

Inflation

Consumer prices rose 0.4% in February, while producer prices increased 0.5%. Year-over-year, both consumer and producer prices have risen 2.8%.

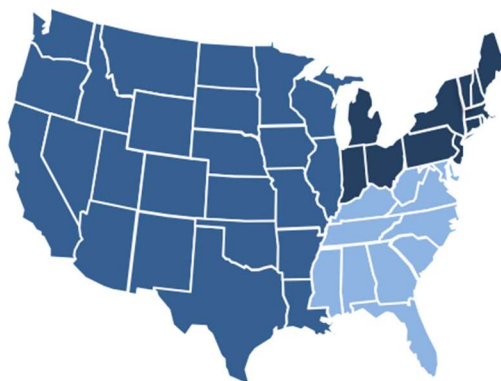
Our Take: Prices remain relatively tame. There will likely be an inflation uptick over the next two months as pandemic-affected numbers fall out of the year-over-year numbers. Additionally, the current government stimulus could have inflationary repercussions. Time will tell.

Municipals

Moody's Investors Service revised its outlook for U.S. states and for U.S. local governments from negative to stable following the passage of the \$1.9 trillion relief bill. In addition to the aid from the stimulus package, Moody's cited improving economic conditions along with tax revenue growth as reasons for the outlook change.

Our Take: Tax collections in many states have exceeded expectations as states recover from the effects of the pandemic. Aid from this week's relief bill is expected to lead to increased economic activity and tax revenue growth.

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