



Weekly Commentary

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Data discrepancy

At the Federal Reserve's policymaking meeting two weeks ago, Chair Jerome Powell reminded reporters that the Fed pays more attention to "hard" than "soft" data. The former is quantifiable and the latter subjective. Reports last week show why he said that. The hard data came in the form of the Personal Consumption Expenditures (PCE) Index held steady in March. Headline PCE was 0.33% and core 0.37%.

But two recent soft data reports were negative. The March Conference Board consumer confidence index, dove from 100.1 in February to 92.9, the lowest level since January 2021. 12-month inflation expectations rose from 4.7% to 5.1%, almost a two-year high. The University of Michigan consumer sentiment survey told a similar story. It hit its lowest level since 2022 at 57, compared to 64.7 in February.

How will the Fed balance these discrepancies? Powell said he wants to see if the soft data bleeds into the hard. April might bring that, or at least more clarity.

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