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## **Are the Fed mandates coming into balance?**

No one ever said, or should have said, that the Federal Reserve's job is easy. Even when the state of the economy is clear, balancing its two monetary policy mandates — full employment and stable prices — is difficult. Of course, this data has been far from transparent for years now, really since the onset of the Covid pandemic. Last week was no exception. On Wednesday, the Bureau of Labor Statistics (BLS) said that nonfarm payrolls in January rose by 130,000 jobs, much higher than double December's gain of 48,000. The labor market may not be as weak as thought.

In contrast, the Labor Department on Friday said inflation cooled in January compared to December. The Consumer Price Index (CPI) rose 0.2% in January compared to 0.3% in December, but the difference is more marked in the annualized numbers, 2.4% compared to 2.7%, respectively. Core CPI, which strips out food and energy prices, followed the annualized trend, at 2.5% versus 2.6%, respectively, though the month-over-month figure actually rose a tick, at 0.3% from 0.2%.

The Fed will see a raft of data before the mid-March Federal Open Market Committee meeting; policymakers hope the reports will add more clarity.

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