

Economy Review

11/16/2023

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Goal: Provide an overview of current economic data and some related statistics.

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Convention:

Relevant URLs are inserted below page title and may be embedded in the page. FRED series IDs are displayed on page. Date of last update is on right side of title bar. Some charts may have their own last update date.

FOMC Meeting Oct 31st to Nov 1st

Federal Reserve Board - Federal Reserve issues FOMC statement

11/01/2023

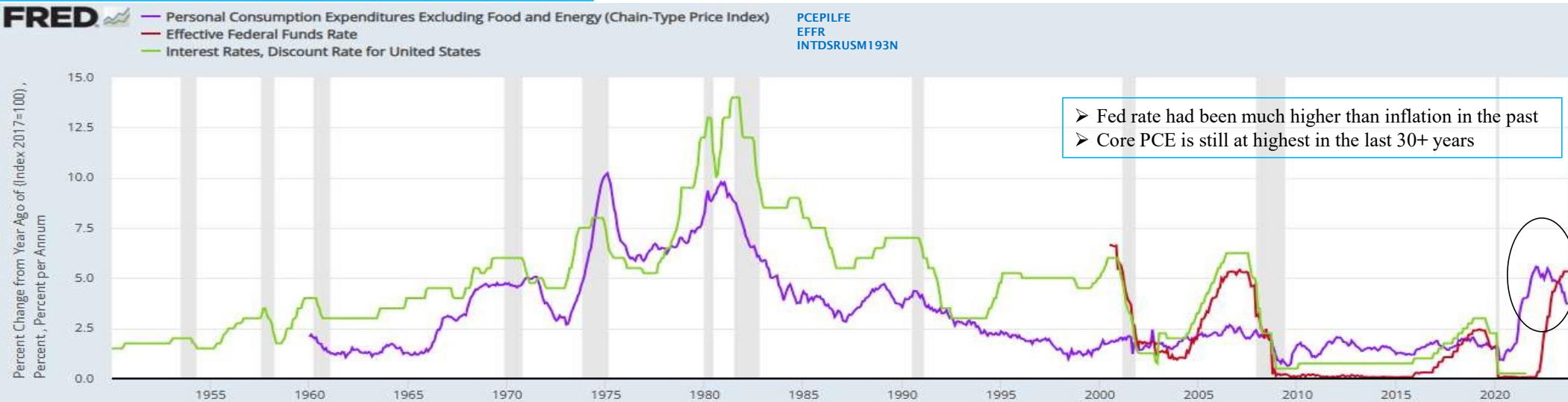
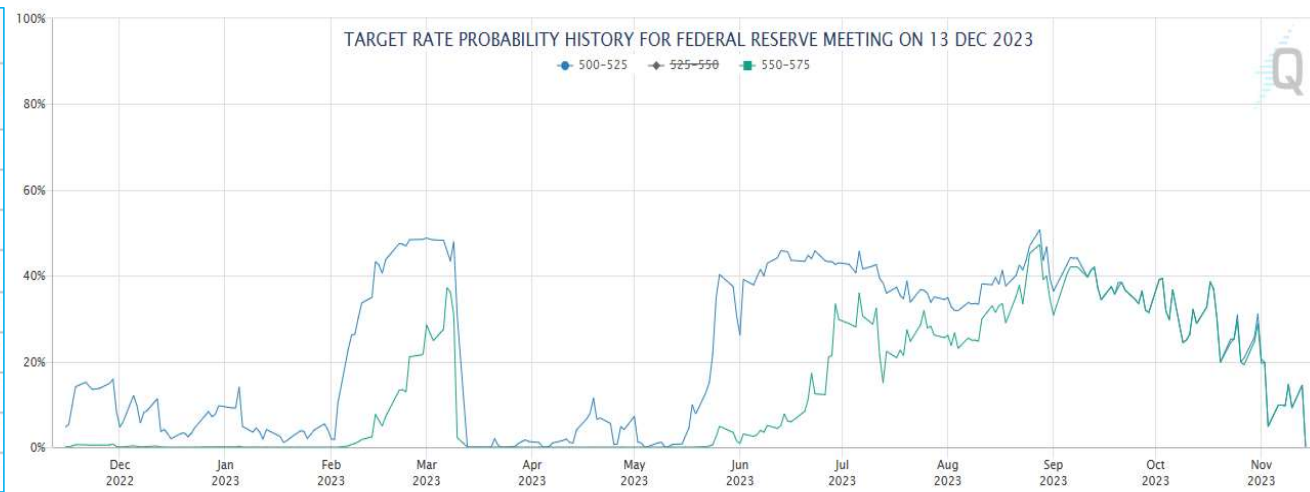
- Maintained the target for the federal funds rate to a range of 5.25% to 5.50%
- Continue QT to reduce the size of the balance sheet.
- FOMC Statement
 - Economic activity expanded at a strong pace
 - Job gains have moderated (not slowed) but remain strong, unemployment low
 - Inflation remains elevated
 - Banking system is sound, credit conditions tighter
- Chairman Powell’s press conference
 - “Inflation has been coming down but is still running well above our 2 percent target. The labor market has been rebalancing, but it’s still very tight by many measures. GDP growth has been strong, although many forecasters are forecasting ... that it will slow.”
 - “We’re not confident that we haven’t but we’re not confident that we have ... achieved a stance of monetary policy that’s sufficiently restrictive to bring inflation down to 2 percent over time sustainably”
 - Did the Fed staff put recession back into the baseline forecast for today’s meeting? “No”
 - “the committee’s not thinking about rate cuts right now at all”

Fed Funds Rate - Market Expectation and History

CME FedWatch Tool - CME Group

11/15/2023

CME FEDWATCH TOOL - MEETING PROBABILITIES									
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575
12/13/2023			0.0%	0.0%	0.0%	0.0%	0.0%	97.3%	2.7%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	96.4%	2.6%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	23.9%	73.9%	2.0%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.1%	11.1%	46.9%	40.8%	1.1%
6/12/2024	0.0%	0.0%	0.0%	0.1%	6.2%	30.9%	43.5%	18.9%	0.5%
7/31/2024	0.0%	0.0%	0.0%	3.4%	19.7%	37.8%	30.0%	8.8%	0.2%
9/18/2024	0.0%	0.0%	2.2%	14.0%	31.5%	32.7%	16.2%	3.2%	0.1%
11/7/2024	0.0%	0.9%	6.7%	20.6%	31.9%	26.5%	11.3%	2.0%	0.0%
12/18/2024	0.8%	6.2%	19.4%	30.9%	27.0%	12.6%	2.9%	0.2%	0.0%

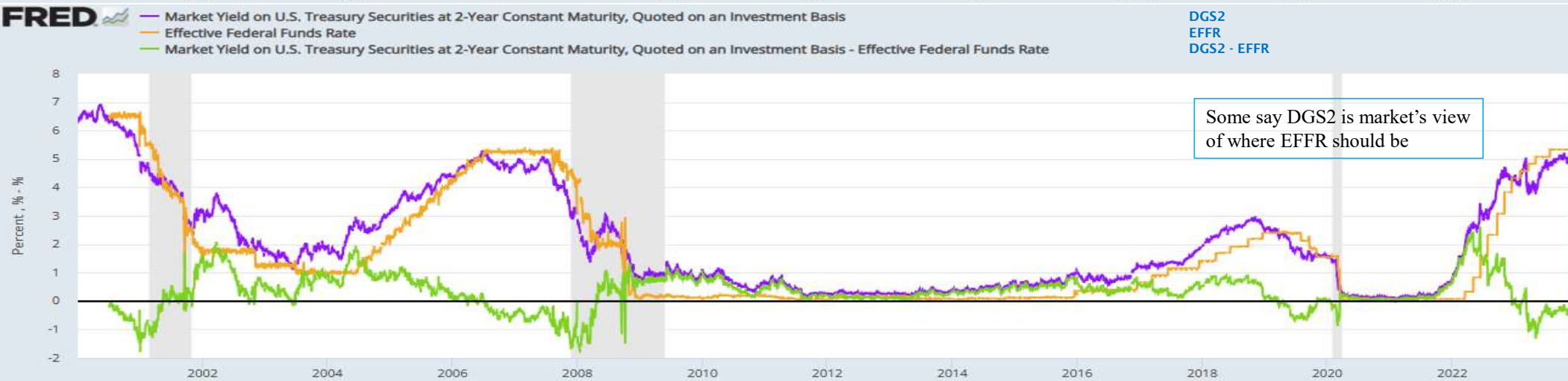
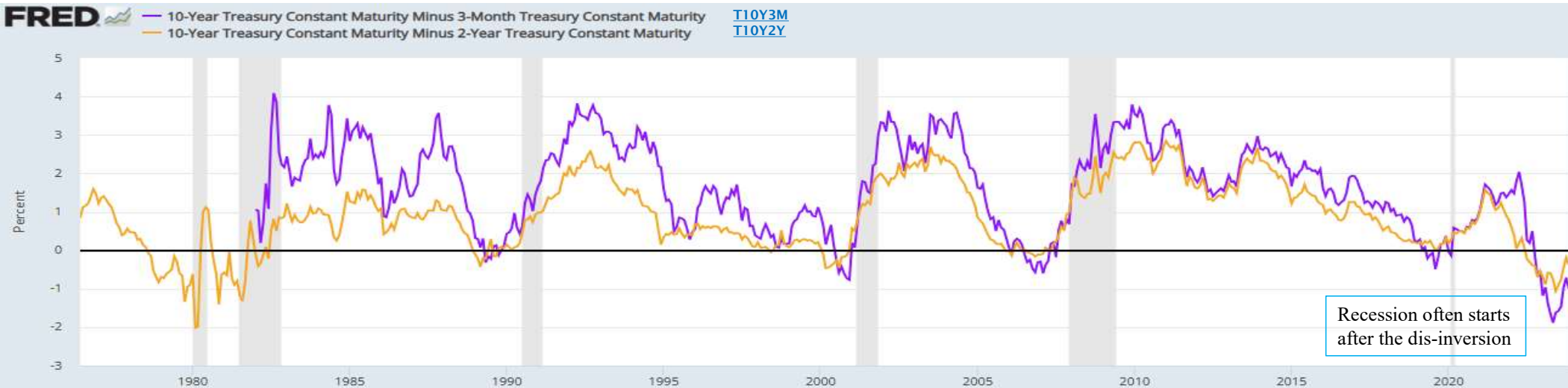


