
WEEK IN REVIEW | REINHART FIXED INCOME
BY MADISON INVESTMENTS

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INFLATION

The Consumer Price Index (CPI) rose 0.4% in October. Prices excluding food and energy rose 0.3%. Both reports were lower than expected. Over the last twelve months, prices have risen 7.7%.

Our Take: Markets rallied dramatically as consumer prices rose less than expected. While inflation lower than expected is welcome, it is still well above Fed targets. Multiple Fed speakers intimated that tightening is far from over despite the CPI surprise.

MUNICIPALS

Municipal bond measures totaling nearly \$66 billion were on ballots across the country this week. After the voting, at least \$37 billion of municipal bond measures were approved while some measures remain too close to call.

Our Take: This year's amount of bond measures on the ballot is significantly higher than last year's \$27 billion as many municipalities postponed projects during the pandemic. State and local governments with measures that were approved this week now carry the task of deciding whether or not to issue in the current market environment. Some may choose to delay issuance if borrowing costs are too high.



CONTACT

Financial Advisors

888.971.7135

Find your Regional Director on our [coverage map](#) or by visiting madisoninvestments.com/contact.

Institutional Investors and Consultants

888.971.7135

Visit us online

madisoninvestments.com

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