FLORIDA PRIME

Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Libor (London interbank offered rates) were unchanged last week, while Euro Libor (Libor denominated in euros) dropped slightly, with one-month dropping over two basis points to 0.37, three-month four basis points to 0.70, and six-month five basis points to 1.05. One-year Euro Libor rates dropped just over five basis points to 1.418. On the government side, one-month, three-month and six-month Treasuries dropped a basis point each.

The equity markets had a rare down week, pulling back against a backdrop of weak economic news out of Europe and fears of a hard landing in China. Manufacturing in both regions was less than had been expected. China-watchers also were keeping an eye on the country's stability after the ouster of a particularly ambitious party leader led to speculation of a power struggle within the party. Domestically, new homes sales unexpectedly slipped in February, the second monthly decline.

Over the weekend, the Federal Reserve hosted a gathering of the world's central bankers, with the focus on how well easy-money policies were working at jump starting economies. While speakers at the meetings provided warnings that continued intervention in markets could lead to increased risks, Fed Chairman Ben Bernanke came away from those meetings hinting Monday morning that continued accommodative policies might be needed to keep unemployment under control.

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