

Weekly Report



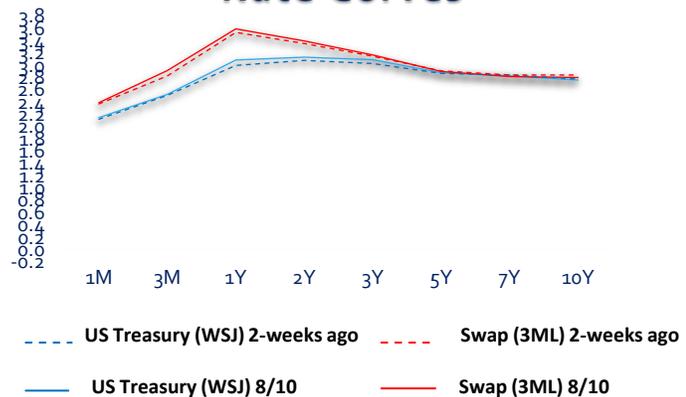
Highlight of the Week:

U.S. Inflation Eased Slightly to 8.5% in July

- On Wednesday, August 10th the Labor Department reported that the consumer-price index (CPI) rose 8.5% in July from a year prior. The 8.5% rise is down from 9.1% increase in June.
- The factors that contributed to the slight decrease were decreased energy prices such as gasoline and decreased used car prices.
- Despite lower energy price growth and the Fed tightening interest rates, the core CPI increase remained steady at a 5.9% increase from last year. As a result, the Fed will most likely continue to raise interest rates to combat inflation.

Rate Curves:

Rate Curves



Sources: WSJ and BMO Capital Markets

Rapid Report:

Ralph Lauren, Michael Kors Buck Consumer-Spending Woes

- Ralph Lauren and Michael Kors experienced revenue growth of 8% and 8.5% respectively in the first quarter of this year. Ralph Lauren and Michael Kors are on track to maintain revenue growth in the second quarter. The growth comes amidst speculations that rising inflation and a potential recession would influence customers to spend more conservatively.
- At the same time, the retailers Allbirds Inc. and Signet Jewelers Ltd. lowered their fiscal targets. The lowering of those fiscal targets indicates that more “affordable” brands are seeing decreased customer spending. The luxury brand’s growth amidst an uncertain future for customer spending habits is surprising. The luxury brands predict that their market will remain healthy for “the foreseeable future”.

U.S. Lawmakers Look to Digital Dollar to Compete with China

- There is bipartisan support within the house to develop a central bank digital currency
- Representatives Maxine Waters (D., Calif) and French Hill (R., Ark.) want to push the Fed to develop a digital dollar to ensure that the dollar remains supreme. Other countries have already begun exploring a central bank digital currency with China being the furthest ahead.
- A digital dollar could lead to streamlined payments that are safer and less costly
- The Biden Administration and the Fed chair Jerome Powell have expressed interest in a digital central currency, but “it is more important to get the digital dollar right than to be the first to market”