
WEEK IN REVIEW - REINHART FIXED INCOME BY MADISON INVESTMENTS

June 25, 2021

PERSONAL INCOME AND SPENDING

Personal income fell 2.0% in May while personal consumption was unchanged.

Our Take: While incomes fell as stimulus ended, they fell less than expected as compensation levels rose. On the consumption front, spending on services is increasing as the economy reopens while spending on goods abates, possible in response to higher prices.

DURABLE GOODS

Orders for durable goods rose 2.3% in May. April orders were revised higher, from -1.3% to -0.8%.

Our Take: Orders for durable goods remain strong. Durable goods shipments continue to lag orders, so strength in manufacturing should continue as businesses try to keep up with demand.

MUNICIPALS

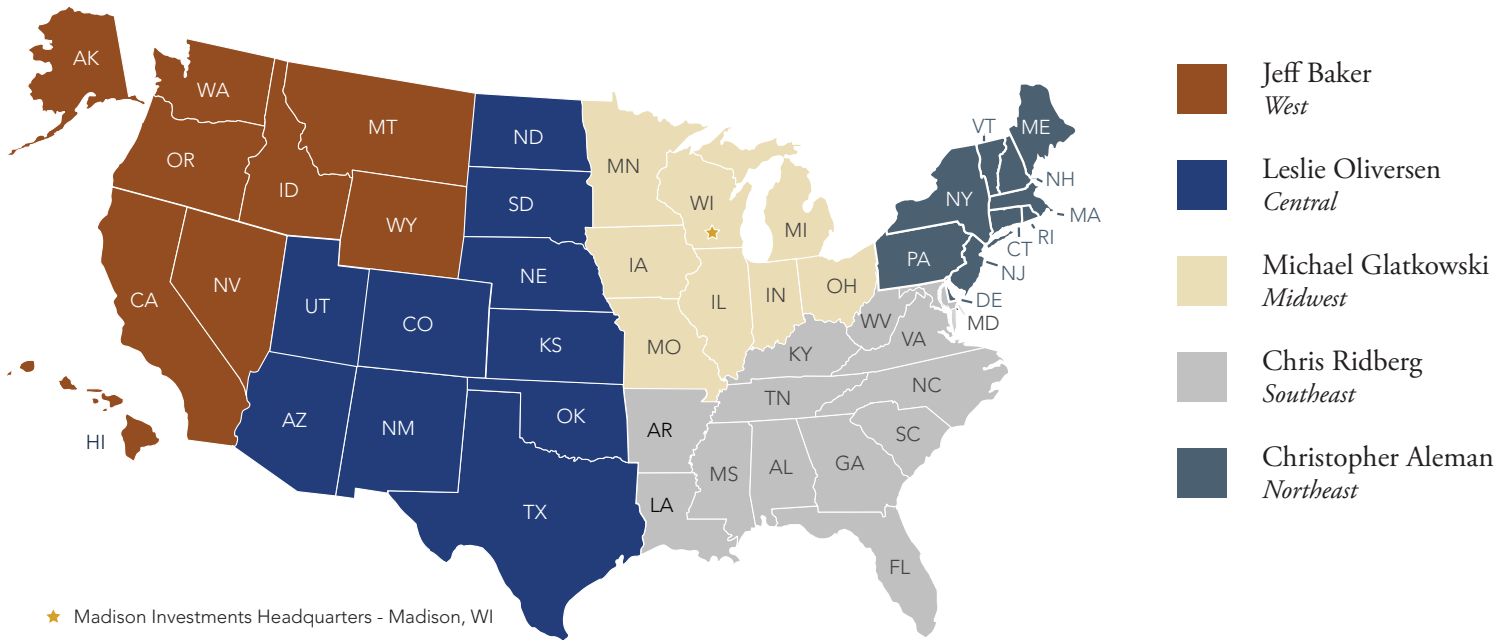
Year-to-date short-term borrowing is down 45% compared to the same time period in 2020 according to Bloomberg. State and local governments have issued \$11.4 billion of short-term notes so far this year. Last year, municipalities issued the largest amount of short-term debt issued since 2013 as borrowing increased during the pandemic.

Our Take: A decline in short-term borrowing was expected as municipalities continue to rebound from the pandemic. Many state and local governments have experienced increases in revenue collection and federal aid this year leading to less uncertainty surrounding their finances.



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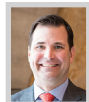
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