

## The Fed

The Federal Reserve Open Market Committee (FOMC) maintained its federal funds rate at the current range of 0.0%-0.25%. Indicators of economic activity and employment showed increased improvement recently, however the Fed noted that sectors "most adversely affected by the pandemic remain weak." Although the newly released Summary of Economic Projections continues to forecast no liftoff from current rates through the end of 2023, a brighter economic outlook had some Fed officials looking to increase rates sooner than previous dot-plots indicated. Despite encouraging signs, the path of the economic recovery remains dependent on the course of the virus and the continued progress of vaccinations.

**Our Take:** With the approval of the second COVID-19 relief bill and over 100 million Americans having received at least one vaccine dose, the economic recovery is progressing faster than the Fed had expected three months ago. Still, parts of the economy continue to struggle. The Fed remains committed to its support of the recovery and continues to signal it will likely maintain its easy policy stance for the foreseeable future.

## Retail Sales

Retail sales fell 3.0% in February, erasing some of January's revised 7.6% increase in sales.

**Our Take:** Frigid weather in much of the U.S. was the primary driver of reduced sales. Despite the big drop, sales remain above the pre-pandemic trend. Government transfers have clearly helped prop up sales and further increases are certainly possible as parts of the \$1.9 trillion stimulus package are being doled out.

## Municipals

Moody's Investors Service raised the outlook on U.S. airport debt from negative to stable. Moody's cited "the expectation that activity will grow solidly" as one of the reasons for the outlook change.

**Our Take:** Last Sunday, Miami International Airport reported its highest passenger count since the start of the pandemic. As COVID-19 cases drop and vaccinations increase, Americans are starting to travel again.

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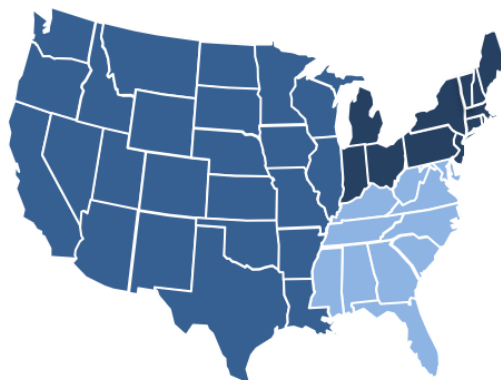
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