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## WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

December 1, 2023

### INFLATION

The Personal Consumption Expenditures deflator (PCE) was unchanged in October and rose 3.0% year-over-year. Core PCE rose 0.2% and 3.5% respectively over the same time periods.

**Our Take:** The PCE inflation report was as expected. Inflation appears to be slowing but remains above the Fed's 2% target. The Fed is unlikely to raise rates at their December meeting and the market still believes that rate cuts are likely as soon as mid-2024.

### PERSONAL INCOME AND SPENDING

October personal income and spending both rose 0.2%.

**Our Take:** Despite many predictions of an impending recession, the economy continues to chug along, albeit at a somewhat slower pace than in the third quarter. This is welcome news to the Fed as they continue to try and achieve a soft landing.

### MUNICIPALS

Municipal issuance for 2023 has reached \$337 billion, which is 3% lower than last year's issuance for the same period. Estimates indicate that 2024 volume could range from \$330 billion to \$450 billion according to Bloomberg.

**Our Take:** Last year's estimates for 2023 issuance called for \$300 billion to \$500 billion and the 2023 final issuance number will most likely land toward the lower end of that wide range. Rising rates and volatility have led many municipalities to delay or postpone planned issuance in 2023.



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## CONTACT

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## ABOUT REINHART FIXED INCOME

Quality, stability, and predictability are the hallmarks of the Reinhart Fixed Income management philosophy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of the client. Reinhart Fixed Income is part of Madison Investments, an independent investment manager providing active, high-quality, and high-conviction portfolios since 1974.

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