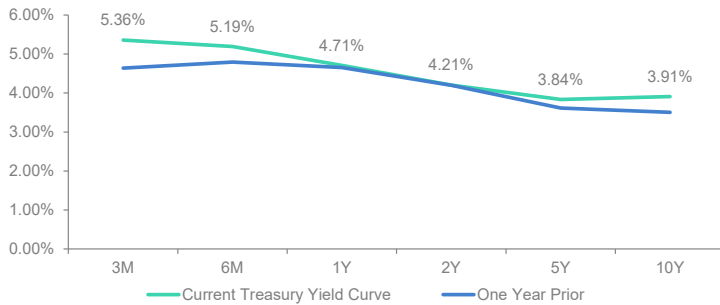
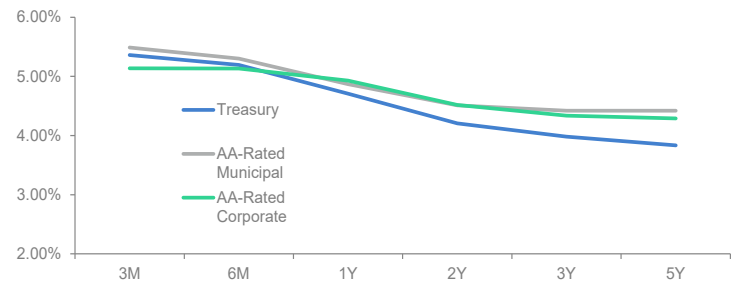


Treasury Yield Curve



Source: Bloomberg Finance L.P. 1/31/24

Market Yields



Source: Bloomberg Finance L.P. 1/31/24

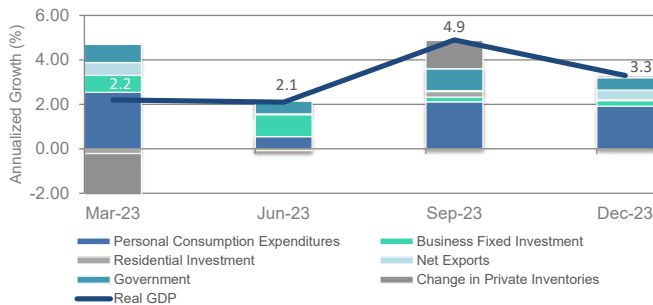
FEATURED MARKET DATA

Economic Growth Continues

The Federal Reserve referenced the “evolving” economic outlook in a statement following its January 31st meeting in a nod to stronger growth and the potential impact on the path of interest rates. Prior to the meeting, the Bureau of Economic Analysis announced the “advance” estimate of GDP increased at an annual rate of 3.3% in the fourth quarter of 2023. While the level declined from 4.9% in the third quarter, growth remained strong and was led by 2.8% growth in consumer expenditures. Business spending accelerated to 1.9% annualized growth in the fourth quarter. Two days after the Fed meeting, markets digested a stronger than expected jobs report with 353,000 new jobs added in January.

Sources: Bloomberg, www.bea.gov

Contributions to % Change in Real GDP



Source: Bloomberg

RECENT NEWS

Fed Not Ready to Cut Rates

The Fed, as is so often the case, is walking a tight line in its communication. Through the Fed’s statement following its January 31st meeting, the Fed indicated it is likely done raising rates while pushing back somewhat on the timeline for when the first rate cut may occur. The Fed’s statement acknowledged progress on reducing inflation by removing language which indicated a willingness to keep raising interest rates until inflation cooled. Prior to the meeting, markets were pricing in a moderate chance of rate cuts to begin in March with about six 0.25% cuts in 2024. The Fed pushed back on this timeline by saying it does not expect cuts to begin “until it has gained greater confidence” that inflation is returning to its 2% target.

Source: www.federalreserve.gov

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	01/11/24	DEC	0.3%	0.3%	0.3%
Consumer Price Index (YoY)	01/11/24	DEC	3.2%	3.4%	3.1%
Personal Income	01/26/24	DEC	0.3%	0.3%	0.4%
Personal Spending	01/26/24	DEC	0.5%	0.7%	0.5% (R)
Core PCE (YoY)	01/26/24	DEC	3.0%	2.9%	3.2%
S&P Case Shiller 20-City Home Price Index (YoY)	01/30/24	NOV	5.80%	5.40%	4.88% (R)
Consumer Confidence	01/30/24	JAN	114.8	114.8	108.0 (R)
Change in Nonfarm Payrolls	02/02/24	JAN	185K	353K	333K (R)
Unemployment Rate	02/02/24	JAN	3.8%	3.7%	3.7%

Source: Bloomberg Finance L.P. 2/2/24. Glossary terms on following page.

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Glossary of Terms

Term	What is it:
Building Permits	Records the number of permits for future housing construction.
Capacity Utilization	Tracks the extent to which capacity is being used in the production of goods and services.
Change in Nonfarm Payrolls	This indicator measures the change in the number of employees on business and government payrolls.
Chicago Fed National Activity Index	A nationwide measure of economic activity and inflation pressures. An index value of zero indicates that the national economy is expanding at its historical trend rate of growth.
Consumer Confidence	Index examines how consumers feel about jobs, the economy and spending.
Consumer Price Index (CPI)	Measures the average change in retail prices over time for a basket consisting of more than 200 categories of assorted goods and services paid directly by consumers.
Core Consumer Price Index (Core CPI)	This measure of CPI excludes food and energy costs.
Durable Goods Orders	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
Existing Home Sales	Measures monthly sales of previously owned single-family homes.
GDP Annualized QoQ	Measures the annualized quarterly growth of the final market value of all goods and services produced within a country. GDP is the foremost report on how fast or slow the economy is growing.
Housing Starts	Records the number of new housing units started during a period.
Index of Leading Economic Indicators (LEI)	An index designed to predict the direction of the economy.
Initial Jobless Claims	Tracks new filings for unemployment insurance benefits.
ISM Manufacturing	Measures manufacturing activity based on a monthly survey of purchasing managers.
MBA Mortgage Applications	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
Mortgage Delinquencies	A measure of the percent of total conventional and government loans which are at least one payment past due, but not in the process of foreclosure.
Personal Consumption Expenditure (PCE)	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
Personal Income and Spending	Index records the income Americans receive, how much they spend, and what they save.
Retail Sales	Tracks the sale of new and used goods for personal or household consumption.
Retail Sales Ex. Auto	Retail sales excluding motor vehicles and parts.
S&P Case-Shiller Home Price Index	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
Unemployment Rate	The U-3 unemployment rates tracks the percentage of the civilian workforce that is unemployed.

Source: Bloomberg, The Secrets of Economic Indicators by Bernard Baumohl; PMA Asset Management, LLC

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