

October 23, 2023 – Economic Commentary

At least fourteen representatives of the Federal Reserve (Board members or Fed Presidents) gave speeches last week, with several of them giving multiple speeches. Only one speech was really noteworthy: Federal Reserve Chairman Powell's speech on Thursday, in which he essentially reiterated that all options remain on the table for the Fed over the next few months (did we ever think otherwise?), but also seemed to lower the likelihood of a rate hike at the FOMC meeting on November 1. The amount of "noise" introduced by all these speeches — an overabundance of communication that was scarcely envisioned by Ben Bernanke and would never have been tolerated by Alan Greenspan— becomes apparent once the quiet period before the FOMC meeting is entered. This week, with no speeches to mar the focus, the economic data itself comes to the fore. A first estimate of third quarter US GDP is much anticipated, with expectations of at least 4% growth and possibly higher, but numbers for durable goods orders, new home sales and manufacturing activity will all have considerable importance in the lead-up to the FOMC interest rate decision. Yet perhaps the most important piece of information will come at the end of the week when the Federal Reserve's now-once-again preferred measure of inflation, the Personal Consumption Expenditures deflator, will shine a light on inflation trends in September and the degree of inflation deceleration that the Federal Reserve can look to for the remainder of the year.

Data to Watch:

1. S&P Global US Purchasing Managers Index, released Tuesday, October 24
2. First Estimate of US Third Quarter GDP, released Thursday, October 26
3. US Personal Consumption Expenditures (PCE) Price Index for September, released Friday, October 27
4. US Personal Income and Spending for September, released Friday, October 27

Suggested Reading:

1. [China's third-quarter growth exceeds forecast, buoyed by consumer spending and industrial production](#)
2. [Why Olive Oil Is So Expensive Right Now](#)
3. [There's Never Been a Worse Time to Buy Instead of Rent](#)

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