



Weekly Commentary

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Critical reports don't alter the view of the economy

Last week brought an abundance of data on inflation, sales and employment.

The Federal Reserve's preferred measure of price pressure, the Personal Consumption Expenditures Index, arrived midweek with data about August. Its individual components moved in different directions, but only slightly, coloring the full report as essentially unchanged. But with annualized figures of 3.4% for headlines and 3% for core, that level remains meaningfully above the Fed's 2% target.

Despite the continued above-average inflation, consumers were active in August. The government reported that personal spending grew at a rate of 0.9% month-over-month in August, up from the 0.2% rate in July. It points to the near-truism that, if Americans have jobs, they spend.

And jobs they do have. Although the September employment report showed a weaker-than-expected gain of only 29,000 jobs, and July and August were revised down, the unemployment rate was essentially the same, 4.2% versus 4.1% in August. But the cooler payrolls numbers are one of the main reasons the markets think the Fed will hold rates in its policy-setting meeting later this month.

Views are as of the date above and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

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