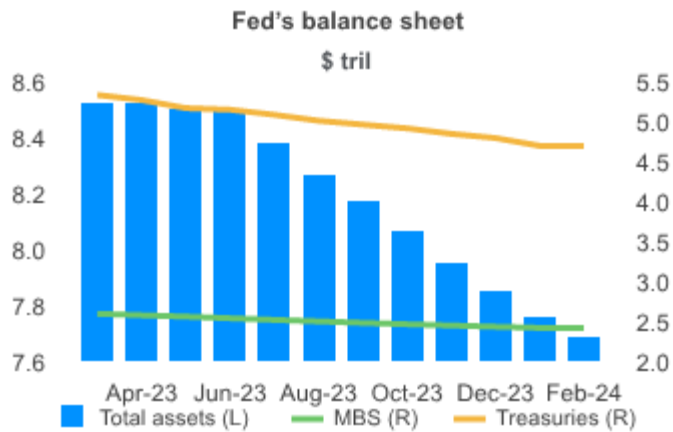
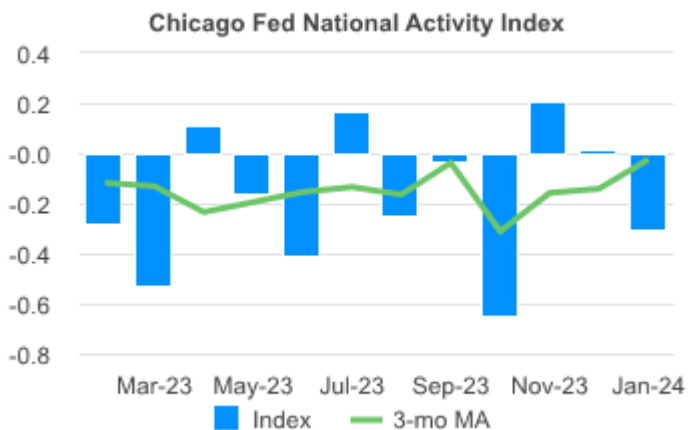


FOMC Minutes:



According to the minutes from January's Federal Open Market Committee meeting, policymakers believe the risk of cutting rates too soon remains greater than the risk of waiting too long. Inflationary data released since January's FOMC meeting have likely strengthened their resolve. Unanimously, the rate-setting FOMC decided to keep the target range of the fed funds rate at 5.25% to 5.5% in January. When it reconvenes in a month, it is likely to do the same. Our February baseline places the first rate cut at May's meeting.

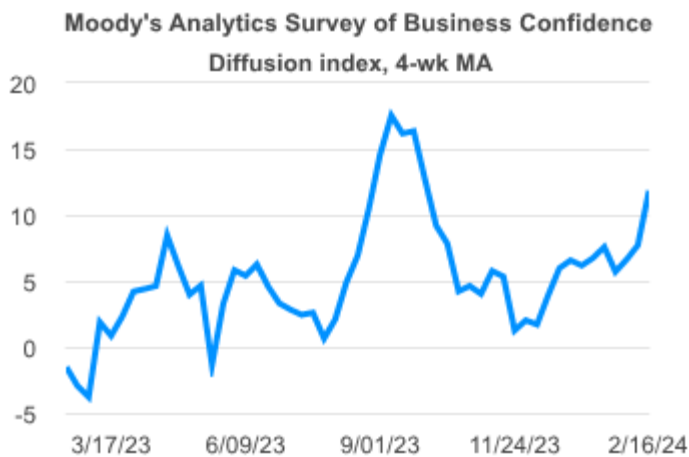
Chicago Fed National Activity Index: -0.3



The Chicago Fed National Activity Index suggests U.S. economic growth decelerated in the first month of the

year. The index decreased to -0.3 in January from 0.02 in December. Three of the four broad categories of indicators used to construct the index decreased, and three categories were in negative territory. Employment-related indicators were unchanged from month to month. The index's three-month moving average increased to -0.02 in January from -0.14 in December.