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Yield Differences

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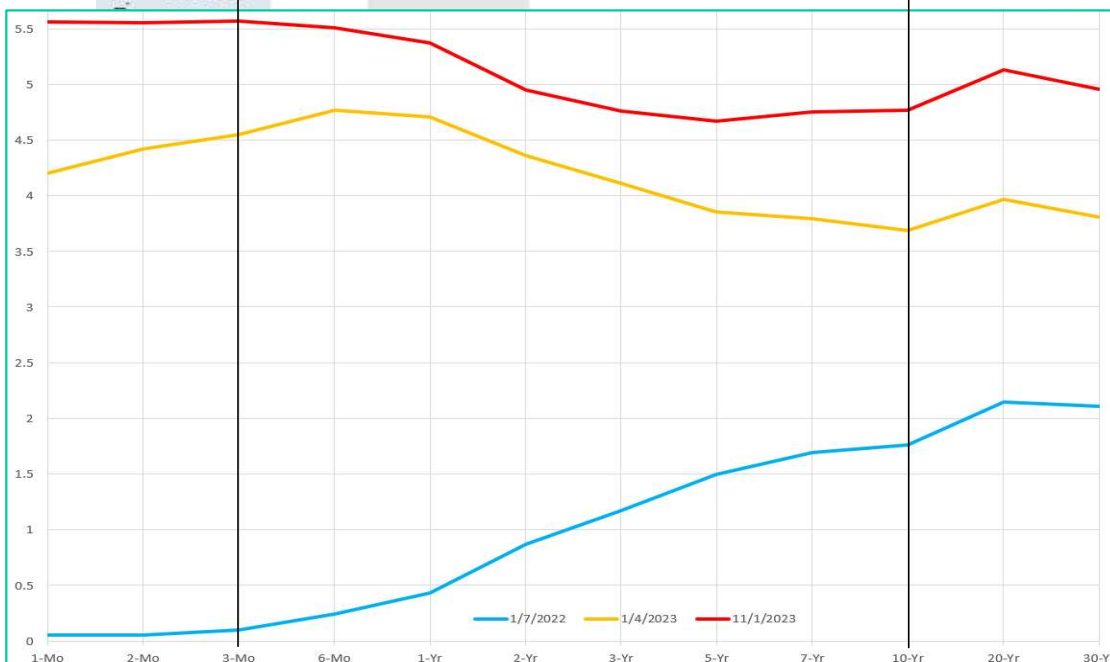
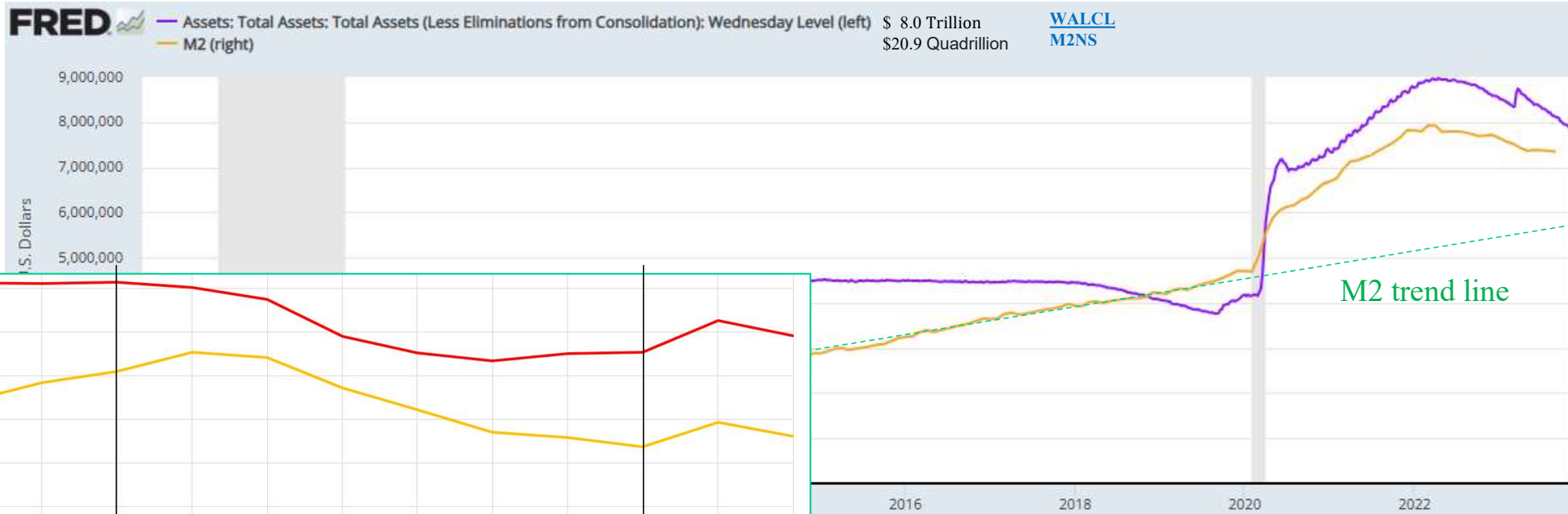
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(Inverted) Yield Curve and QT

11/02/2023

Resource Center | U.S. Department of the Treasury



Quantitative Tightening (QT)

- Reducing bond holding of \$95B/month starting 9/1/2022
- As of 11/01/2023, reduced 11.76% for target of 16.52%
- That **\$1T** bond supply explain some of the latest rise of long-term treasuries interest rate?
- FOMC may pause raising Fed Funds rate, but QT continues. Treasury Notes will continue to be under pressure.

US Dollar

11/15/2023

US Dollar is relatively strong. Tail wind for fighting inflation.



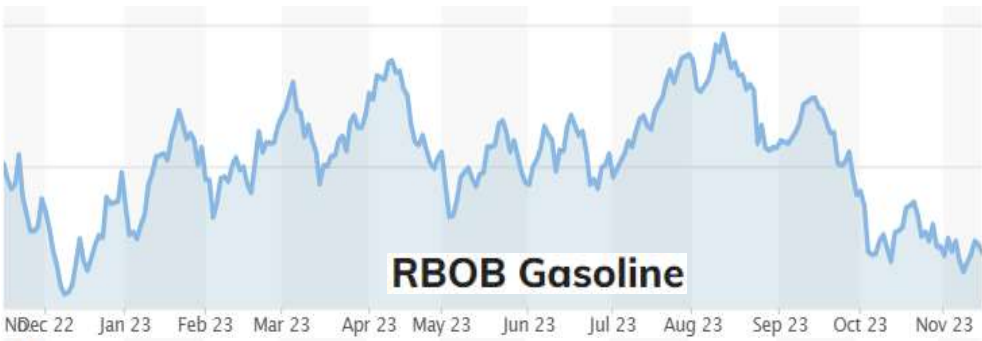
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Commodity Futures

<https://www.marketwatch.com/investing/futures>

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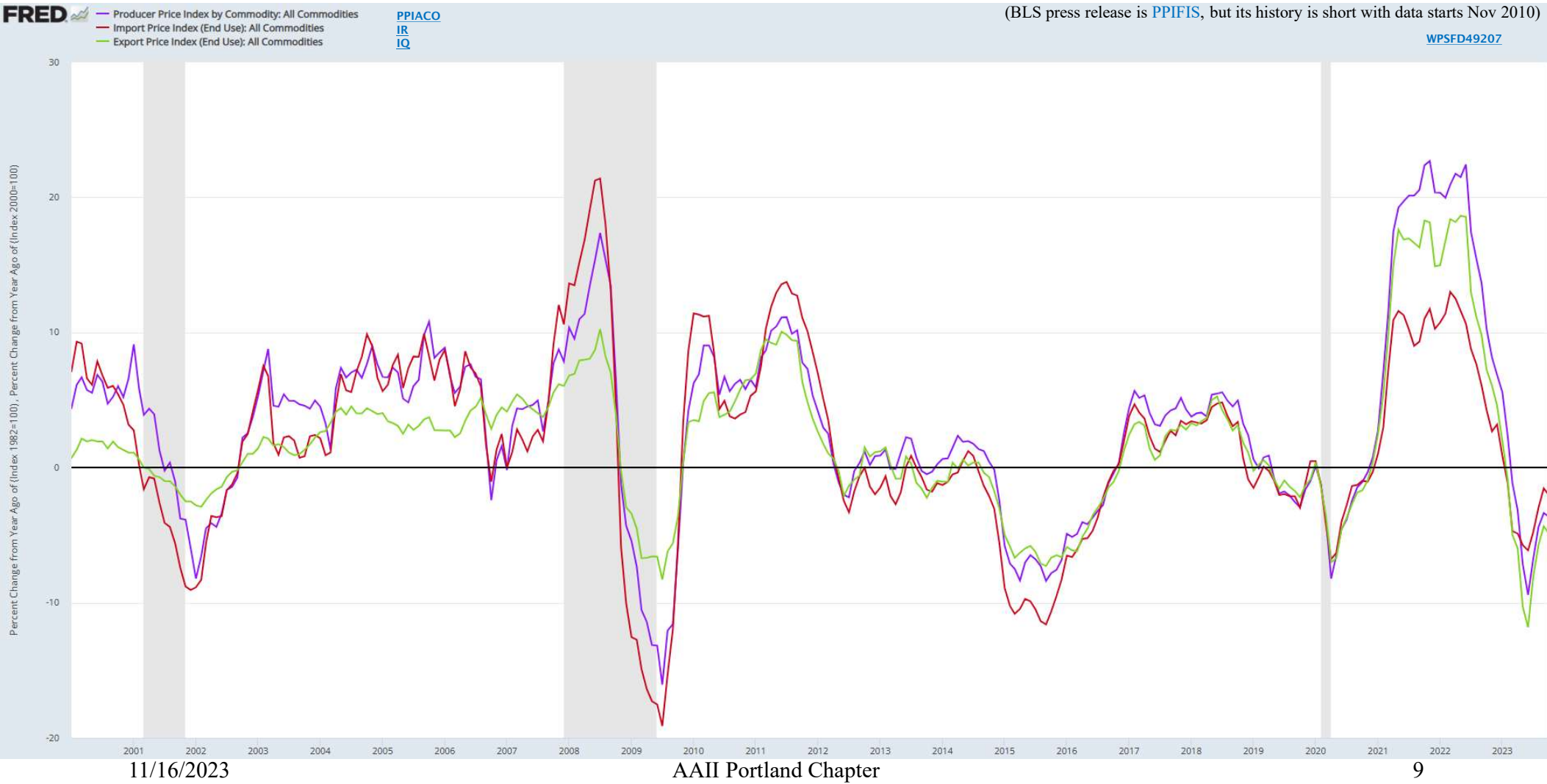
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Producer, Import, Export Price Index

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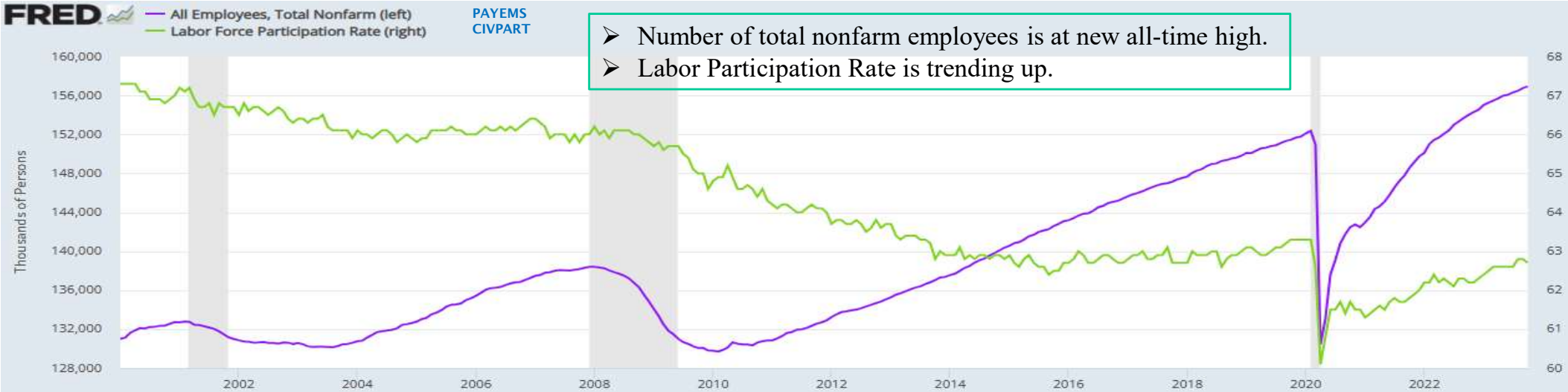
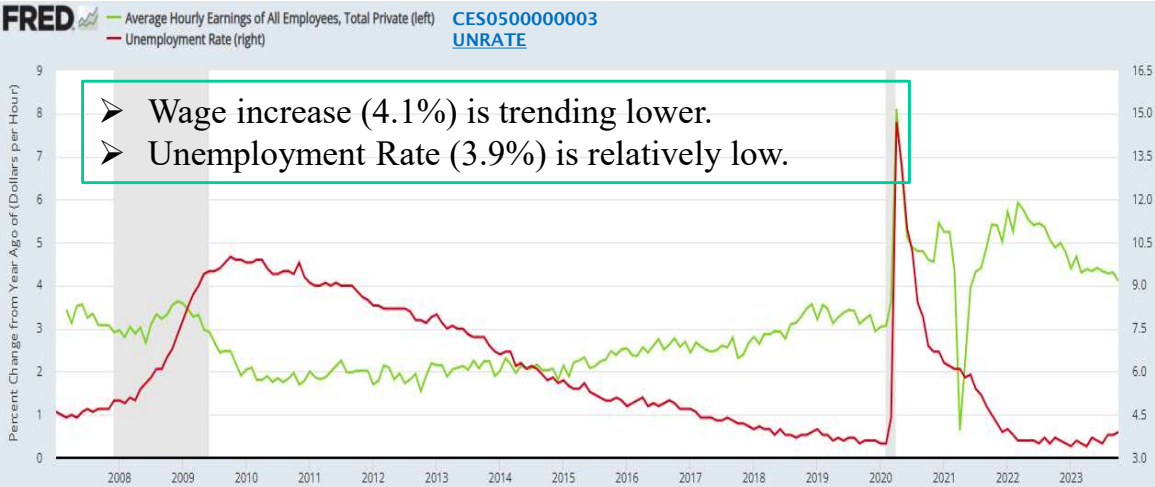
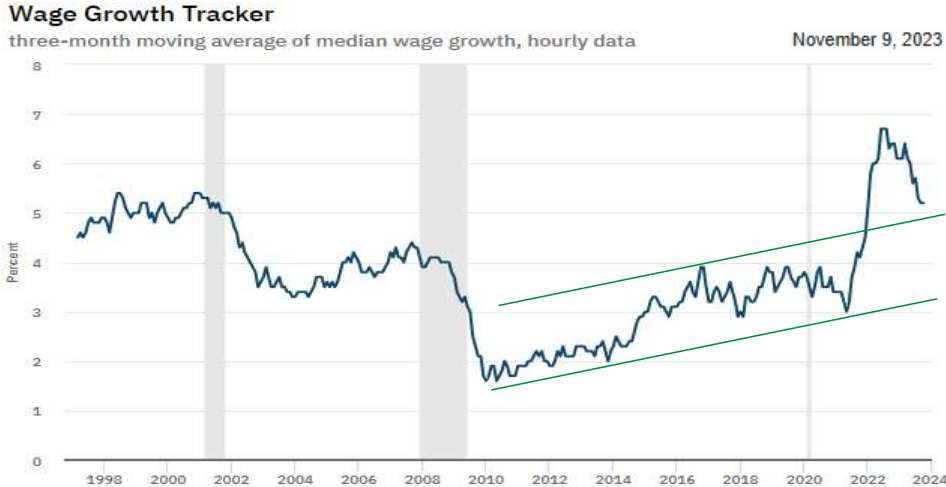
<https://www.bls.gov/news.release/ppi.nr0.htm>



