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The U.S. housing market is one of the last sectors of the economy to show improvement in recent months. But that changed last week when sales of existing and newly constructed homes increased. Even with some lingering concerns about continued soft bank lending on residential real estate (compared to commercial and industrial) and lower broker commissions, any positive news in housing is welcome.

Other positives were manufacturing data and the Conference Board's leading indicators index. But unemployment slightly disappointed with an increase in first-time claims, although this measure improved compared to the previous month.

The 1-month Treasury moved to 0.03%, up a half of a basis point, while the 3-month remained at 0.025%. The 1-month London interbank offered rate (Libor) stayed at 15 basis points while the 3-month remained at 23 basis points.

The Fed's overnight fixed-rate reverse-repo facility remained at 0.05%, and overnight Treasury and mortgage-backed repo rates both traded at 0.05%, unmoved from last week.