Weekly Commentary

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Watching consumer spending closely

In the last few decades, thanks to Black Friday deals, Thanksgiving week has added another American tradition to the Thursday meal: shopping. The concern among retailers is how much still-elevated inflation will dampen those spirits. Food prices have risen over the last few years, and tariffs and the government shutdown has weighed on confidence, but consumers sentiment has improved recently. The latest University of Michigan survey indicates the caution, but respondents' view of conditions have improved. They are also less wary of rising prices. Their expectations for inflation over the next 12 months fell to 4.5% and their longer-term view also declined.

Investors are more concerned with another rate, that of fed funds. The Federal Reserve's next Federal Open Market Committee (FOMC) meeting concludes December 10, with the futures market forecasting a quarter-point cut after New York Fed president John Williams said, essentially, that he was in favor of lowering the fed funds target range.

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