggested Reading:

1. [China's economy faces growing deflationary pressures as prices extend fall](#)
2. [The Businesses That Rescued America From Inflation, Recession, Lost Jobs](#)
3. [Flush with Investment, New U.S. Factories Face a Familiar Challenge](#)

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