Employment and Wage Growth

11/03/2023

<https://www.atlantafed.org/chcs/wage-growth-tracker>



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Jobs Openings and Labor Turnover Summary (JOLTS)

11/01/2023

<https://www.bls.gov/news.release/jolts.nr0.htm>



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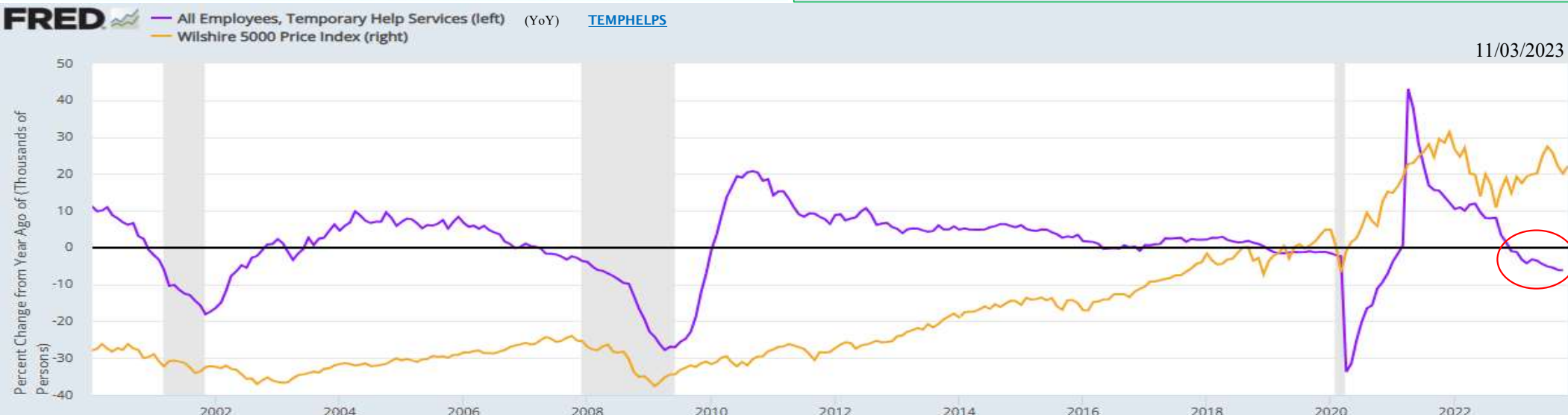
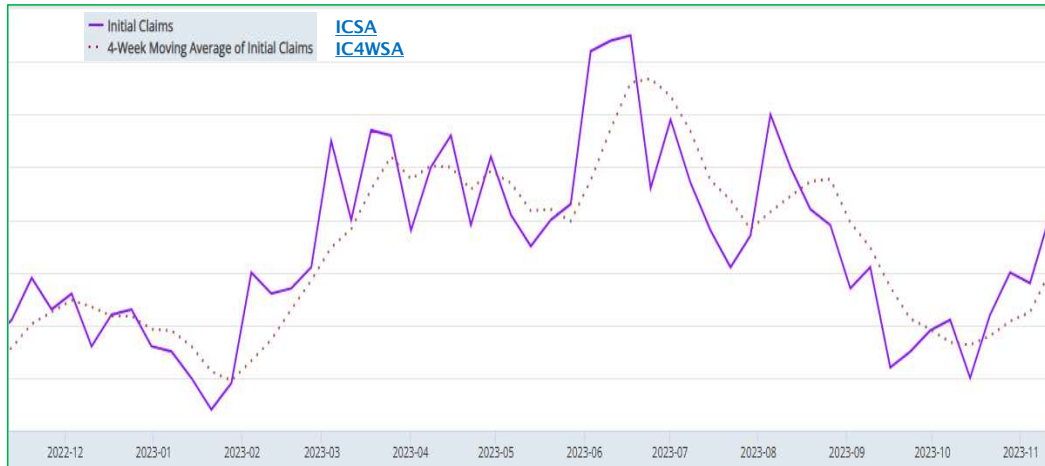
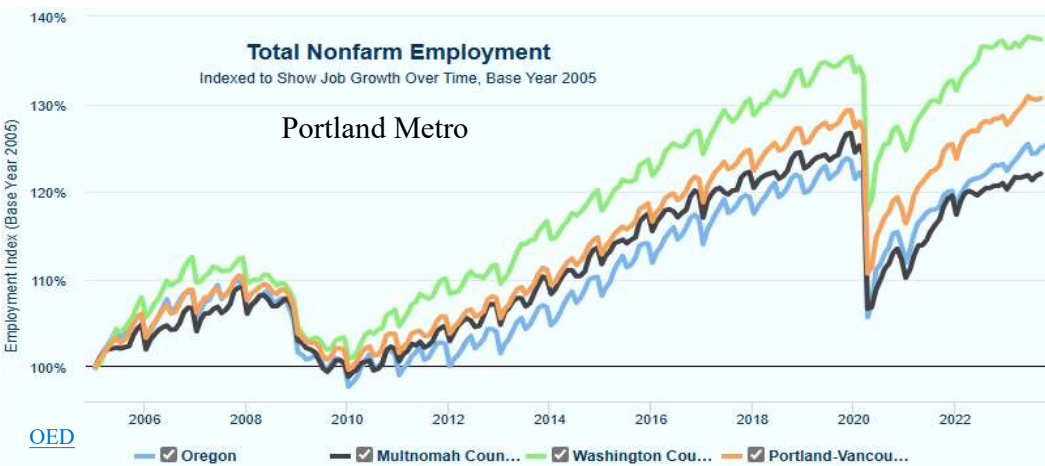
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IUC and Temp Services Employment

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Weekly Unemployment Claims: Up 29K, Worse Than Forecast - dshort - Advisor Perspectives

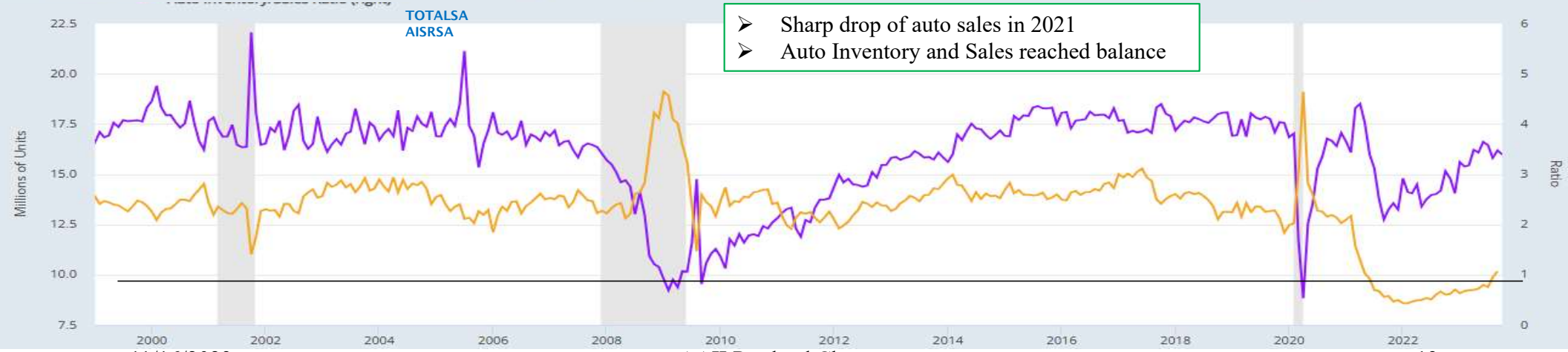
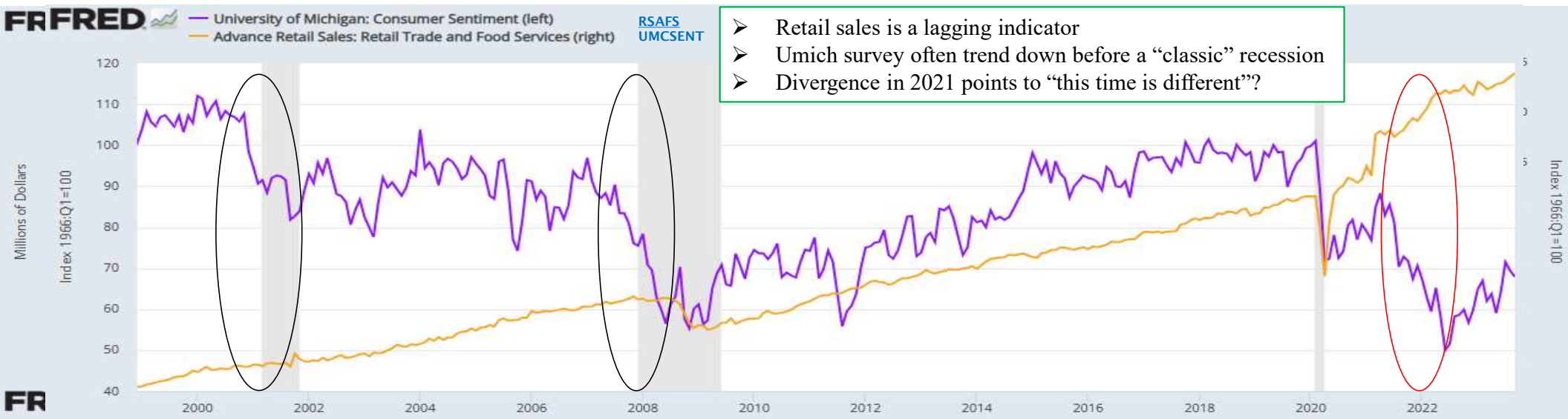


