



MARKET REVIEW

FEBRUARY 19, 2024

Greetings All,

We started the week off with January inflation coming in higher than expected. Data shows consumer prices have risen 3.1% from a year ago. A second inflation report came out later in the week showing wholesale prices also increased higher than expected. Inflation increases like these put a pause on when the Fed will begin reducing rates.

These readings will also continue to drive market volatility as we saw a significant decline in the stock market early on Tuesday. Although stock prices began to come back during the week, the second inflation reading drove the market down further on Friday, causing the first negative performance in the market since early January.

We also learned last week that retail sales and industrial production both declined in January. This type of slowing is to be expected with the Fed's tightening to cool the economy. While this information may be an indication of an economic soft landing, the timing of rate cuts is uncertain, and it still appears that the US economy is slowing to a point where we should continue to see inflation rates slow. Although January's inflation was higher than expected, levels of price increases are still down from previous readings over the past year, and we are still expecting the Fed to begin reducing rates later this year.

Warm Regards,

Brad Mickelson
Director of Portfolio Management

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Branch Location:
15301 Spectrum Drive,
Suite 115
Addison, TX 75001
PH: 972.931.3700

Office of Convenience
2001 E Lamar Blvd.,
Suite 150
Arlington, TX 76006
PH: 817.461.2177

Office of Convenience
825 Watter's Creek
Blvd
Suite 250
Allen, TX 75013
PH: 972.948.8989