
WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

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THE FED

This week, several Fed officials shared their perspective on the timing of potential reductions in the Fed funds rate. Minneapolis Fed President Neel Kashkari noted the Fed is “not looking for better inflation data,” but would like to see “a few more months” of good inflation data before cutting rates. He added that two to three cuts will likely be appropriate this year. Cleveland Fed President Loretta Mester wants to see more evidence inflation is cooling before lowering rates but expects to gain that confidence and begin moving rates down later this year. Fed Governor Adriana Kuglar and Boston Fed President Susan Collins also noted they are willing to wait for continued improvement in order to confirm inflation is on a sustainable path to 2% before moving on rates.

Our Take: The members’ comments largely echo what Chairman Powell expressed last week during his post-meeting remarks. There appears to be wide consensus at the Fed that inflation is clearly heading toward the Fed’s 2% target but there is no urgent need to begin the process of normalizing rates. For now, the Fed will remain patient and wait for continued improvement in inflation before it takes the first step in cutting rates.

MUNICIPALS

The Las Vegas Convention and Visitors Authority (LVCVA) estimated that December visitation increased by 2.7% over December 2022 to nearly 3.4 million visitors. Last year’s total visitors reached 40.8 million, which is higher than 2022 but lower than the record set in 2016 with 42.9 million visitors. 2023 posted the largest visitor number since the pandemic. The LVCVA also announced that the international visitor number increased by 1.3 million over the 2022 number to 4.7 million in 2023.

Our Take: Year-over-year visitor numbers increased in 2023 due in part to increased convention traffic along with special events such as November’s Formula 1 race. Las Vegas officials are optimistic that upcoming events, including this weekend’s Super Bowl will lead to even more visitors in 2024 and will provide a boost to the city’s economic growth.



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