Weekly Commentary

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While consumers haven't yet gotten together with their real-estate agents, they have displayed renewed confidence in the economy. Last week consisted of weak housing data midweek, bookended by strong results in sentiment. Things kicked off with a robust Leading Indicators Index compiled by the Conference Board and ended with an above-consensus reading of consumer sentiment surveyed by Thomson Reuters/University of Michigan. Jobless claims rose slightly but ongoing unemployment declined to a nearly 7-year low.

The lull in housing was highlighted by low sales of newly built homes. Existing home sales were not so hot, either. But in most U.S. regions it is safe to say these were still due to the brutal winter weather.

Even in a period of little movement in short rates, the past week was especially static. The 1-month Treasury ticked up a basis point to 0.025% and the 3-month note sat tight at 0.035%. The 1- and 3-month London interbank offered rates (Libor) did not budge from 15 and 23 basis points, respectively.

The Fed's overnight fixed-rate reverse repo facility stayed at 0.05%, and the overnight Treasury and mortgage-backed repo rates traded at 0.05% and 0.06%, respectively, unchanged from last week.

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