



Week In Review

January 12, 2018

Retail Sales

Retail sales rose 0.4% in December, slightly less than expected. Sales from November were revised higher, from 0.8% to 0.9%.

Our Take: The 2017 holiday season was excellent. Today's retail sales report will likely drive Q4 GDP estimates above 3%. Recent tax cuts could fuel further spending, potentially keeping future retail sales reports solidly in the black in the near future.

Inflation

December consumer prices rose 0.1%, while core consumer prices (excluding food and energy) rose 0.3%. Producer prices fell 0.1%. Year-over-year, consumer prices are up 2.1% and producer prices have risen 2.6%.

Our Take: Though this week's inflation reports extend the recent benign trend, there is concern at the Fed that the recent uptick in economic activity, coupled with the expected effects of the tax cut, portends an increase in inflation. It remains to be seen whether actual future inflation will meet these heightened expectations.

Municipals

S&P Global Ratings revised the outlook on Cook County Illinois General Obligation bonds to negative from stable this week. S&P assigns Cook County a rating of AA-. S&P cited the county's underfunded pension system as a reason for the outlook change.

Our Take: Cook County, along with other Illinois municipalities, continues to struggle with underfunded pensions. Cook County has taken steps to improve its pension funding, however pensions remain significantly underfunded. The county's funded ratio was 56.7% at the end of 2016, up from 55.4% at the end of 2015. Tax increases can only go so far to repair the damage. Lawmakers should make meaningful pension reform a priority in 2018.

—There is no additional Week In Review detail for this page.—

To reach a representative for your region, please contact:

U.S. West Region (AK, AR, AZ, CA, CO, HI, IA, ID, IL, KS, LA, MI(UP), MN, MO, MT, ND, NE, NM, NV, OK, OR, SD, TX, UT, WA, WI, WY):

Joel Dykman (608) 609-4141 jdikman@reinhard-partnersinc.com

U.S. Southeast Region (AL, DC, FL, GA, KY, MD, MS, NC, PR, SC, TN, VA, WV):

Christopher Rhyne (336) 817-8206 crhyne@reinhard-partnersinc.com

U.S. Northeast Region (CT, DE, IL, IN, MA, ME, MI, NH, NJ, NY, OH, PA, RI, VT)

Christopher Hodges (443) 326-1875 chodges@reinhard-partnersinc.com

All expressions of opinions are subject to change without notice in reaction to shifting market conditions. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice.