FLORIDA PRIME

Weekly Commentary

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March weather came in like a lion and went out like a lamb, albeit only at the very end of the month, but we are still waiting for the reverse to happen with the U.S. economy. Last week again showed a mix of strong and weak economic figures.

On the one hand, businesses, the government and other organizations added 192,000 jobs in March (with employment figures for January and February revised to higher levels). Factory orders and non-manufacturing PMI and construction also roared. But on the other hand, weekly unemployment claims grew, average worker earnings were stagnant, exports decreased and manufacturing PMI slowed. A speech by Federal Reserve Chair Janet Yellen characterized the economy as still meek and in need of prolonged accommodative monetary policy. And even one set of data showed both growth and pullback at the same time: Orders for durable goods increased but demand for nondefense capital goods fell.

The 1-month Treasury dipped two-and-a half basis points to 0.02%, while the 3-month note remained at 0.05%. The London interbank offered rate (Libor) remained anchored, with the 1-month rate staying at 15 basis points and the 3-month at 23 basis points. The Fed's overnight fixed-rate reverse repo facility traded at 0.05%, and overnight Treasury and mortgage-backed repo rates traded at 0.05% and 0.06%, respectively.