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# Weekly Commentary

## US economy: steady as it goes

The considerable volatility in the international economy is not reflected in the US. As with the Consumer Price Index (CPI) last week, the other major measure of inflation — the Personal Consumption Expenditures Index released Thursday — showed next to no change in November. Headline PCE remained at a month-over-month (m/m) growth rate of 0.2% compared to October and rose only 0.1% year-over-year. In rare occurrence, the growth rates of Core PCE, which strips out prices of items that tend to vary in the short term like energy and food, were the same. Personal spending also was unchanged in November at a growth of 0.5% m/m. What about employment? Initial jobless claims for the week ended Jan. 17 were steady at 200,000 versus 199,000 the week prior.

Even gross domestic product (GDP) followed the trend. The first revision was essentially the same as that of the second, at 4.4% versus 4.3%. The US economy is so large that investors should never conclude that one metric — even four — captures its overall direction. But it does seem that the country has moved on from tariff-related volatility.

With stability like this, the Federal Reserve is likely to forgo changes to the fed funds rate when it meets this week.

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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