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Retail Sales

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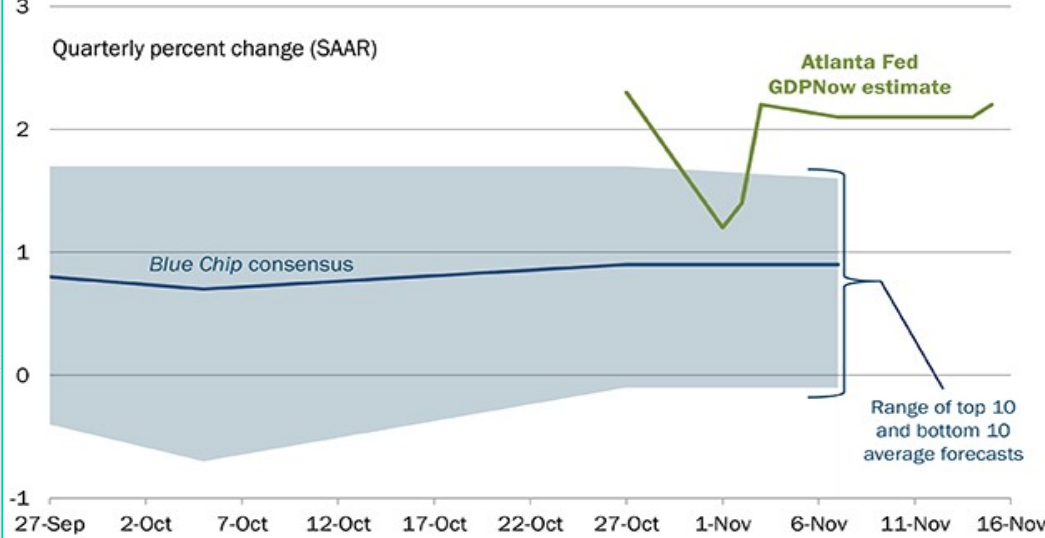
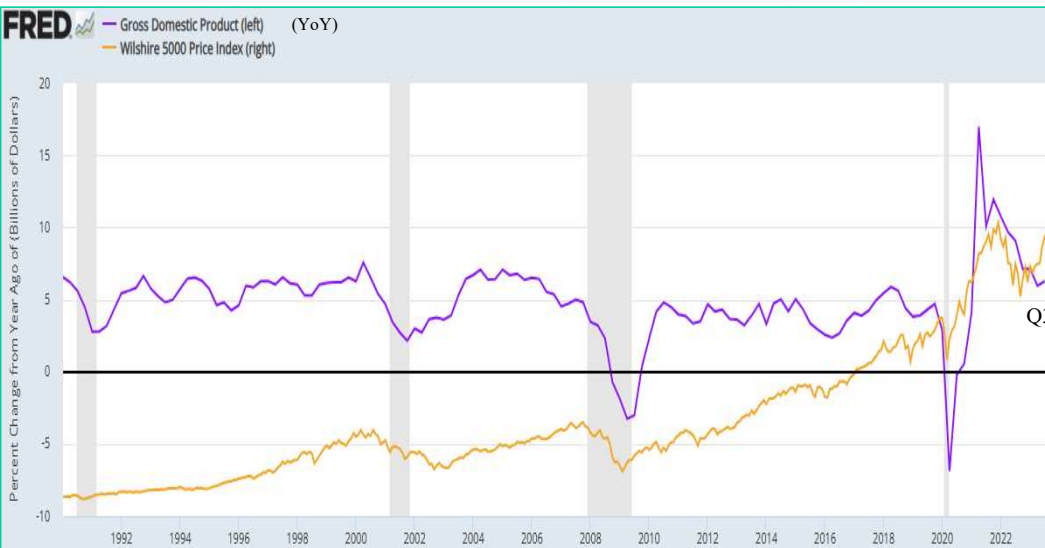
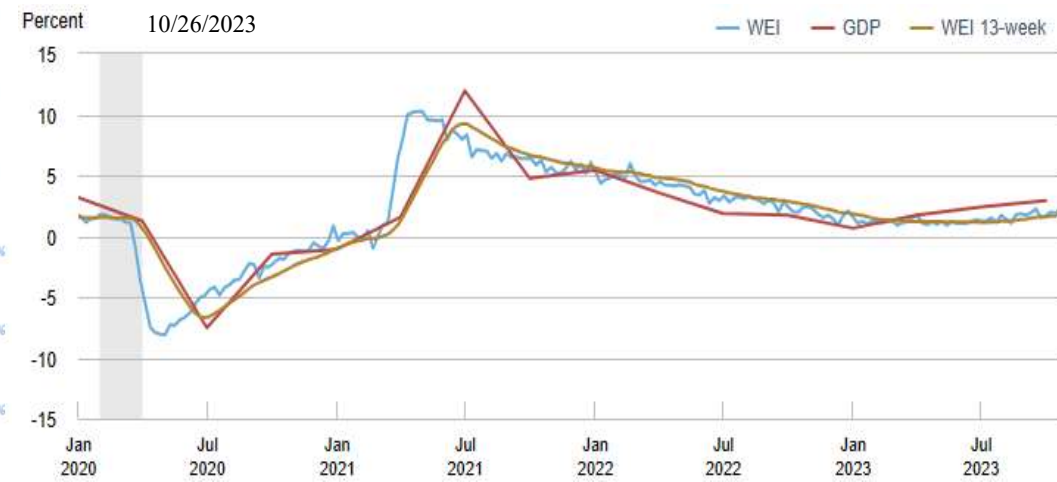
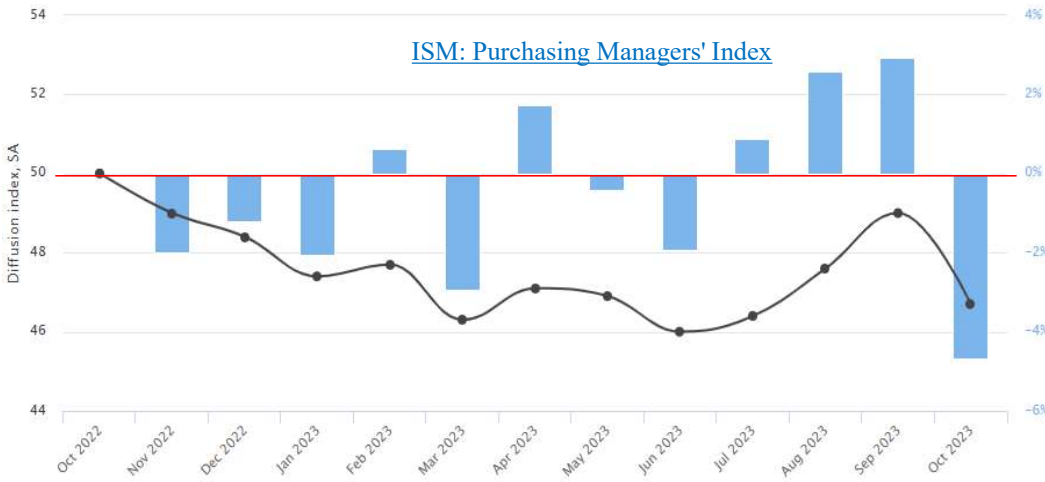
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GDP, WEI, ISM, and GDPNow

<https://www.newyorkfed.org/research/policy/weekly-economic-index#/interactive>

<https://www.atlantafed.org/cqer/research/gdpnow>

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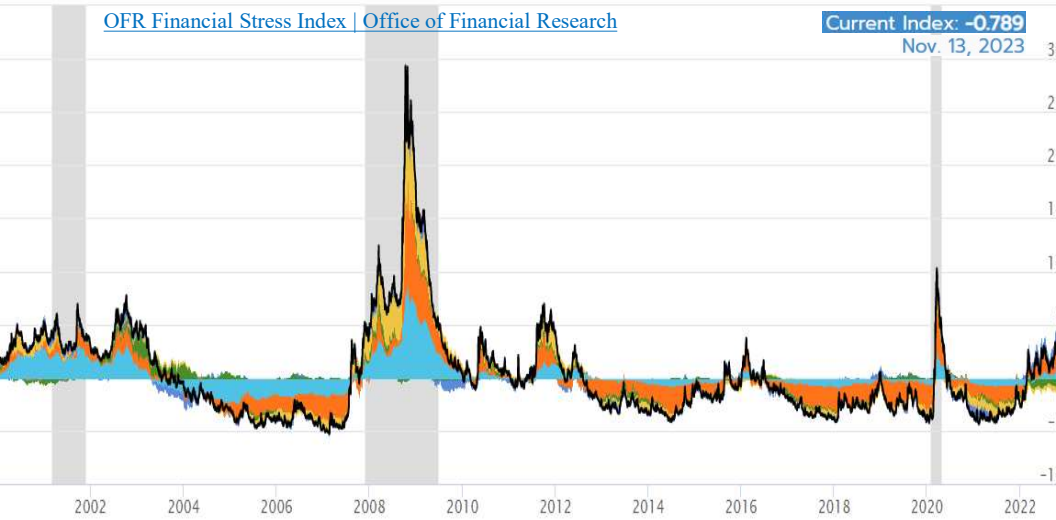


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Financial System State

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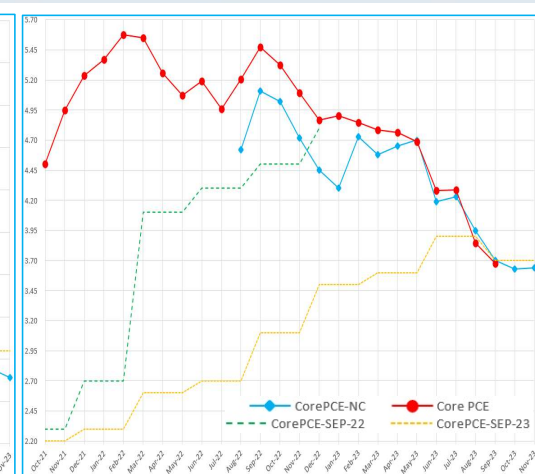
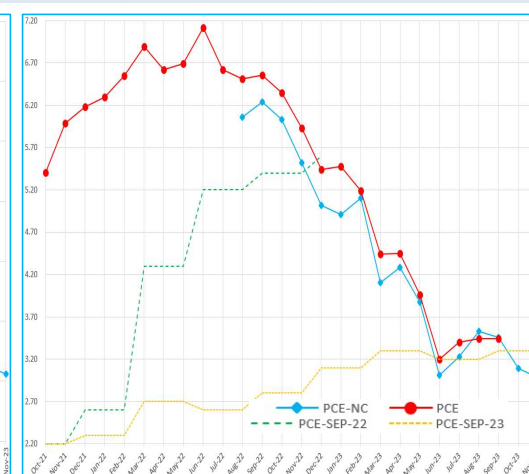
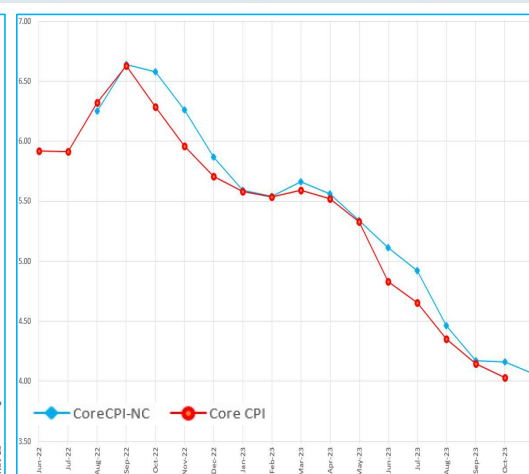
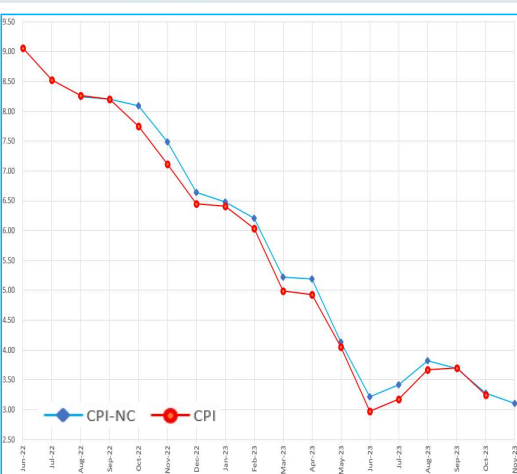
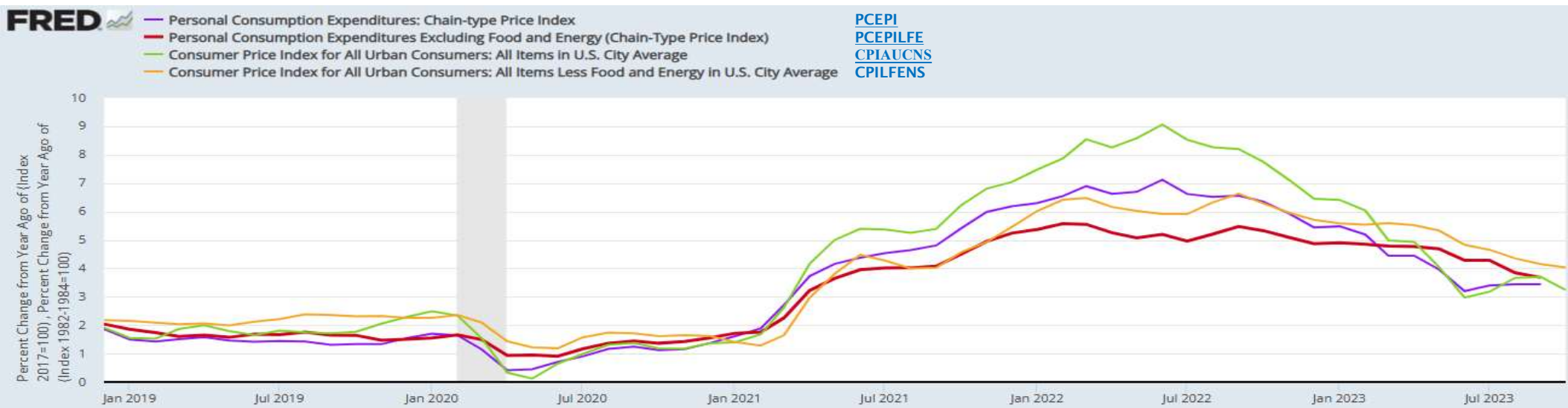
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Inflation - CPI and PCE

Inflation Nowcasting: Latest Data (clevelandfed.org)

