

JUNE 16, 2014



**Paige Wilhelm**  
*Senior Vice President  
Senior Portfolio Manager  
Federated Investment Counseling*

The growing sectarian violence in Iraq and its potential detrimental effect on the world's oil production cast a shadow on already mixed assessments of the U.S. economy by a series of conflicting reports. In what was a light week for data, a rise in new requests for unemployment benefits was tempered by a rise in job openings, a slip in retail sales was contrasted by a rise in inventories and a slight drop in consumer confidence was countered by a rise in small business optimism. It all adds up to moderate growth in the domestic economy cast against a backdrop of concerns about several international conflicts.

The aggregate result of the inconsistent reports on short-term rates was to hold them at levels from week prior. The 1-month Treasury traded at 0.030% and the 3-month remained at 0.035%. The 1-month London interbank offered rate (Libor) remained at 15 basis points and the 3-month at 23 basis points.

The Fed's overnight fixed-rate reverse-repo facility remained at last week's rate of 0.05% but the overnight Treasury and mortgage-backed repo rates both rose, to 0.07% and 0.1% respectively.