Moody's Analytics Survey of Business Confidence: +11.9



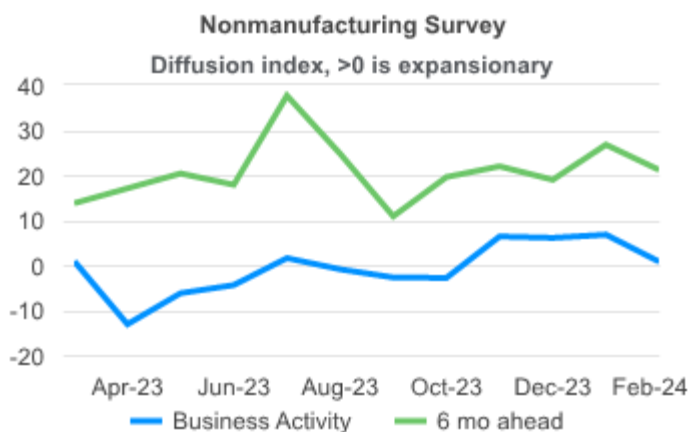
Global businesses are feeling much better in recent weeks. They are notably more upbeat in their responses to the broad questions concerning present business conditions and prospects for business through this summer. Indeed, less than one-fourth of respondents say the outlook is for weaker business conditions, the lowest percentage since 2018. The survey results are consistent with a global economy that is growing close to its potential.

St. Louis Fed Financial Stress Index: -0.84



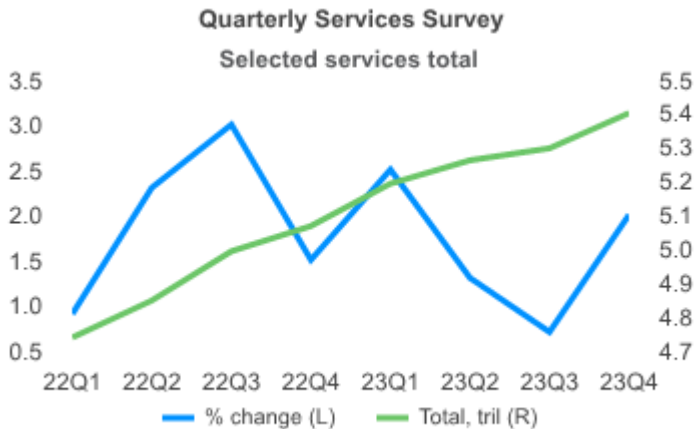
U.S. financial stress fell in the week ended February 16, with the St. Louis Fed Financial Stress Index declining 5 basis points to -0.84. The decline puts financial stress at its lowest level since the fall of 2021. Equity prices fell slightly during the week, while long-term Treasuries moved modestly higher.

Philadelphia Fed Nonmanufacturing Survey: 0.8



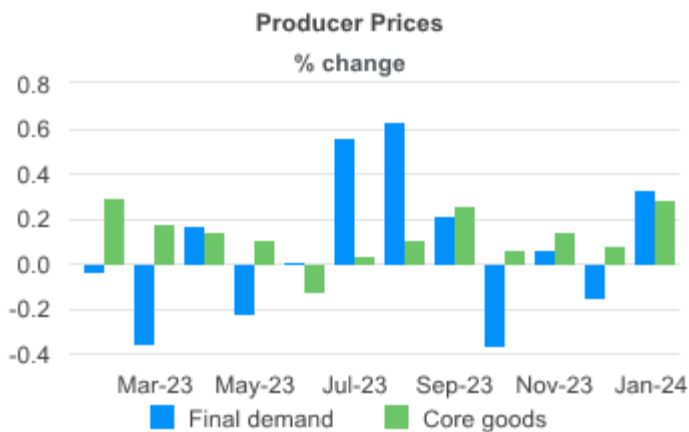
The Philly Fed's Nonmanufacturing Business Outlook Survey indicated expansion in the service-providing sector in February. The headline diffusion index declined to 0.8 from 6.8 in January but remained in expansionary territory. The new orders index moved into negative territory, falling to -4.7 from 1.9. The sales/revenues index inched higher to 7.7 from 7.5, remaining firmly in positive territory. The full-time employment index ticked down but stayed positive at 9.1. The prices paid index fell to 30.3, its lowest reading since mid-2023.

Quarterly Services Survey: 2.0% q/q



In the fourth quarter, revenue growth in U.S. service industries picked up again after slowing through midyear. Revenue expanded 2% from the third quarter to the fourth on a seasonally adjusted basis, down from a revised 0.7% gain in the second quarter. U.S. consumers have continued to spend on services, but some of the recent gains can also be attributed to inflation, which is still a primary concern of the Federal Reserve's because declining purchasing power will remain a primary threat to households and businesses.

