



Basis Points – 12.21.23

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Federal Reserve Maintained Current Rate Target

The Federal Reserve decided to maintain the target range for the federal funds rate at 5.25%-5.50% for the third straight meeting. Based on Fed projections for interest rates by the end of next year, it appears the Fed anticipates making three rate cuts of 0.25% each over the course of 2024.

Federal Deficit Grew in November

The November deficit for the federal government was \$314.0 billion, \$247.5 billion above the October deficit and \$65.5 billion higher than the November 2022 deficit. Total government receipts in November were \$274.8 billion and government outlays totaled \$588.8 billion. Through the first

two months of fiscal year 2024, the government budget deficit sat at \$380.6 billion compared to \$336.4 billion over the same period last fiscal year.

Eye on the Week Ahead

The final estimate of third-quarter gross domestic product is available this week. The second estimate had the economy accelerating at an annualized rate of 5.2%. The November data on personal income and outlays is also out this week. Consumer spending rose 0.2% in October, while the personal consumption expenditures price index, a measure of inflation, was flat. Consumer prices continue to inch lower, although they remain above the Federal Reserve's target of 2.0%.

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