

July 24, 2023 – Economic Commentary

Thus far, earnings reports have bolstered the case for US economic resiliency. While almost all company commentaries acknowledge some impact on profitability from rising costs, including rising interest rates, few earnings reports are signaling undue financial stress. Furthermore, there are important signs that companies are, in general, backing away from recession-focused planning and starting to raise their expectations for the next 12 months. How this will be processed by the FOMC during their meetings this Tuesday and Wednesday is open to speculation, with the greatest likelihood being a decision to raise the target Fed Funds rate another 25 bps while waiting to see if inflation continues to slow. Certainly, with regional banks not yet showing additional signs of balance sheet stress and deposits largely stabilized, the Federal Reserve has considerable support for keeping the foot on the brake through both Quantitative Tightening and higher interest rates.

Data to Watch:

1. S&P Global US Purchasing Managers Indices for July (Preliminary) released Monday, July 24
2. FOMC Interest Rate Decision and Press Conference, released Wednesday, July 26
3. US Q2 GDP Growth (Flash Report), released Thursday, July 27
4. US Personal Income and Spending for June, released Friday, July 28

Suggested Reading:

1. [Hedge Funds Brawl Over Battered Commercial Real Estate](#)
2. [It's Taylor Swift's Economy, and We're All Living in It](#)
3. [UPS Contract Talks Go Down to the Wire as a Possible Strike Looms](#)
4. [Is there a market solution to L.A. homeless housing?](#)

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