

2/18/2025

# The Week Ahead

## THINGS TO WATCH

### January 28-29 Fed Meeting Minutes

Tomorrow afternoon, minutes will be released from the Federal Open Market Committee's late-January meeting, at which policymakers kept the federal funds rate in a range of 4.25%-4.5%. The minutes are likely to reinforce Fed Chair Powell's moderately hawkish tone in his post-meeting press conference and the recent "wait-and-see" messaging about future rate cuts from most Fed officials.

### Walmart (WMT)

The retail giant is expected to show continued progress in taking market share from dollar stores, convenience stores, and beauty retailers when it reports January-quarter results before the market opens on Thursday. Improved inventory management, a focus on controlling costs, and AI-driven advertising revenue gains have boosted WMT's operating margin from a 30-year low of 1.8% in its October 2022 quarter to between 4% and 5% in recent quarters.

### 2025 Travel and Concerts

Investors will get an update on experience-driven discretionary spending trends with quarterly results and guidance from online travel agency Booking (BKNG) and ticketing platform Live Nation Entertainment (LYV) on Thursday. Of particular interest will be BKNG's comments on any carryover of strong demand for European travel this summer. LYV's guidance for expected concert demand could also be noteworthy ahead of a packed 2025 large-venue slate headlined by AC/DC, Billie Eilish, Katy Perry, Kendrick Lamar, Metallica, Post Malone, Shakira, and Usher.

### European Economic Activity

On Friday morning, the euro-area flash composite purchasing managers index (PMI) for February will give investors an idea about how the common currency bloc's economy is navigating the recent trade policy uncertainty. The headline PMI reading rose above 50 in January for the first time in three months, suggesting a slight improvement in activity driven by manufacturing. Bloomberg Economics estimates a 10%-25% U.S. tariff on European imports could reduce euro-area GDP by 0.7%-1.5%.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	102.8	93.7	▲
Consumer Price Index (Y/Y)	3.0%	2.6%	▲
Core Consumer Price Index (Y/Y)	3.3%	3.3%	-
Producer Price Index (Y/Y)	3.5%	2.7%	▲
Retail Sales (M/M)	-0.9%	0.6%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	44546.08	0.24%	4.89%	17.38%
NASDAQ	20026.77	1.60%	3.76%	27.84%
S&P 500	6114.63	0.83%	4.11%	23.76%
MSCI EAFE	2447.68	2.22%	8.36%	11.10%
BB U.S. Aggregate	2213.44	0.22%	1.16%	4.44%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.31%	4.30%	5.38%
10-Year Treasury	4.48%	4.79%	4.26%

REPORTS DUE THIS WEEK	LATEST
Housing Starts (Millions Annualized)	1.50
Building Permits (Millions Annualized)	1.48
Existing Home Sales (Millions Annualized)	4.24
S&P Global U.S. Manufacturing PMI	52.9
S&P Global U.S. Services PMI	52.7

Total returns are as of 2/14/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

**\$1.2 trillion**

The nonpartisan Committee for a Responsible Budget recently estimated that a full repeal of the State and Local Tax (SALT) deduction cap of \$10,000 per individual filer would cost the U.S. Treasury \$1.2 trillion in lost revenue over a 10-year period. The SALT cap (enacted in 2017 under the first Trump administration) is likely to be a hot-button topic during negotiations between the Trump administration and congressional Republicans in coming weeks as part of a comprehensive bill.

**59%**

According to the U.S. Department of Agriculture, the increase in the national average cost of a dozen eggs from \$4.62 on January 10 to \$7.34 on February 7 amid an escalation in the avian flu outbreak. In recent weeks, restaurants across the country have added a \$0.50/egg surcharge to offset costs. The United Egg Producers estimates that the spreading bird flu has killed more than 100 million egg-laying hens over the last three years.

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