



## Basis Points – March 7, 2024

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### Markets Rose Last Week on Tech Stocks, Inflation Data

Wall Street continued its February rally into March as stocks closed last week notably higher with the exception of the Dow, which ticked lower. Investor enthusiasm about tech shares, particularly AI stocks, helped drive the upturn. Inflation data also was positive. While consumer prices ticked up in January, the 12-month rate actually declined, lessening concerns that the Federal Reserve would delay interest rate cuts beyond this year. Information technology led the market sectors, with Real Estate and Consumer Discretionary also moving higher. The yield on 10-year Treasuries fell as bond prices advanced. Crude oil prices ended the week higher. The dollar slipped lower, while an end-of-week rally helped drive gold prices up.

### Personal Income and Consumer Spending Increased in January

Personal income rose 1.0% in January, while consumer spending inched up 0.2%, down from December's 0.7% increase. The personal consumption expenditures price index, a noted measure of inflation, rose 0.3% in January after ticking up 0.1% (revised) in December. However, the 12-month rate rose 2.4%, down from 2.6% for the year ended in December, and closer to the Federal Reserve's goal of 2.0% inflation. Core prices, less food and energy, advanced 0.4% in January (0.1% in December) and 2.8% for the year ended in January (2.9% for the 12 months ended in December).

#### Eye on the Week Ahead

The employment sector is front and center this week with the releases of the latest Job Openings and Labor Turnover Survey and the employment situation. The numbers of job openings, hires and separations have been relatively consistent over the past few months and are expected to stay in line with recent trends. On the other hand, employment rose by an unexpectedly high 353,000 in January, which, when coupled with upward revisions for November and December, shows the employment sector has remained strong.

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