FLORIDA PRIME

Weekly Commentary

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Short credit rates in the U.S. held relatively steady in the latest week, while European rates pulled back a bit as the European Central Bank acted to provide more liquidity for banks. Three-month, six-month and one-year London interbank offered rates (Libor) rose a basis point each to 0.58%, 0.80% and 1.12%, respectively.

On the economic front, most of the data continued to surprise to the upside, with jobless claims hitting a 3½-year low, housing sales and sentiment rising, consumer confidence improving, and both durable goods orders and leading indicators hinting at a pickup in growth. Overseas, interbank rates slipped as European banks took advantage of the ECB's first-ever three-year, low-rate loan program, borrowing nearly 500 billion euros to build their reserves amid the ongoing sovereign-debt crisis.

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Views are as of December 28, 2011, and are subject to change based on market conditions and other factors.