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**Paige Wilhelm**  
*Senior Vice President  
 Senior Portfolio Manager  
 Federated Investment Counseling*

**R**ates remained relatively stable as overnight, one-month, three-month, six-month and 12-month London interbank offered rates (Libor) ended the week at 0.122%, 0.186%, 0.249%, 0.416% and 0.743%, respectively.

A range of data reported during the week indicated some economic improvement in June, although consumer sentiment weakened.

### **Employment**

The weak job market experienced a measure of good news as The Department of Labor reported that new jobless claims fell 22,000 over the July 9 week to total 405,000; however, the week was shortened due to the July 4 holiday. The prior week's new claims total was revised upward to 427,000. The four-week average of new claims was down 3,750 to total 423,250. Continuing jobless claims for the week of July 2 rose 15,000 to 3.7 million.

### **Retail Sales**

The U.S. Department of Commerce reported during the week that retail sales increased a minimal 0.1% in June. The increase comes after a 0.1% decline in May. Auto sales were a key factor, registering a 0.8% increase in June after a 1.8% decline in May. However, auto sales continued to be impacted by shortages of automobiles that rely on Japanese parts.

### **Inflation**

There was a measure of good news with respect to inflation as the consumer price index (CPI) declined for the first time in 12 months as energy costs declined. The 0.2% decline for June followed a 0.2% increase in May. Food and energy costs led the decline, with energy costs declining 4.4% while food prices cooled, rising just 0.2% after a 0.4% gain in May. Excluding energy and food, the CPI rose 0.3%, equaling the May rate. Year-on-year, overall inflation remained relatively steady at a seasonally adjusted 3.4% in June.

### **Industrial Production and Manufacturing**

Industrial production--a measure of how much factories, mines and utilities are producing--rose a modest 0.2% in June, following a 0.1% decline in May. Factory output was unchanged after a 0.1% increase in May. Auto manufacturing was a negative impact, declining 2% in June following a 0.3% decline the previous month. Excluding autos, manufacturing rose 0.2%, following a 0.1% increase in May. Utilities rose 0.9% after a 2% decline in May, while mining output rose 0.5%. Year over year, industrial production increased 3.4% in June after May's 3.3% gain.

### **Consumer Sentiment**

The mood of consumers continued to weaken, according to The University of Michigan's consumer sentiment index. The index dropped to a more than two-year low. In particular, a decline in the consumer expectations component of the index indicated a pessimistic outlook on the economy.