Weekly Commentary

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Short rates held relatively steady in a holiday-shortened week. Four-week and 26-week Treasury bills rose a half basis point each to 0.065% and 0.105%, respectively, while the 13-week bill remained at 0.08% and London interbank offered rates (Libor) were unchanged save a tick up in one-year Libor to 0.58%.

It was an uneventful week on the economic news front, as well, and the data that was reported was mixed. For example, November's regional manufacturing indicators were softer than expected in the New York, Philadelphia and Dallas districts but exceeded expectations in the Chicago, Richmond and Kansas City regions. Similarly, September and October housing permits rose much more than forecast and home prices also continued to increase. However, October pending home sales slipped, suggesting buyers were hesitant to make commitments and lenders were hesitant to make loans.

This week should provide a better handle on the economy as a rash of reports are due, including November's take on payrolls and unemployment, November's ISM read on manufacturing and services activity, and the first revision of the preliminary and above-consensus 2.8% increase in third-quarter GDP.