

February 18, 2025



Weekly Market Commentary

Too Hot

By Michael Crook, Chief Investment Officer

Inflation continues to run well above the Fed's 2% target, and last week's Consumer Price Index (CPI) release indicated that price pressures are accelerating rather than subsiding (Fig. 1).

Fig. 1: US Consumer Price Index



Source: Bloomberg, Mill Creek. As of February 12, 2025.

Why it matters

At this point, investor optimism for a sustained rate cutting cycle has been completely erased from the market and even Fed Chair Jerome Powell [has said](#) that the Fed doesn't need to rush on rate cuts, which is a big shift in his thinking from just six months ago.

The economy and labor market remain strong, which means we shouldn't expect rate cuts from the Fed until we see sustained labor market weakness. Until then, we expect higher volatility in equity markets and an upward pressure on bond yields.

Disclosures & Important Information

Any views expressed above represent the opinions of Mill Creek Capital Advisers ("MCCA") and are not intended as a forecast or guarantee of future results. This information is for educational purposes only. It is not intended to provide, and should not be relied upon for, particular investment advice. This publication has been prepared by MCCA. The publication is provided for information purposes only. The information contained in this publication has been obtained from sources that MCCA believes to be reliable, but MCCA does not represent or warrant that it is accurate or complete. The views in this publication are those of MCCA and are subject to change, and MCCA has no obligation to update its opinions or the information in this publication. While MCCA has obtained information believed to be reliable, MCCA, nor any of their respective officers, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents.

The Weekly Commentary may contain links to other websites, including links to other websites of companies that may provide related information, products and services. Such external Internet addresses contain information created, published, maintained or otherwise posted by institutions or organizations independent of MCCA. These links are solely for the convenience of visitors to the Weekly Commentary, and the inclusion of such links does not necessarily imply an affiliation, sponsorship or endorsement. MCCA does not endorse, approve, certify or control these external Internet addresses and does not guarantee or assume responsibility for the accuracy, completeness, efficacy, timeliness or correct sequencing of information located at such addresses. Use of any information obtained from such addresses is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficacy and timeliness. Reference therein to any specific commercial product, process or service by trade name, trademark, service mark, manufacturer or otherwise does not constitute or imply endorsement, recommendation or favoring by MCCA.

© 2025 All rights reserved. Trademarks "Mill Creek," "Mill Creek Capital" and "Mill Creek Capital Advisers" are the exclusive property of Mill Creek Capital Advisers, LLC, are registered in the U.S. Patent and Trademark Office, and may not be used without written permission.