FLORIDA PRIME

Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

There are fewer “help wanted” signs across America according to important measures of the U.S. labor market. U.S. businesses added 288,000 jobs in the month of June (the first time in nearly a decade the economy has added at least 200,000 for five straight months), the unemployment rate fell to 6.1% (the lowest since 2008) and the number of new jobless benefits claims rose by 2,000 to a seasonally adjusted 315,000. Auto and housing sales picked up and the trade deficit shrunk. Reports on manufacturing were softer, but still supportive of expansion.

The news offset continued geopolitical and economic distress, from the Middle East to Ukraine to Argentina. Cash rates also did not move appreciably due to conflicts. Both the 1- and 3-month Treasury ticked up one-and-a-half basis points, to 0.025% and 0.04%, respectively. The 1- and 3-month London interbank offered rates (Libor) remained at 0.15% and 0.23%, respectively. The Fed’s overnight fixed-rate reverse-repo facility stayed at last week’s rate of 0.05%. Overnight Treasury and mortgage-backed repo rates declined as quarter-end pressure subsided, ending the week at 5 and 6 basis points, respectively.

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