



Basis Points February 22, 2024

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CPI Rose Above Expectations in January

The Consumer Price Index (CPI) rose 0.3% in January, exceeding expectations with the largest monthly gain since September 2023. Core prices, excluding food and energy, rose 0.4% in January, 0.1 percentage point higher than the December increase. Despite the January increase, the 12-month rate declined from 3.4% to 3.1%, while core prices were unchanged at 3.9%. Prices for shelter, which rose 0.6% last month, contributed more than two-thirds of the overall monthly increase. Food prices advanced 0.4%, while energy prices fell 0.9%. For the 12 months ended in January, prices for food rose 2.6% and shelter prices advanced 6.0%. Prices for energy declined 4.6%.

Treasury Budget Deficit Decreased From December

The Treasury budget deficit was \$22.0 billion in January, down from December's \$129.4 billion. January receipts were \$477.3 billion, while expenditures were \$499.3 billion. Through the first four months of the current fiscal year, the deficit sat at \$531.9 billion, about \$72.0 billion above the deficit over the same period last fiscal year. Last month, individual income taxes (\$283.0 billion) contributed more than half of the total receipts, while Social Security and Medicare payments (\$204.0 billion) represented the largest expenditures.

Eye on the Week Ahead

There's very little in terms of market-moving economic data being released this week. The Federal Open Market Committee releases the minutes from its last meeting, which might provide some insight as to the direction the Committee may be headed with respect to interest rates. Also out this week is the January data on sales of existing homes. Sales declined 1.0% in December and 6.2% year over year.

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