11/14/2023



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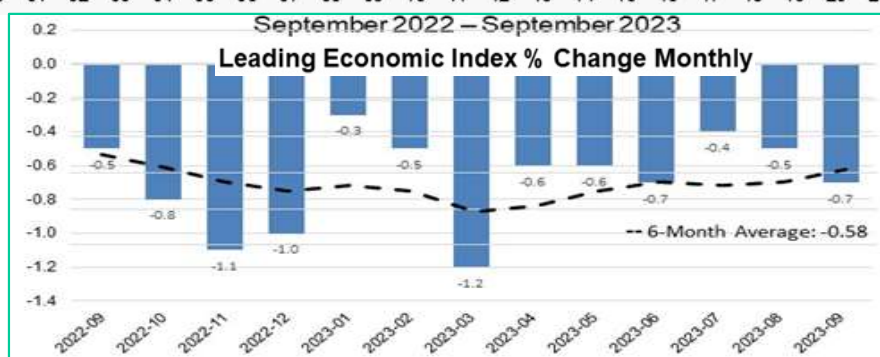
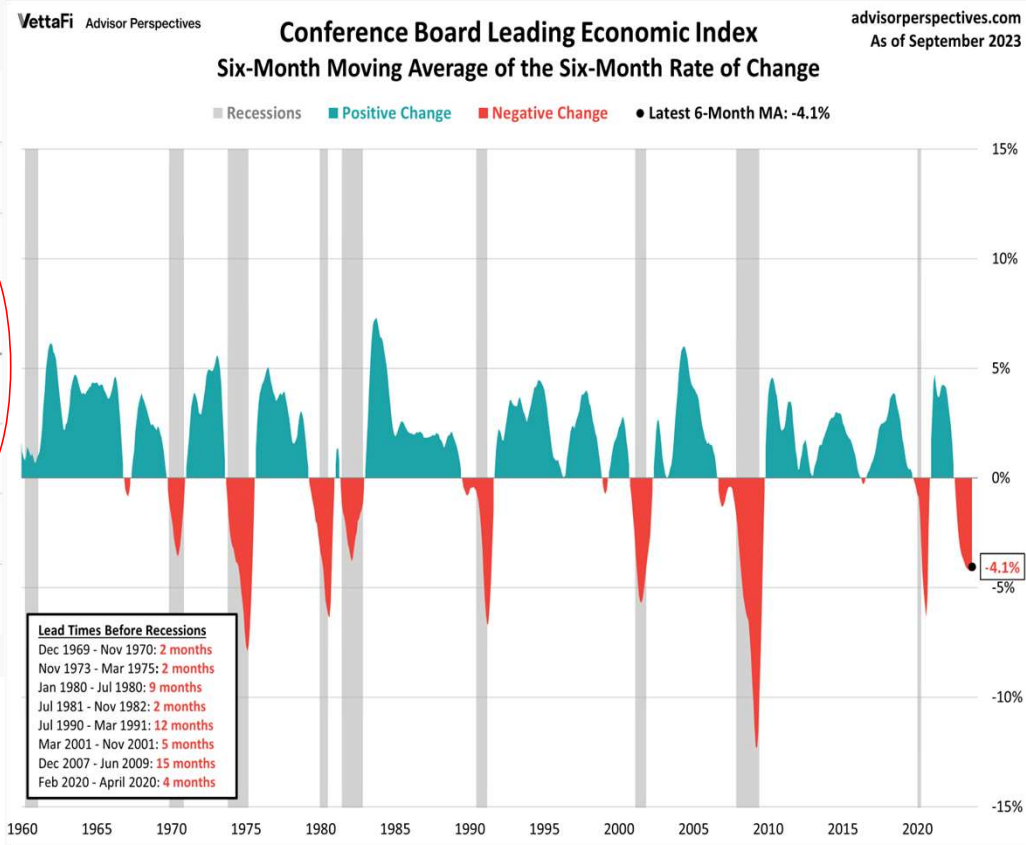
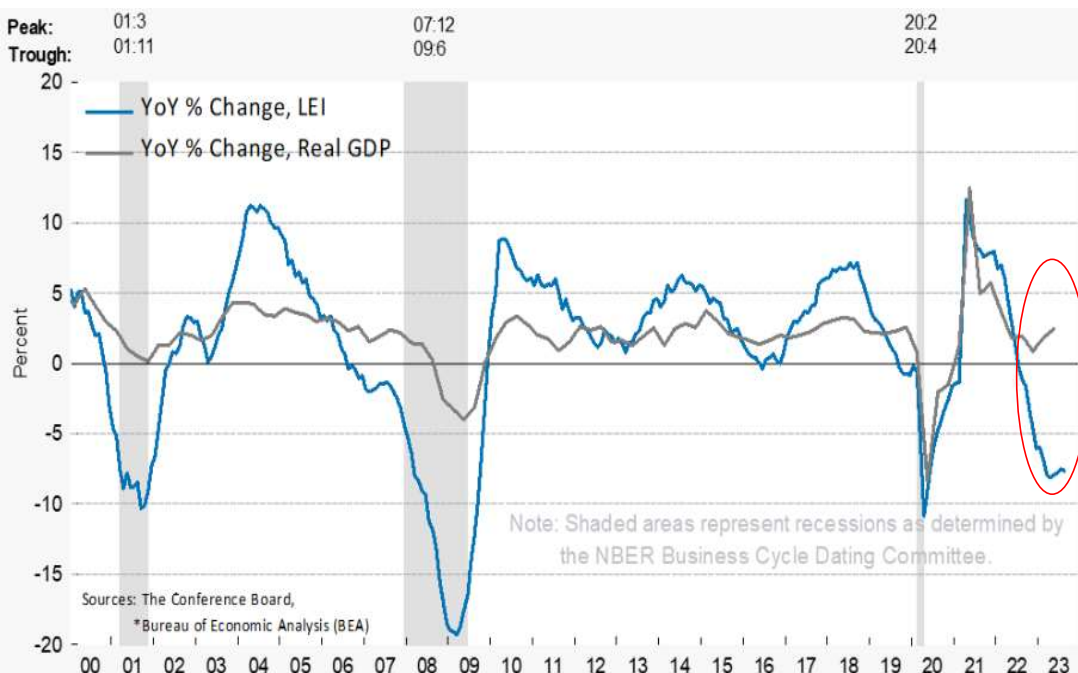
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Leading Economic Indicator

CB LEI: Fifth Consecutive Decline in July - dshort - Advisor Perspectives

10/27/2023



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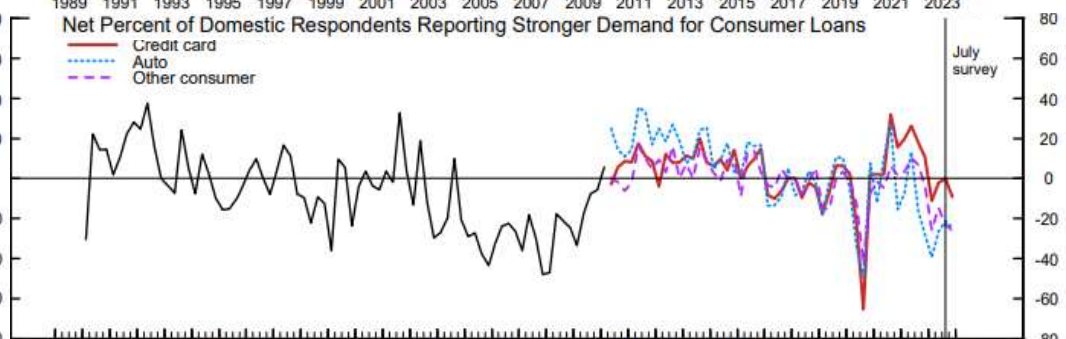
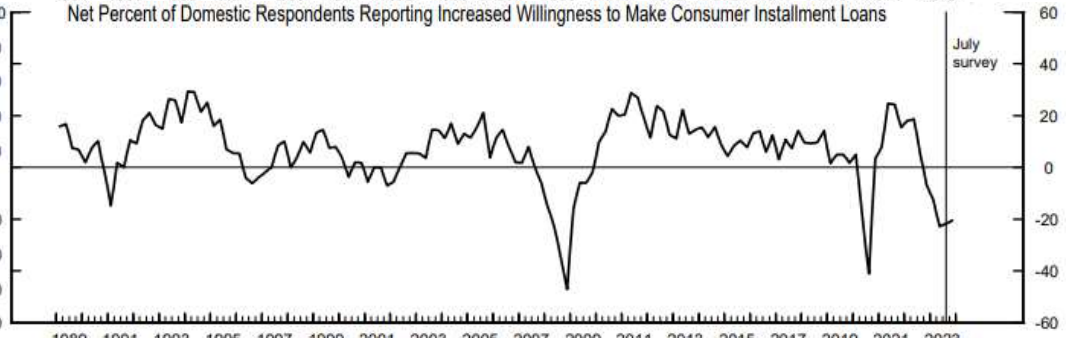
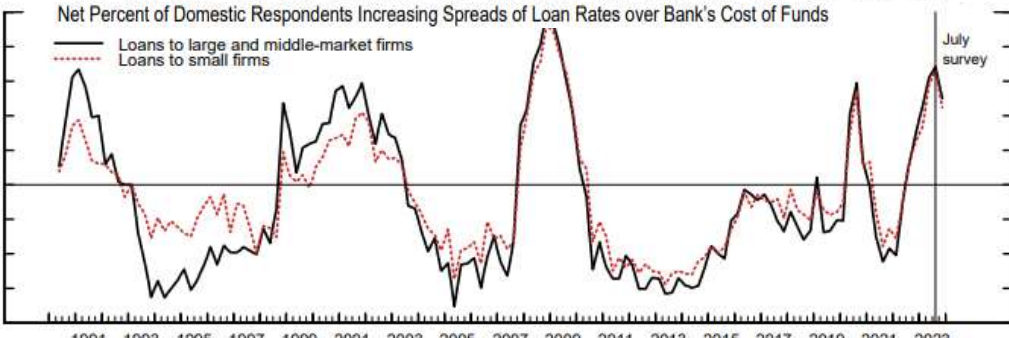
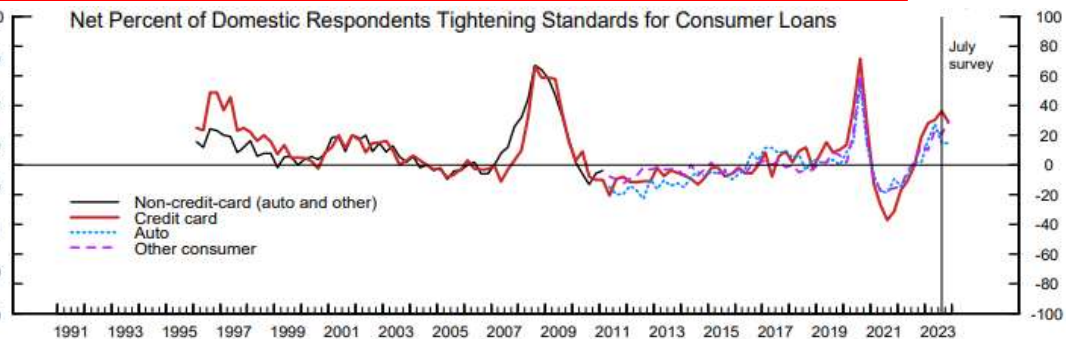
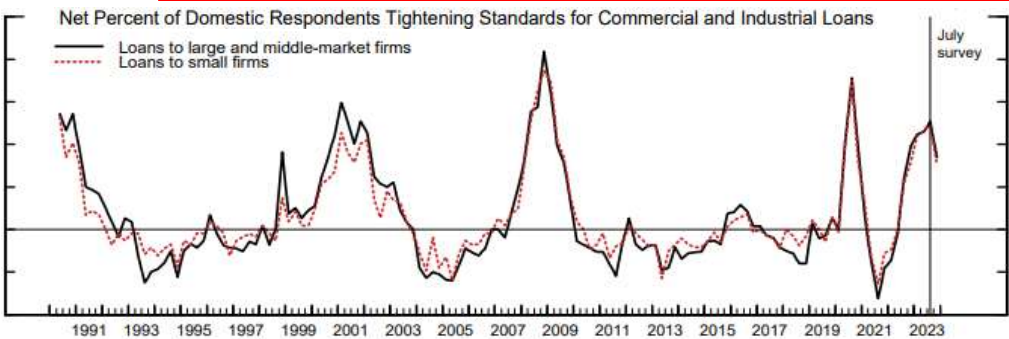
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Credit Condition - Senior Loan Officer Survey

The Fed - Senior Loan Officer Opinion Survey on Bank Lending Practices (federalreserve.gov)