Producer Price Index: 0.3% m/m



The U.S. Producer Price Index for final demand rose 0.3% in January. This is hotter than both our and consensus expectations of a 0.1% increase. Excluding food, energy and trade services, the final demand PPI surged 0.6% in January following a 0.2% rise in December. Meanwhile, the PPI for final demand goods fell 0.2% after a 0.3% drop in December. For services, the final demand PPI jumped 0.6% after being virtually flat over the prior three months. Though

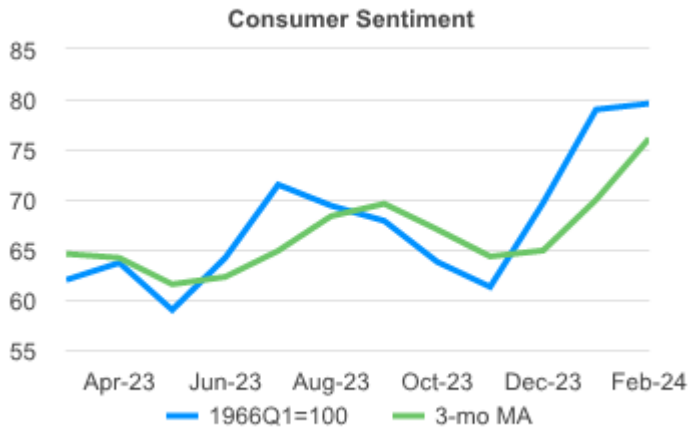
monetary policy implications are minor, January's PPI report exacerbates some of the anxiety generated by the modest upside surprise in the month's consumer price index.

Conference Board Leading Indicators: -0.4%



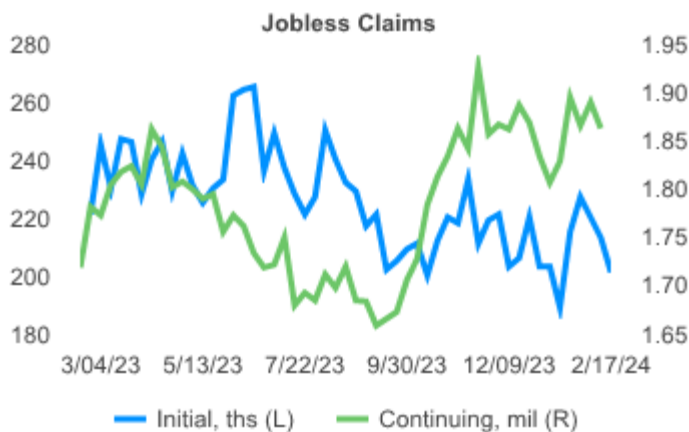
The Conference Board Leading Economic Index continued its decline into the new year. Following a 0.2% drop in December, the LEI slid 0.4%, bucking our call for a 0.1% decrease. January's reading marks 22 consecutive months of decline in the index, which is down 6.8% over the year. Six of the 10 components contributed positively to the index during the prior six months, a first in about two years, suggesting that the LEI is no longer signaling an imminent recession. Nonetheless, weakness in manufacturing hours and the persistent downward slope of the yield curve more than offset stock price gains and an improvement in the Leading Credit Index.

University of Michigan Consumer Sentiment Survey: +0.6



The University of Michigan consumer sentiment index maintained its gains in the last two months as it inched higher in February, according to the preliminary report. The index came in at 79.6, little changed from January's 79 but still impressively up from November's 61.3. This took the index to its highest level since July 2021. Inflation expectations changed little. Median 12-month inflation expectations inched up from 2.9% to 3%. Five-year expectations held steady at 2.9%. The change in confidence from January was led by the expectations component, which rose 1.3 points. The present conditions component dropped 0.4 point.

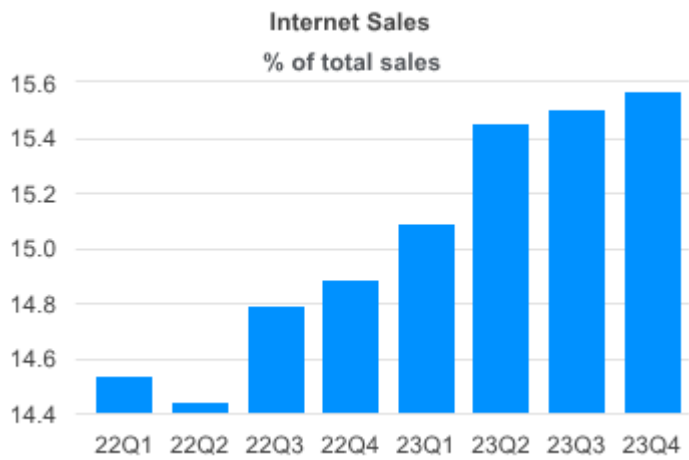
Jobless Claims: -11,000



U.S. initial claims for unemployment insurance unexpectedly dipped and continue to signal a healthy labor market. New filings fell from 213,000 (previously 212,000) to 201,000 in the week ended February 17. The four-week moving average of initial claims ticked lower to 215,250. Continuing claims have been holding in a narrow range and fell slightly to 1.86 million in the

