

Retail Sales

January retail sales rose 0.3%. Sales in November and December were each revised down a tenth. The retail sales control group, used to calculate GDP, was unchanged in January, revised down from 0.5% to 0.2% in December and from -0.1% to -0.2% in November.

Our Take: Retail sales were reported just as expected, but the results in the control group are concerning. The consumer has been the key to recent economic growth. If spending slows, GDP growth will likely slow as well.

Inflation

The Consumer Price index rose by 0.1% in January. Year-over-year the index has risen 2.5%.

Our Take: Inflation remains remarkably stable. Should this change in one direction or the other, the Fed will surely act. Until then, inflation reports are unlikely to affect markets.

Powell Testimony





Testifying to Congress this week, Federal Reserve Chairman Powell reiterated the Fed's positive assessment of the economy, noting the stable labor market and solid consumer spending. Overall, he views that the U.S. economy is in a "very good place" and believes the current stance of monetary policy remains appropriate.

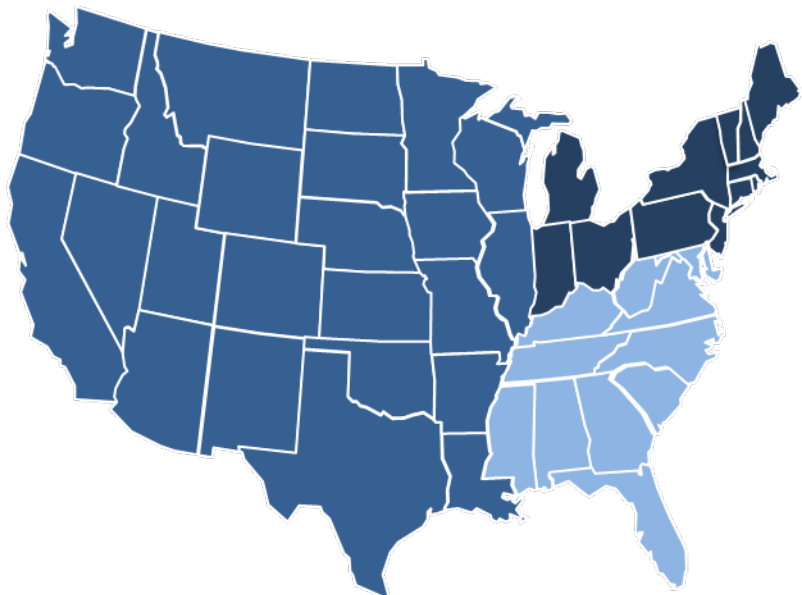
Our Take: There were no surprises in the chairman's testimony. Unless there is a change in the current trends, the Fed is likely to remain on hold in the near term.

Municipals

California High-Speed Rail Authority officials announced that the estimated cost of the project has increased by another \$1.3 billion, moving from \$79 billion to \$80.3 billion. The increase in cost was attributed to a push back of the overall completion date. However, officials stated that progress on the first segment is on track to meet a 2022 federal deadline.

Our Take: California had scaled back the initial high-speed rail project, citing cost overruns, but had vowed to complete the portion of the project that was already under construction. The projected cost has increased from a 2016 estimate of \$64 billion to the current estimate of \$80.3 billion, which is concerning.

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