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Weekly Wire

The Fed's Next Move(s)

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It was another nice gain in the stock market last week, which in turn trimmed losses over the last month and put the quarter-to-date returns back into the green. For the quarter, gains have been broad-based, with small caps leading the way. There was indeed some market-friendly economic data last week, though those gains were mostly before the data was released. This included two key reports that could impact future moves by the Federal Reserve.

After those reports, [expectations](#) for the Fed raising short-term rates later were notably reduced. The first report was the [PCE \(Personal Consumption Expenditures\) Inflation data](#). The good? The number continues to fall and there were no negative surprises. The not-so-good? Core PCE was still 4.2%, Super Core (i.e. services only) was 4.7%, both of which are above the Fed's preferred 2%, and there is an expectation for another upward move in the months ahead given the recent spike in oil prices.

The second number last week was the [employment data](#) from last Friday. While the job growth confirmed continued improvement in the labor market, the unemployment rate did rise to 3.8%, which in turn provides some cover for the Federal Reserve to skip a rate hike in September. That said, there was a lot to unpack from in the unemployment report. Some might say "cracks" are appearing, though others might say the data continues to "normalize" after the pandemic shock and that the economy continues to show more resiliency than many had expected. Either way, I would say the Fed remains "data-dependent" and it's no sure thing that they won't still raise rates later this year (and next).

As for potential market-moving events this coming week, this week is lighter on the economic and earnings front, but we have plenty of Federal Reserve officials speaking.

Add it all up...

Stay invested. Stay diversified. Stay disciplined.

Key Economic Data Last Week

Data Point	Expectation	Actual
ADP Employment	170,000	177,000
GDP (Revision)	2.4%	2.1%
Personal Consumption Expenditures(PCE)	-	3.3%
Core PCE	-	4.2%
Nonfarm Payrolls	170,000	187,000
US Unemployment Rate	3.5%	3.8%

Key Economic Data This Week

Data Point	Expectation	Release Date
ISM Services	52.7%	9/6/2023
Six Fed President Speeches	-	9/7/2023
Wholesale Inventories	-0.1%	9/8/2023
Consumer Credit	\$19.5B	9/8/2023



Mind Over the Market

Humans are wired to act, markets tend to reward inaction.

The Behavioral Investor, Dr. Daniel Crosby



Trivia

What's the term for the study of paper currency and coins?

[Numismatics](#). Numismatists study the physical attributes of the payment media rather than the use and function in an economy.