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Consumers are feeling better about the economy, but it isn't translating into spending, which decelerated in July. And they certainly aren't buying houses. Several reports last week showed a slowing of home sales and demand, as well as a slipping of house prices. However, the manufacturing sector continued its forward momentum and the jobless rate maintained its improvement. It was a week in which one needed to step back and see the big picture for clarity, and it had one: Gross Domestic Product data released near week's end. The second estimate for second quarter GDP growth came in a strong rise of 4.2 percent annualized versus a prediction by many economists of 4.0 percent.

Short rates stayed put from the week prior. Both the 1- and 3-month Treasury bills again auctioned at 0.030%. The 1- and 3-month London interbank offered rates (Libor) also did not shift, remaining at 0.16% and 0.23%, respectively. The Fed's overnight fixed-rate reverse-repo facility remained at a rate of 0.05%. Overnight Treasury and mortgage-backed repo rates also were steady for the week at 5 and 6 basis points, respectively.