11/06/2023



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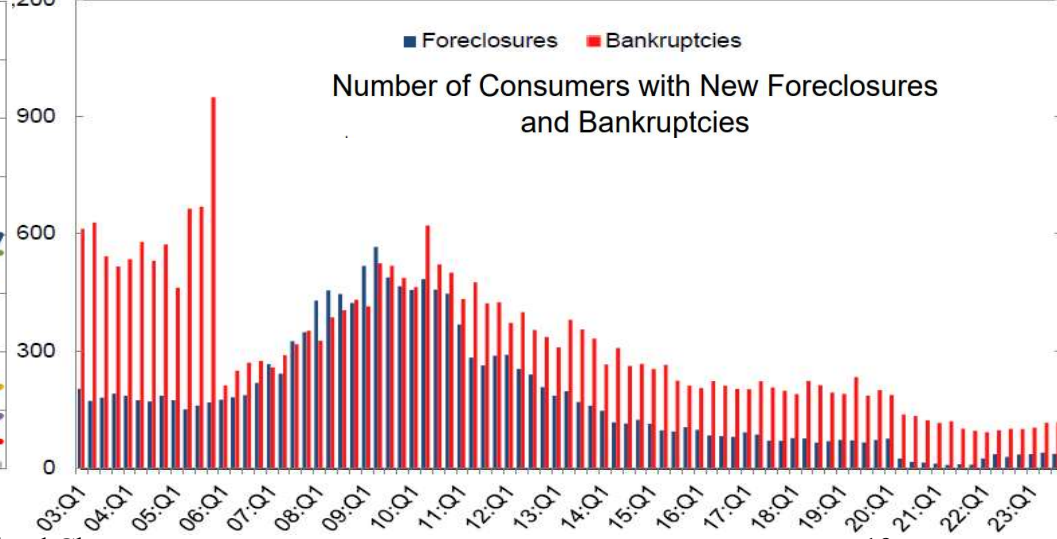
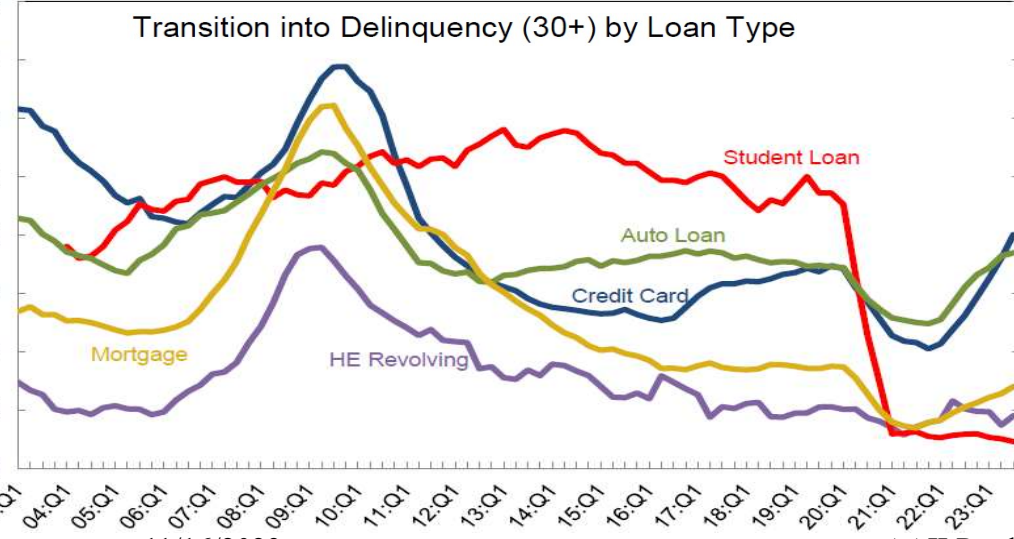
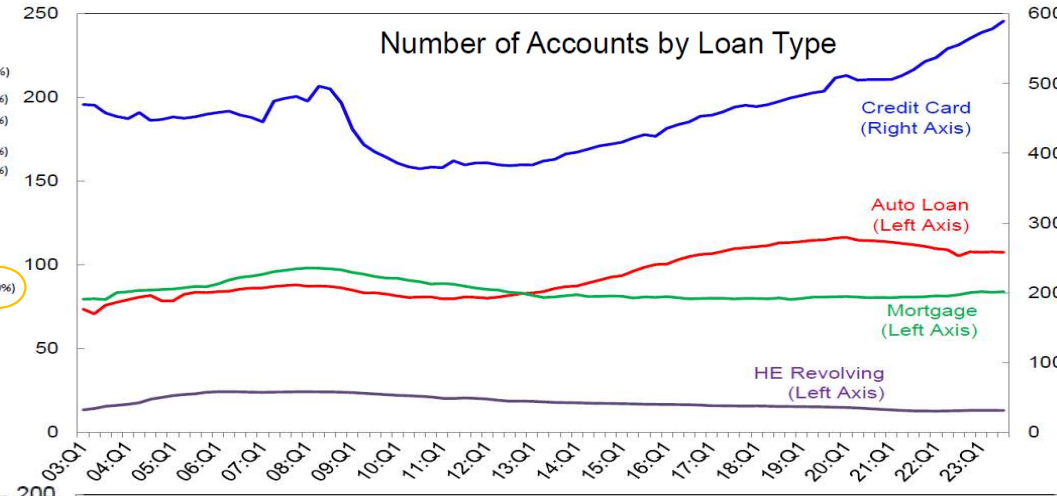
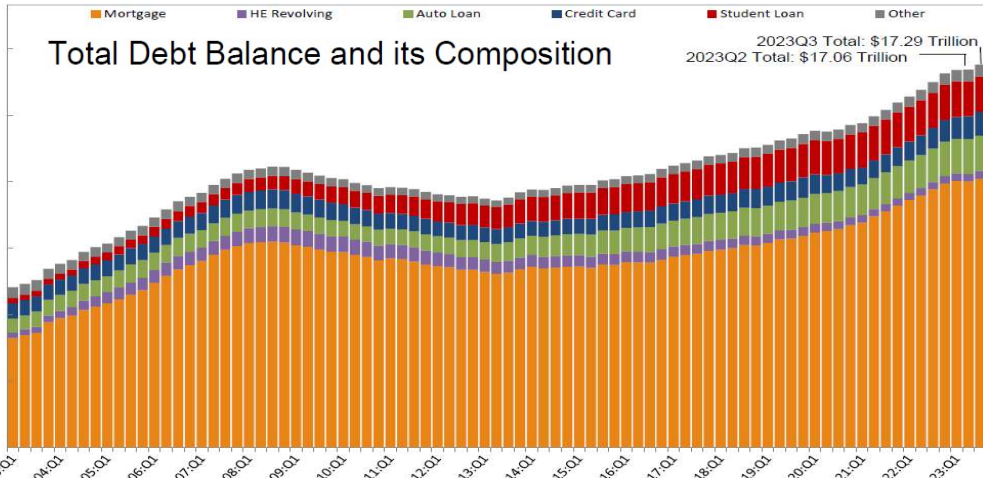
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Quarterly Household Debt (2023, Q3)

Household Debt and Credit Report - FEDERAL RESERVE BANK of NEW YORK (newyorkfed.org)

11/08/2023



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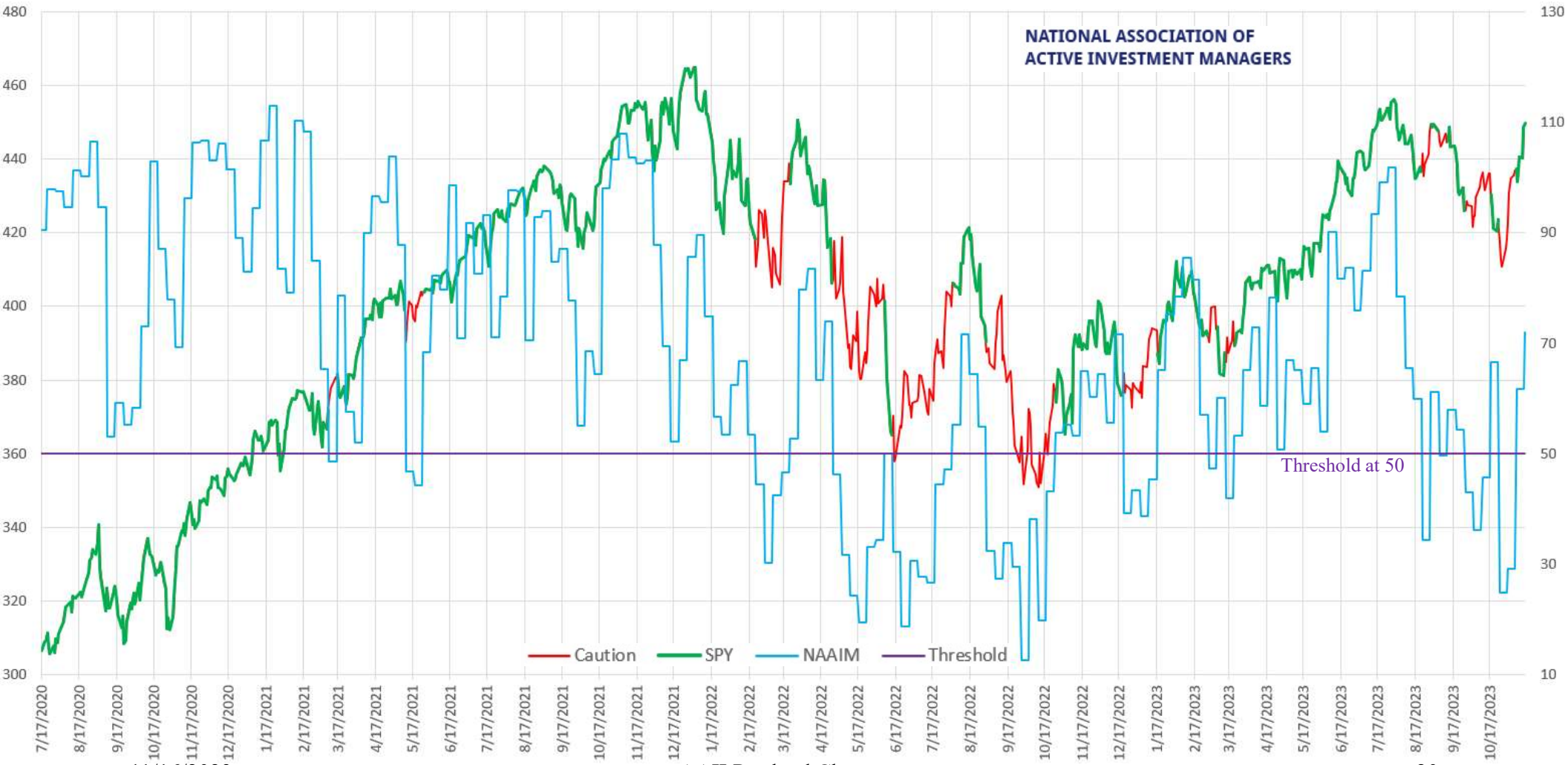
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NAAIM Exposure Index

<https://www.naaim.org/programs/naaim-exposure-index/>

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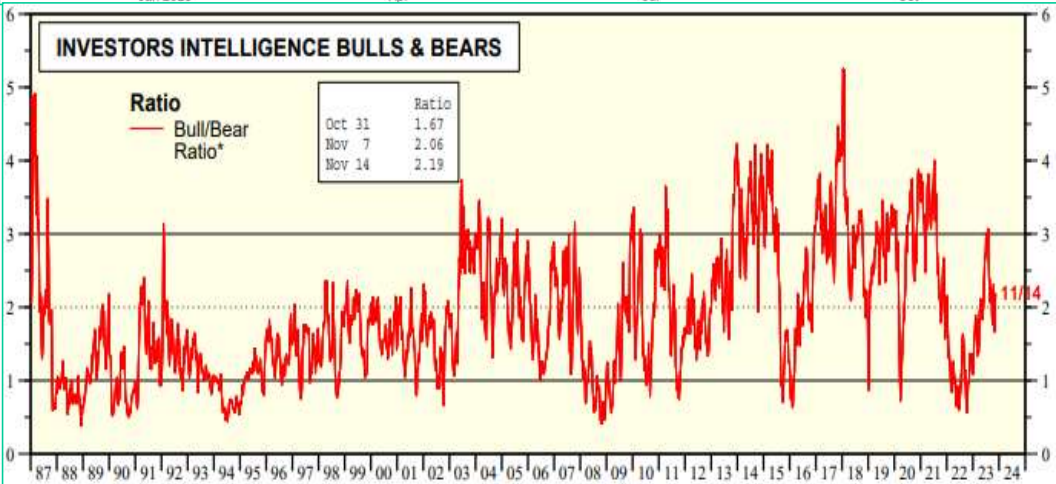
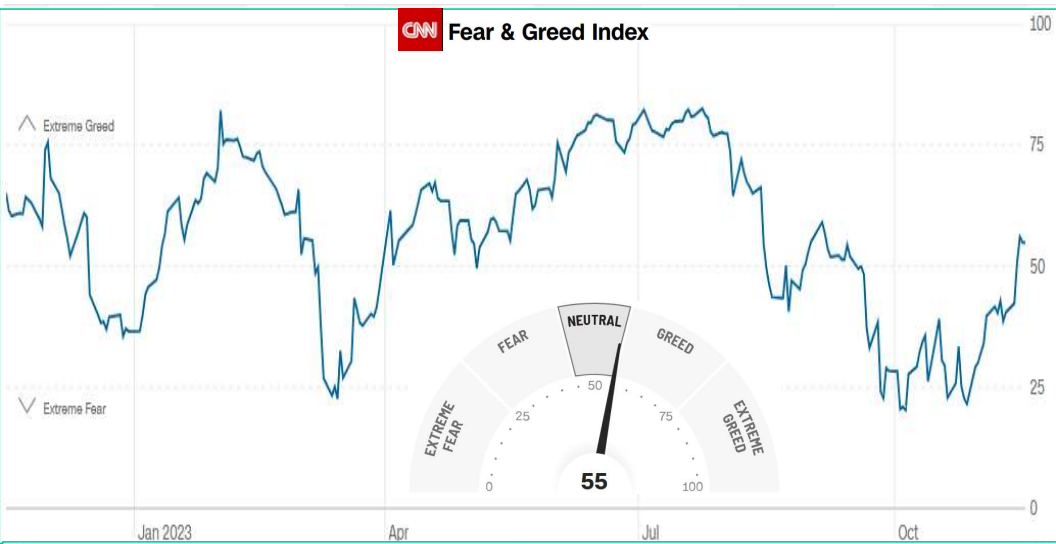
20

