

February 26, 2024 – Economic Commentary

January and early February often bring mini-economic corrections to the excesses at the tail-end of the previous year. Layoffs are generally concentrated in November and December so that businesses can start January with a "clean slate" for the new business plan — and sometimes new hiring to go with it. Inventories that built up during a disappointing holiday sales season will be drawn down in January and February, or, conversely, goods will be ordered to make up for unexpected sales strength that depleted inventories more than desired. Product prices may be similarly adjusted to reflect new information garnered in end-of-year sales. And, of course, New Year's resolutions to pursue greater health and wealth are just as common in corporations as in households. This week is full of the data for January that will provide critical insight into this important period of time. However, it should be recognized that while the start of the year can certainly set the tone for economic activity in the coming months, it is not an infallible guide. There will also be a number of speeches by Federal Reserve Presidents to help us understand— or not— what they think of the data. It's a potent mix that may raise more questions than provide answers, and it is worth remembering that the Fed has no intention of doing anything whatsoever based on this week's data alone.

Data to Watch:

1. US Durable Goods Orders for January, released Tuesday, February 27
2. US Wholesale and Retail Inventories for January, released Wednesday, February 28
3. US Personal Consumption Expenditures (PCE) Price Index for January, released Thursday, February 29
4. US Personal Income and Spending for January, released Thursday, February 29

Suggested Reading:

1. [Are We in a Productivity Boom? For Clues, Look to 1994.](#)
2. [The \\$100 Bill Is America's Most Common Currency, and Its Most Annoying](#)
3. [Pressure grows on China for big policy moves to fix economy](#)

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