Fresh Data Signals Slower Growth and Lower Prices Ahead

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This morning, the Fed's preferred inflation measure, the Personal Consumption Expenditures (PCE) core price index rose by just +0.2% in October, below forecast and a welcome deceleration from +0.5% in the previous month. On a year-over-year basis, core PCE slowed from +5.2% to +5.0%, *encouraging, but still too hot.*

Also, this morning, the personal savings rate declined from 2.4% to 2.3% in October, a 17-year low and less than half of where it began the year. Higher consumer prices have clearly eaten into savings, and borrowing is up. *This isn't sustainable.* As a result, consumer spending is poised to slow further in the coming months, which reinforces the idea that recession is on the horizon.

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