
WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

January 19, 2024

RETAIL SALES

Retail sales rose 0.6% in December. The retail sales control group, which is used in GDP calculations, rose 0.8%.

Our Take: Retail sales were surprisingly robust in December, easily outpacing expectations. Fourth quarter GDP estimates are likely to rise given the solid sales report, and a continued strong economy is a reason for the Fed to delay the start of rate cuts.

MUNICIPALS

The California Assembly and Taxation Committee held a hearing to discuss Assembly Bill 259, which would create a new wealth tax on wealthy individuals. AB 259 called for a 1.5% tax on the assets of Californians with a net worth of \$1 billion and a 1% tax on Californians with a net worth of \$50 million. After the hearing, the bill, which was introduced in 2023, stalled.

Our Take: Governor Newsom and California lawmakers are looking for ways to solve the state's budget deficit. The wealth tax in AB 259 was not the answer. California residents already face a high tax environment and imposing significant wealth taxes on high-net-worth individuals would potentially drive them to move out of the state.



CONTACT

Financial Advisors

888.971.7135

Institutional Investors and Consultants

888.971.7135

Visit us online

madisoninvestments.com

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