

January 22, 2024 – Economic Commentary

This week's US data is perfectly focused on the two objects of our desire: declining inflation and continued, robust economic growth. Preliminary reports on economic activity in January will be followed by the Fed's favored barometer of inflation, the Personal Consumption Expenditures (PCE) Index. With the first Federal Open Market Committee (FOMC) meeting of 2024 a scant eight days away, there will be no commentary on the data by the Fed until next Wednesday's FOMC statement and press conference. However, the PCE numbers, in particular, will factor into whether a discussion of both the timing for interest rate cuts AND the reduction in balance sheet bond sales (Quantitative Tightening) will be a formal part of the January FOMC agenda.

In something of a contrast, the economic news out of Europe will feature ECB speeches, inflation data, economic activity reports and an interest rate decision. The uncertainty over the European Central Bank's policy direction at this point is fairly high; as a result, one should not be surprised to see a certain amount of turmoil in European markets as policymakers continue to contend with slower-than-optimal growth and higher-than-ideal inflation.

Data to Watch:

1. S&P Global US Purchasing Managers Index (preliminary) for January, released Wednesday, January 24
2. ECB Interest Rate Decision and Speech by ECB President Christine Lagard, released Thursday, January 25
3. US First Estimate of Q4 2023 GDP growth, released Thursday, January 25
US PCE Index for December, released Friday, January 26
4. US Personal Income and Spending for December, released Friday, January 26

Suggested Reading:

1. [The buy now, pay later holiday debt hangover has arrived, as consumers wonder how they'll pay bills](#)
2. [A Muni Giant Exits the Field. What It Means for the \\$4 Trillion Market.](#)
3. [Where Textile Mills Thrived, Remnants Battle for Survival](#)
4. [The Red Sea Conflict is Scrambling Shipping. Europe is Bearing the Brunt.](#)

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