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December's silver bells

Last-minute holiday shopping bolstered the economy in December, and Americans seem to have more dry powder in the new year. With all the “shoppers rushing home with their treasures,” retail sales last month were more robust than most anticipated, rising 0.8%, after factoring out categories such as auto and fuel sales. The University of Michigan consumer sentiment January survey increased 13%, suggesting that consumers aren’t tapped out.

Having a job is key to these metrics, and the labor market remains tight. Weekly jobless claims for the week ended January 13 declined from 203,000 to 187,000, a surprise improvement and near the record low of 162,000 in 1968. Inflation is the other factor, and survey respondents think it is declining. While the consumer price index ticked up slightly in December, it is expected to decrease over the course of this year.

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.

Consumer Price Index (CPI): A measure of inflation at the retail level.

The University of Michigan Consumer Sentiment Index is a measure of consumer confidence based on a monthly telephone survey by the University of Michigan that gathers information on consumer expectations regarding the overall economy.

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