



Basis Points – January 18th, 2024

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Equities Closed Higher Last Week

Wall Street saw stocks close higher last week, despite dampening hopes of an interest rate reduction. Each of the major benchmark indexes rebounded from a slow start to the year by adding value last week. Some major financial companies posted lower-than-expected fourth-quarter earnings. Information technology and communication services led the sectors, while energy and utilities underperformed. Ten-year Treasury yields slipped lower. Crude oil prices retreated marginally. The dollar was flat, while gold prices ticked higher.

CPI Increased in December

In what may hinder expectations for an interest rate cut by the Federal Reserve, the Consumer Price Index (CPI) rose 0.3% in December, up from 0.1% in November. The 12-month rate also increased 0.3 percentage point to 3.4%. In December, prices excluding food and energy rose

0.3%, unchanged from the November figure. For the year ended in December, the CPI excluding food and energy rose 3.9%, 0.1 percentage point under the 12 months ended in November. Prices for shelter (0.5%) continued to rise in December, contributing over half of the monthly increase.

Eye on the Week Ahead

There is a fairly substantial amount of important economic data released this week. Wednesday includes the December reports on retail sales, import and export prices, and industrial production. The end of the week focuses on the real estate sector with the release of the latest data on housing starts and the December report on existing-home sales.

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