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## WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

August 19, 2022

### RETAIL SALES

Retail sales were unchanged in July. June sales were revised from an increase of 1.0% to a 0.8% increase. Sales excluding autos and gasoline were up 0.7%, while the retail sales control group, the measure used in GDP calculations, rose 0.8%.

**Our Take:** Real retail sales are basically flat in 2022, as inflation has forced consumers to spend more in order to buy the same amount of stuff. As the Fed tries to engineer a soft landing, it is likely encouraging to them that consumers have been resilient enough to maintain their level of purchases. Whether the consumer continues to survive in the face of continued inflation and a potentially weaker economic environment remains to be seen.

### FED MINUTES

Minutes from the July 26-27 FOMC (Federal Open Market Committee) meeting confirm that Fed officials believe a “more restrictive” policy continues to be appropriate as inflation persists. According to the minutes, participants noted that there was “little evidence” to date that inflationary pressures were subsiding. With inflation running “well above” the committee’s 2% target rate, the Fed will continue to increase rates until inflation is substantially reduced. The committee also noted that, as monetary policy tightened further, it would likely be appropriate to slow the pace of rate increases to better judge the impact on economic activity and inflation.

**Our Take:** Controlling inflation is the Fed’s top priority and it remains committed to raising rates as high as necessary to achieve that goal, even if it pushes the economy toward recession.

### MUNICIPALS

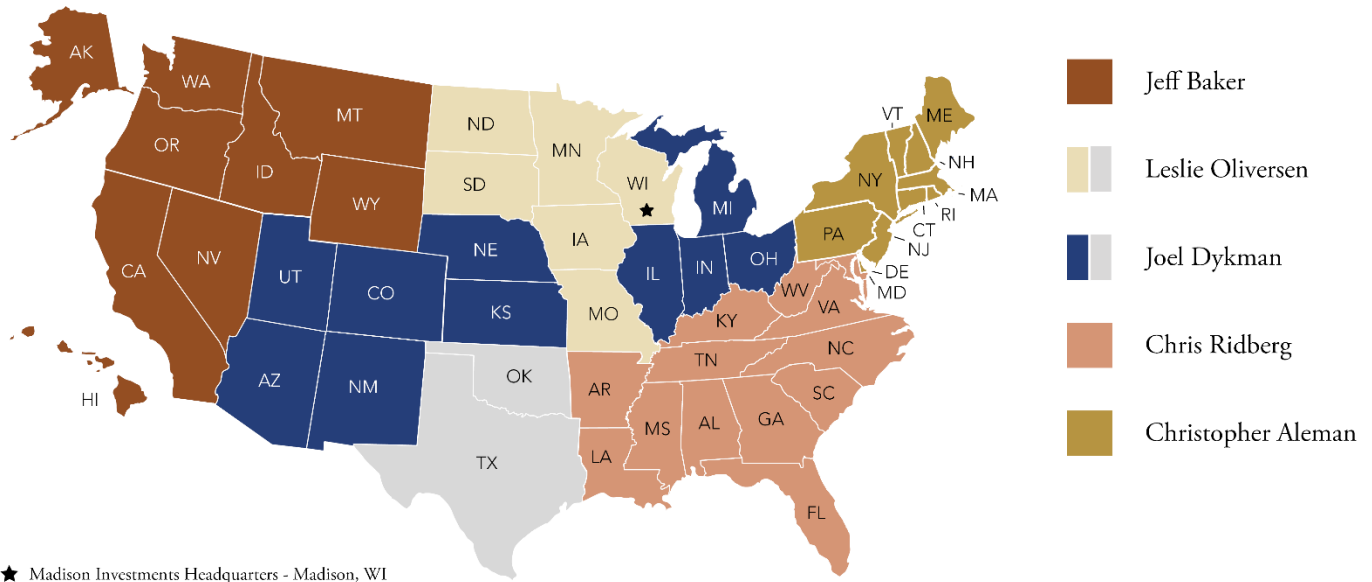
The American Gaming Association reported that commercial gaming revenue reached an all-time quarterly high of \$14.8 billion during the second quarter of 2022. Nine states experienced record quarterly revenue and 22 out of 31 commercial gaming states posted a revenue increase.

**Our Take:** Since the casinos reopened after the pandemic shutdown, gaming has rebounded; \$53 billion of tax revenue was collected in 2021 compared to nearly \$30 billion in 2020. State and local governments continue to be the big winners, as more than \$11.5 billion of tax revenue was collected from commercial gaming last quarter.



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