

## Economic Summary – Q1 2024

The U.S. economy entered 2024 on the heels of the strongest GDP growth in consecutive quarters in nearly a decade, and once again economists were forecasting a slower pace ahead. It appears the economy did indeed weaken in the first quarter, but while growth moderated, *inflation did not*. The sharp decline in price pressure that prevailed in the second half of last year abruptly flattened out as the new quarter unfolded. Since inflation drives monetary policy, investors anticipated Fed rate cuts would be delayed and yields moved higher in response. The quarter began with almost 175 basis points of rate cuts priced in for 2024, but by the end of March, those expectations had been trimmed to just 75 bps.

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