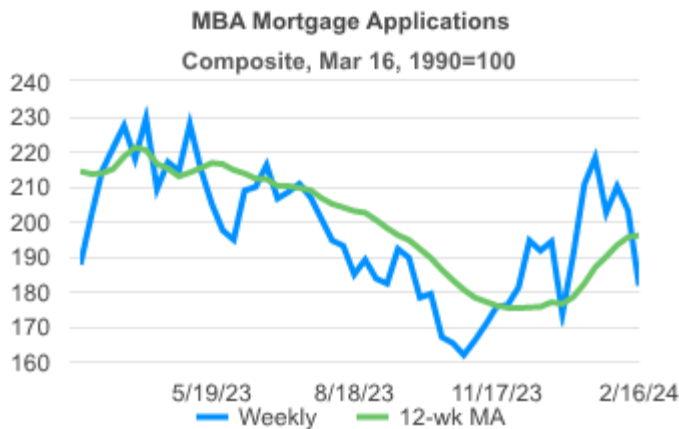
week ended February 10, while the insured unemployment rate also edged lower to 1.2%.

Internet Sales (E-Commerce Sales): \$285.2 bil



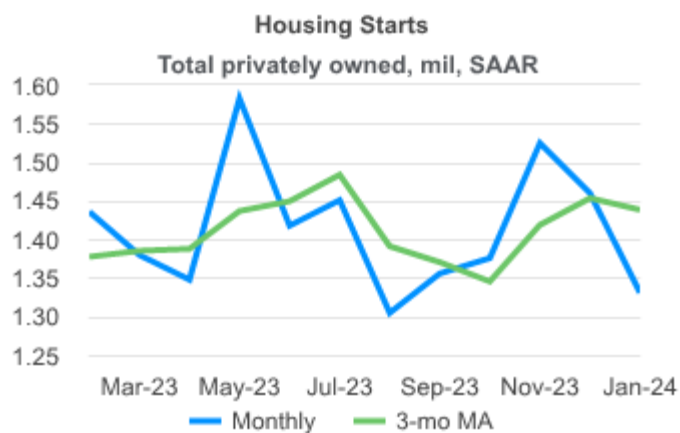
E-commerce sales growth remained healthy in the fourth quarter thanks to a better-than-expected holiday shopping season. U.S. e-commerce retail recorded \$285.2 billion in fourth-quarter sales. Growth was slower than the previous quarter's increase, but impressive given the economic conditions heading into the end of the year. On a seasonally adjusted basis, internet sales rose 0.8% from the third quarter of 2023. This third-quarter estimate is 7.5% higher than in the same quarter of 2022. This outpaced growth in total retail sales, which increased only 0.4% from the third quarter. The e-commerce share of total retail sales remained at 15.6%, which is lower than the peak reached during the pandemic but the highest share since the fourth quarter of 2021.

MBA Mortgage Applications Survey: -10.6%



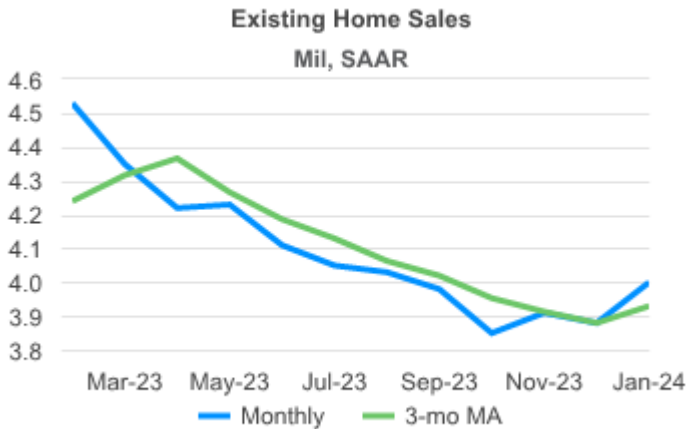
Mortgage activity tanked in the week ending February 16 after a smaller decrease in the previous week. The MBA's market composite index fell by 10.6% on the previous week, after a revised 3.3% decrease two weeks ago. The purchase and refinance indexes performed similarly, falling by 10.1% and 11.4%, respectively. Mortgage rates increased across the board, which has a role in the cool reading. Thirty-year fixed mortgage rates increased for the third straight week, jumping by 19 basis points.

