

Rebecca Frohlich

From: Fairway Asset Management
Sent: Friday, February 16, 2024 12:31 PM
Cc: Rudy Thomas; Rebecca Frohlich
Subject: Economic Update from Rudy Thomas

We had the second release this week of a measurement of inflation. This morning we saw the January PPI number up 0.3%. This was the highest rise in five months. Also, above the forecasted level of 0.1%. The two highest contributing factors were Services and Medical Care. On an annual basis, the PPI index was up 0.9%. This was slightly below December's level of 1% but above the forecasted level of 0.6%. The Core level of PPI, ex-food and energy, was up 0.5%. This was well above December's decline of 0.1% and above the forecasted level of 0.1%.

Much like we saw earlier this week when the CPI Index also came in higher than expected, interest rates are moving somewhat higher. We have now seen in releases this week how higher rates are negatively impacting consumers. For January, Retail Sales fell by 0.8%. This was the largest decline since March of last year. Housing Starts for January were reported as falling by 14.8%. This was the largest decline since April of 2020, which was influenced by COVID and related factors.

Given the uncertainties associated with the war between Israel and Iran, oil prices have moved up about 10% during the past month. This will also negatively impact Consumer Spending as more dollars will be spent at the gasoline pump due to higher prices.

The focus on Consumers and the various negative impacts affecting their spending patterns, we will make this a part of our investment thought process.

Enjoy your weekend, especially those of you who get a holiday Monday for President's Day.

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