
WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

November 12, 2021

INFLATION

The consumer price index (CPI) rose 0.9% in October and has increased 6.2% over the past year. Producer prices (PPI) also escalated, growing 0.6% in October and 8.6% year-over-year.

Our Take: Inflation has proven to be more persistent than many economists previously believed. Year-over-year CPI is now at its highest level since 1990 and shows few signs of slowing any time soon. Demand continues to be robust as the holiday shopping season begins, while supply is still constrained by bottlenecks in the supply chain. The Fed insists that inflation will subside but reports like these are sure to test their patience.

MUNICIPALS

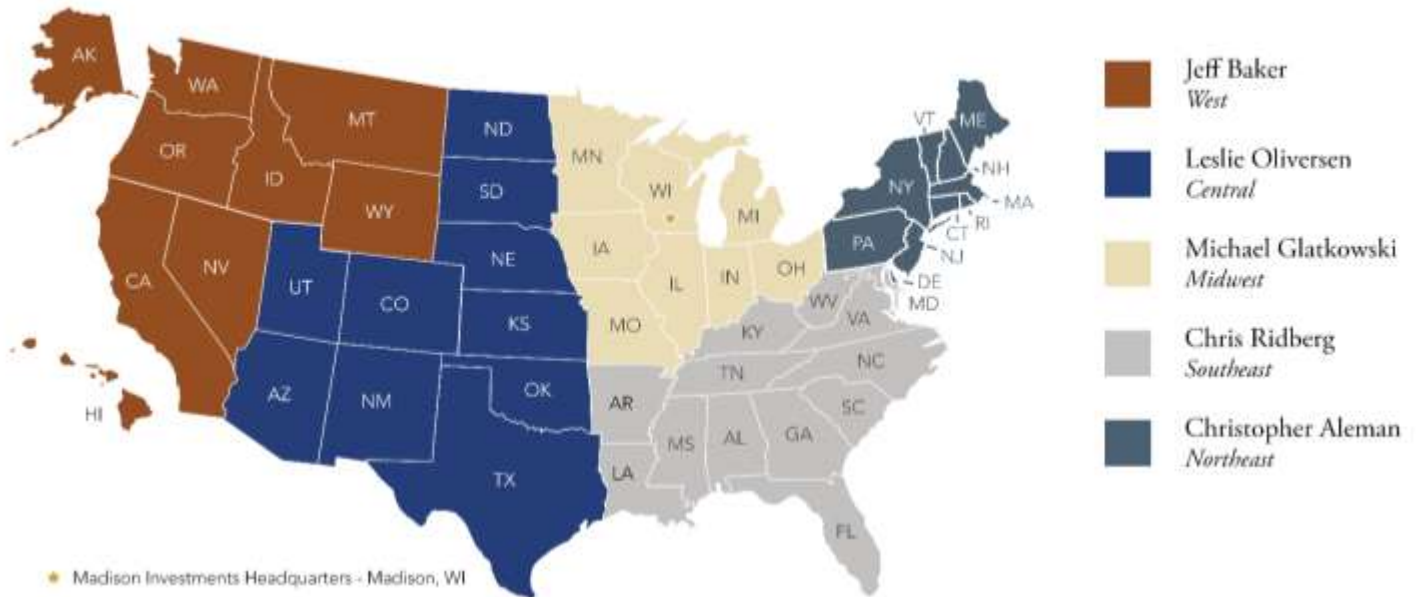
New York, New Jersey and Connecticut lawmakers ended their stalemate and reached a last-minute agreement on how to split \$14 billion of federal coronavirus aid allocated to transportation. The Metropolitan Transportation Authority (MTA) will receive over \$10 billion. New Jersey will receive \$2.66 billion, and Connecticut will receive \$474 million. New York will receive \$10.85 billion, which includes the funds for the MTA. An agreement was due to the federal government this week in order to apply for \$2.2 billion of additional funds from the American Rescue Plan.

Our Take: Lawmakers from New York, New Jersey and Connecticut have been working for months on how to divide the federal funds without an agreement until this week. A compromise was necessary, as the additional funds will help the agencies recover from the effects of the pandemic and avoid service disruptions.



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