New Residential Construction (C20): -15%



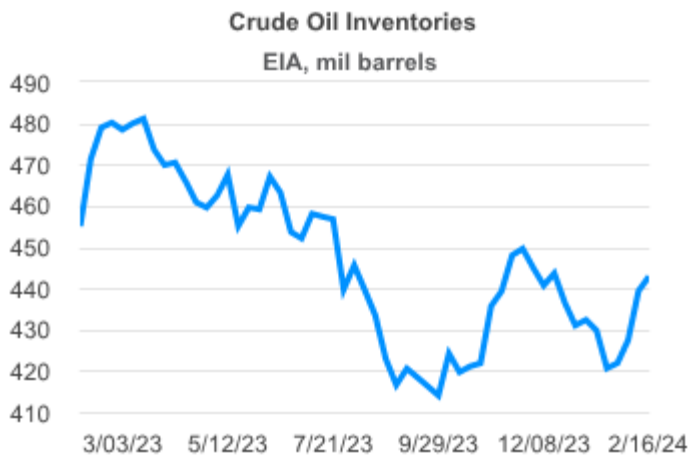
U.S. homebuilding turned lower to start the year. Total housing starts in January fell almost 15% month over month. The decline was led by a reduction in multifamily housing starts. January's reading came in below expectations, and new starts are down about 1% from a year earlier. Single-family permit issuance increased 1.6% but was offset by a 9% decline in multifamily permits. Completions decreased 8%. The number of units under construction was largely unchanged, and it remains near a record high as builders work through the backlog of uncompleted multifamily projects.

Existing-Home Sales: +3.1%



Existing-home sales rebounded in January, climbing 3.1% to a seasonally adjusted annual rate of 4 million, slightly above consensus expectations for 3.97 million sales. The single-family segment drove January's gain, while condo/co-op sales were flat from the month prior. Single-family home sales rose 3.4% to 3.6 million units, and condo/co-op sales kept their pace of 400,000 annual units. Performance was generally strong from a regional perspective. The West, Midwest and South gained ground, with monthly improvements of 4.3%, 2.2% and 4%. The Northeast, on the other hand, was flat from December to January. Each region continues to decline from a year-ago perspective except the West, which has added 2.8% relative to January 2023.

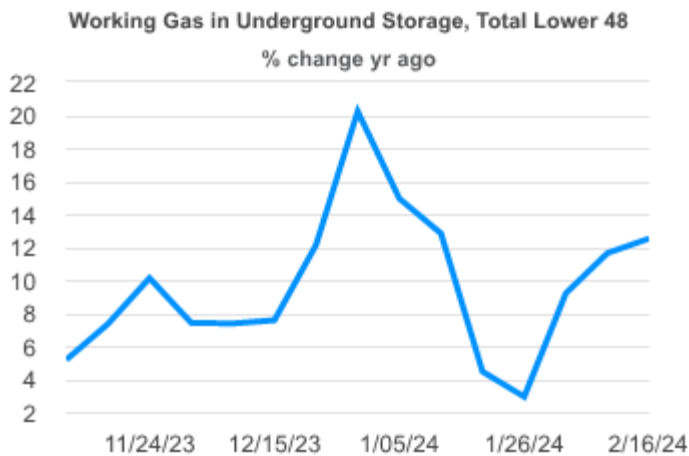
Oil Inventories: 443.0 mil barrels



Oil prices were almost on par with consensus estimates and shouldn't move much on the back of this week's inventory report. Oil inventories rose 3.5 million barrels

in the week ended February 16, just a hair above consensus estimates of a 3.2 million-barrel build. Gasoline inventories declined by 300,000 barrels, a much smaller draw than the 2.1 million barrels analysts expected. Distillate inventories reported a 4 million-barrel draw, blowing the consensus estimate of a 1.4 million-barrel draw out of the water. During the last four weeks, total U.S. demand was down 2% compared with a year earlier.

Natural Gas Storage Report: -60 bil cubic feet



Last week's decline in natural gas storage fell short of analyst predictions, which is likely to weigh down prices further. Gas stocks fell by only 60 billion cubic feet, below consensus predictions of a 65-bcf drawdown.