Sentiment Indicators

<https://money.cnn.com/data/fear-and-greed/>

Fundamental, Sentiment, & Technical (yardeni.com)

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MLP

11/16/2023



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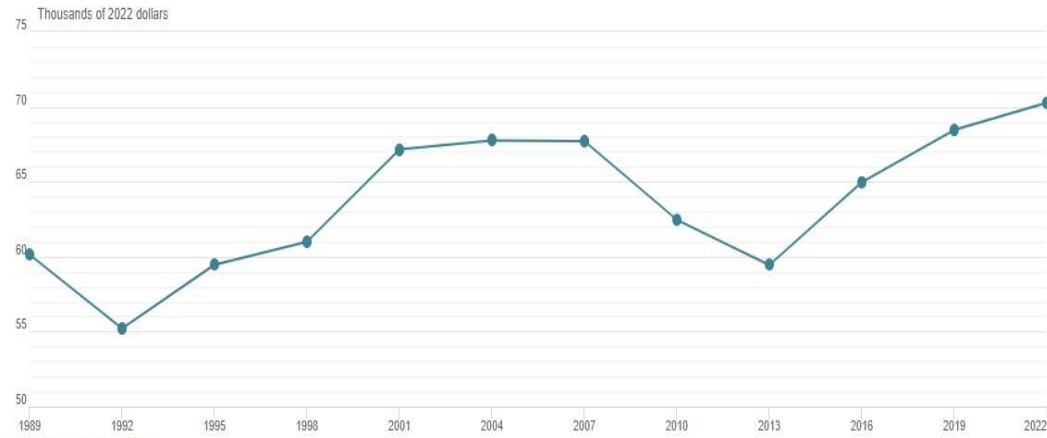
Triennial Survey of Consumer Finances (SCF)

<https://www.federalreserve.gov/econres/scfindex.htm>

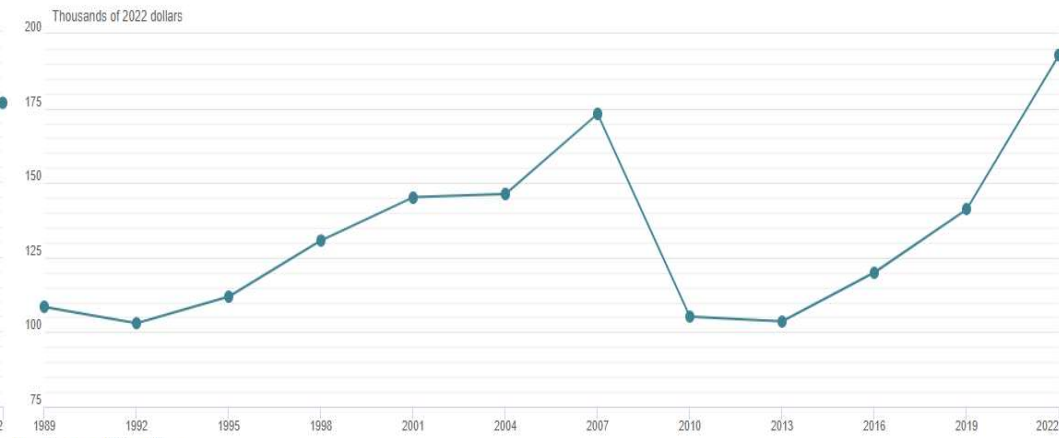
10/18/2023

Before-tax family income by all families

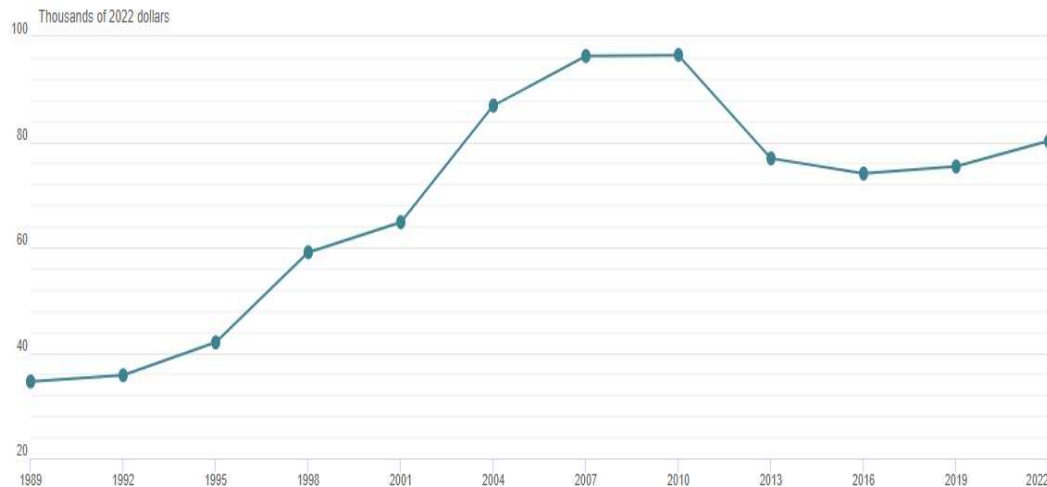
Median (\$)



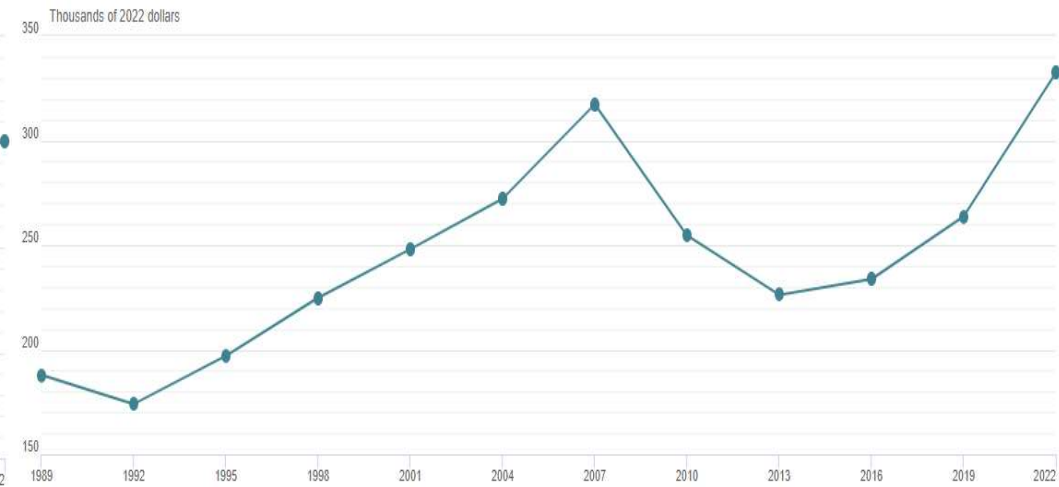
Net worth by all families



Debt by all families



Assets by all families



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The State of U.S. Wealth Inequality

The State of U.S. Wealth Inequality | St. Louis Fed (stlouisfed.org)

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➤ Wealth

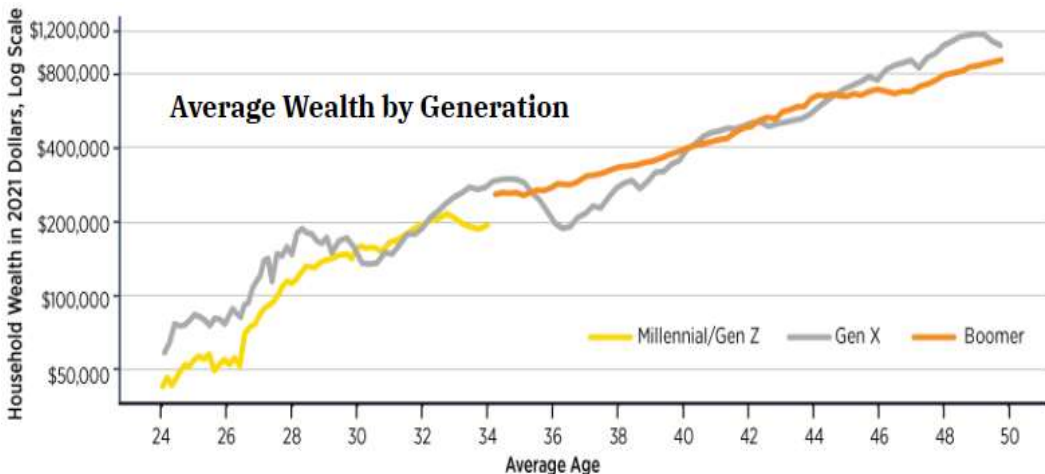
- The top 10% of households by wealth had \$7.0 million on average. As a group, they held 69% of total household wealth.
- The bottom 50% of households by wealth had \$51,000 on average. As a group, they held only 2.5% of total household wealth.

➤ Generation

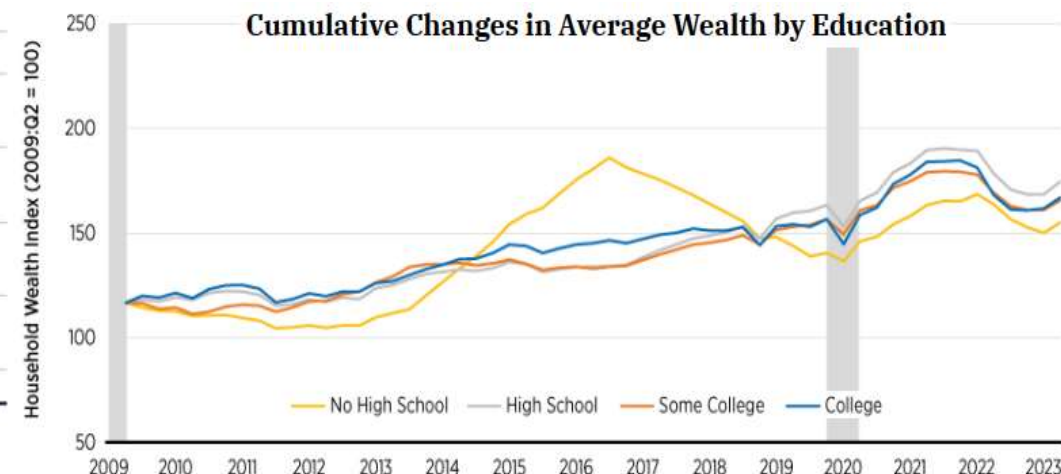
- Younger Americans (millennials and Gen Zers) owned 70 cents for every \$1 of wealth owned by Gen Xers at the same age.
- Younger Americans (millennials and Gen Zers) owned 74 cents for every \$1 of wealth owned by baby boomers at the same age.

➤ Race

- Black families owned about 24 cents for every \$1 of white family wealth, on average.
- Hispanic families owned about 24 cents for every \$1 of white family wealth, on average.



