



Weekly Economic News & Updates

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AS FUEL GROWS CHEAPER, INFLATION BECOMES

TAMER-Last week, the latest Consumer Price Index arrived, showing no move for headline inflation in November and a 0.2% core inflation increase. That precisely matched the consensus forecast of economists polled by Reuters. What held the headline CPI in check last month? You can credit a sudden drop in gas prices, which fell 4.2%. Annualized inflation declined to 2.2%. Overall producer prices only rose 0.1% last month, compared to an October ascent of 0.6%.

FMOC

The big day is almost here! No, not that big day; there's still plenty of time for Christmas consumption. The week's biggest day, in the minds of many, will be Wednesday. That's when Mr. Powell will almost assuredly announce the FOMC's final rate hike of the year and the ninth such bump since his predecessor started down the path to normal on a snowy afternoon three years ago. Unfortunately, Robert Frost will not be around to memorialize the event. That will not, however, prevent the President from sharing his thoughts about the Fed's action and it's unlikely that those thoughts will be described as glad tidings.

President Trump's aversion to rate hikes is well known, and that aversion reflects a set of perceptions that is gaining acceptance among a growing number of investors. How differently the world appears from the way it looked just one year ago! Yes, the Crimson Tide is still #1, but since then, the Fed's grasp of its inflation goal has become tenuous at best, the global growth picture has become one of global retrenchment, the uncertainties over trade resolutions have become greater rather than fewer, the European Central Bank has now joined the Fed in efforts to drain liquidity from the global financial system, and the yield curve is about as flat as southwest Kansas. Any one of these variables, except for Alabama football, might be enough to dissuade our central bankers from hiking much further from here, and viewed collectively makes that case even stronger as "Where's neutral?" starts to resemble "Where's Waldo?". We know it's out there; we just have to find it.

For the data-driven Fed, there doesn't look like there's much in this week's data to drive it to many more rate hikes in the near future. But, speaking for the Committee is a dicey business. It's how the data looks to the Committee that's most significant, and their look may be different than the market's.

FOUR DAYS OF UPS AND DOWNS- That was the weekly loss for light sweet crude, influenced by two factors: increasing dollar strength and concerning economic data from China, which made traders wonder if the P.R.C.'s demand for crude could lessen. Oil settled at \$51.20 Friday on the NYMEX.

WEEKLY QUOTE

*"Make up your mind to act **decidedly** and take the consequences. No good is ever done in this world by **hesitation.**"*

WEEKLY TIP

A simple tip to keep **credit card spending** under control: only use a card for purchases you know you can pay off within **one month.**

WEEKLY RIDDLE

Dave says that the small city he lives in has a municipal building with more than a hundred stories. What building is this?

Last week's answer:
Gone

Sources: MarektingPro, Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial
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