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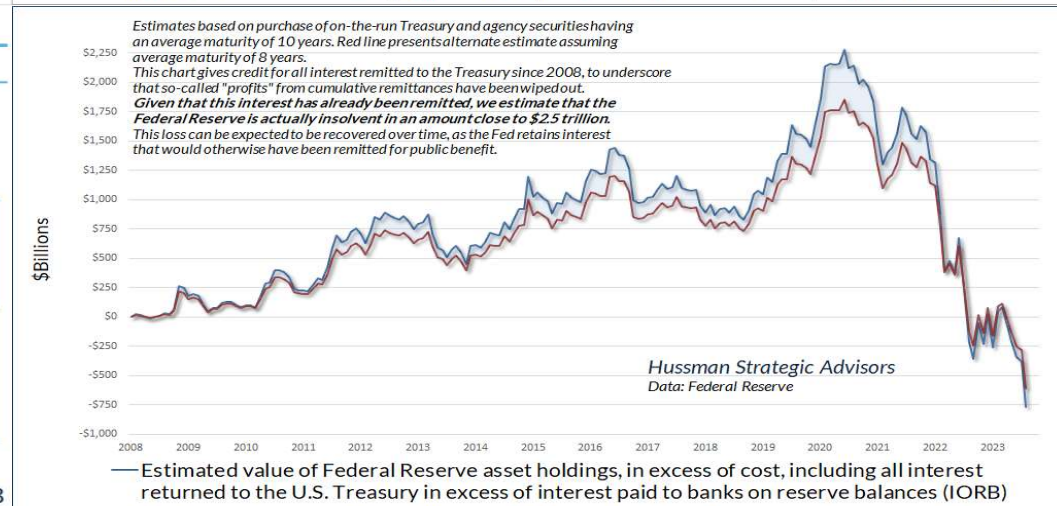
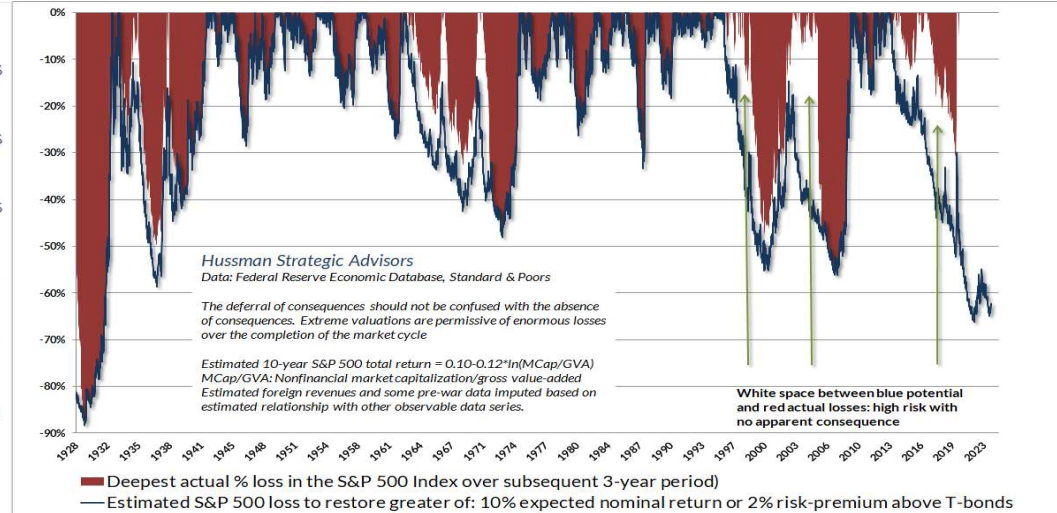
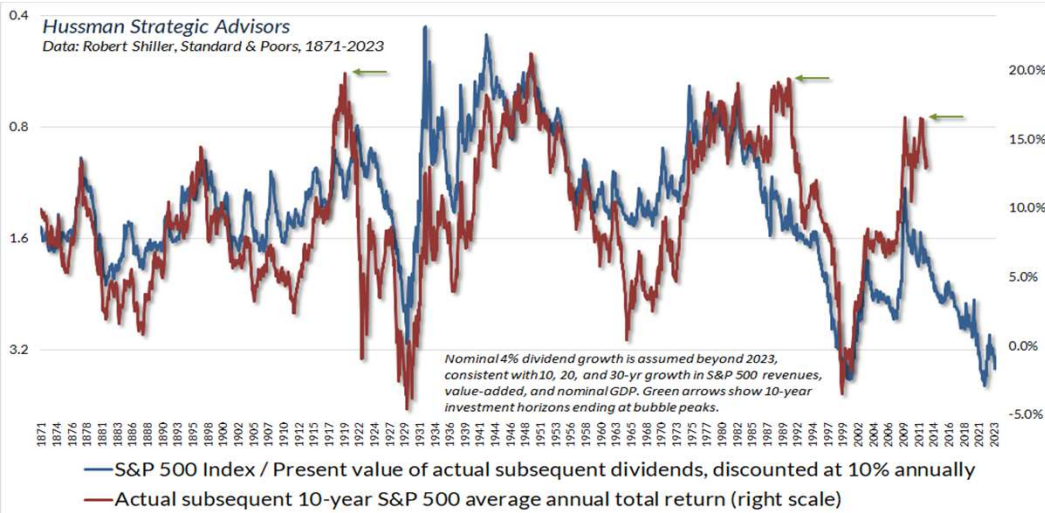
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For Halloween

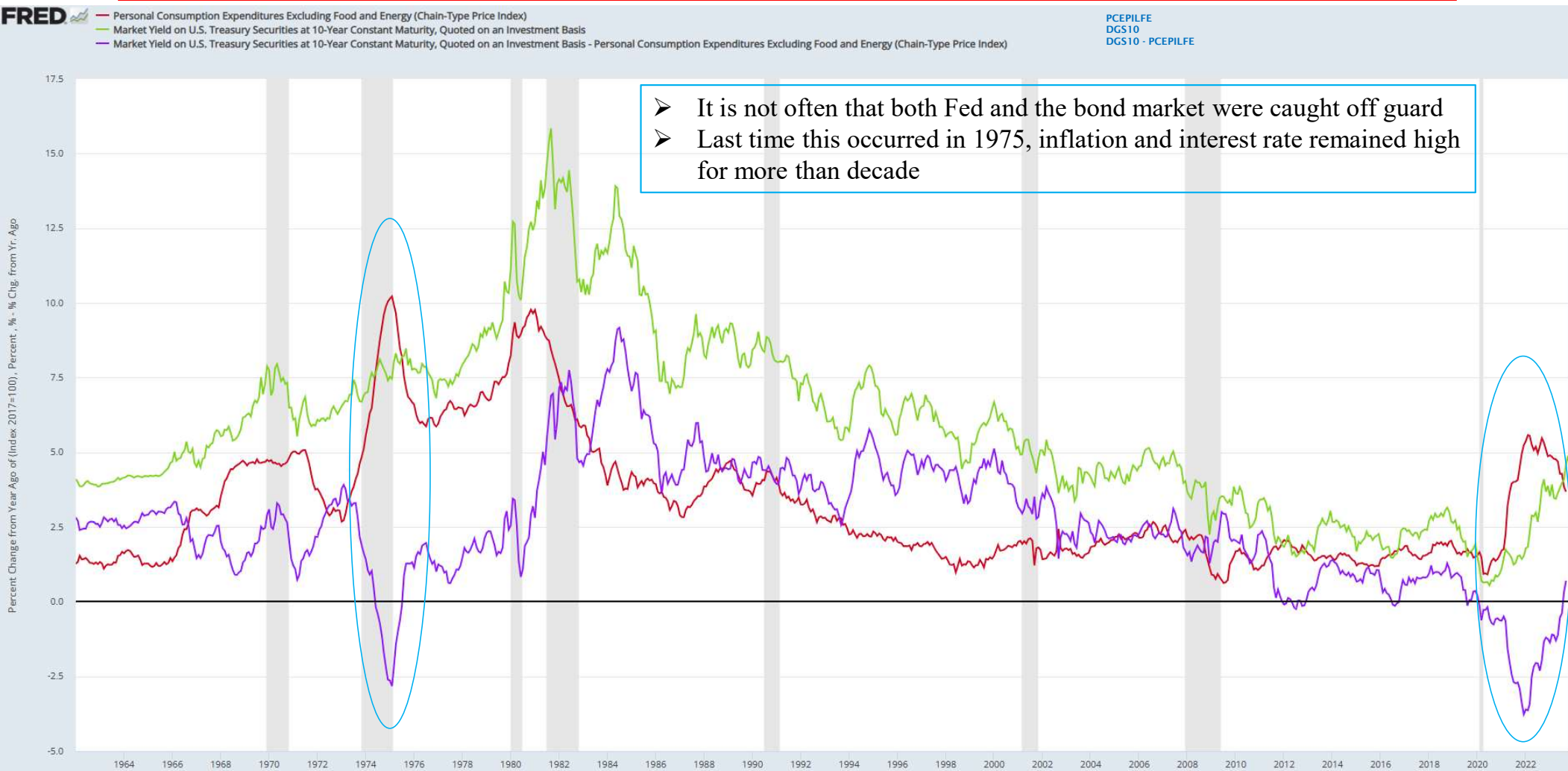
When the Bough Breaks - Hussman Funds

10/13/2023



Inflation & Interest Rate – Higher for Longer

11/10/2023



11/16/2023

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Post Pandemic Urban Recovery

<https://www.bizjournals.com/bizjournals/news/2023/11/07/downtown-recovery-trends-local.html>

11/09/2023

- Overall, downtowns with the highest recovery rates are concentrated in the southern United States
- Medium-sized cities have mostly recovered more quickly than larger ones
- Strong performers often had shorter commutes and a lower percentage of employment in scientific, information and technical fields. Although there were some exceptions, including San Jose [thanks to FANG]
- Metros that canceled the fewest events due to Covid protocols generally fared well
- It's about the diversity of the downtown economy
- Office to residential is only feasible for about 10% of buildings
- San Francisco is coming back though, as it always has, driven by that startup spirit

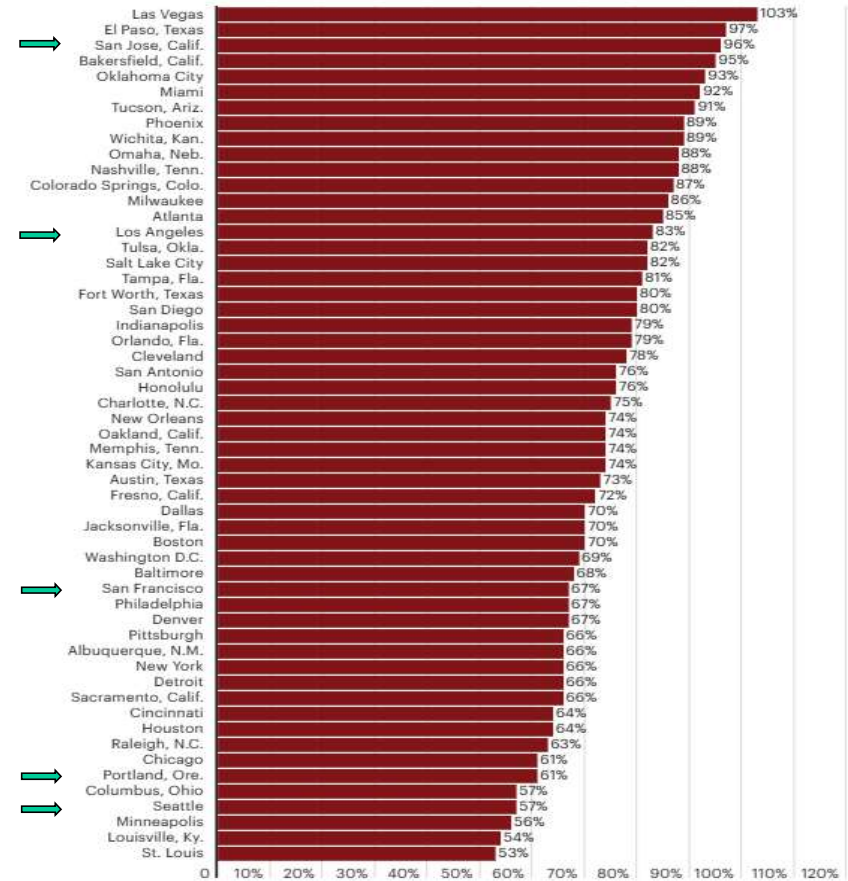
[Main factor in the ranking is cell phone usage data]

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Downtown recovery rate by metro area

Researchers analyzed GPS data from over 18 million North American smartphones



Source: University of Toronto School of Cities: Downtown Recovery, updated Oct. 16, 2023

THE BUSINESS JOURNALS

Q & A

"The value of any economic asset is 100% sensitive to interest rates. The higher interest rates are, the less that present value is going to be." - [Warren Buffett](#)



Caution: Information presented are backward-looking and for entertainment only.