Weekly Commentary

FLORIDA PRIME

OCTOBER 20, 2014

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

While the market plunged and the 10-year Treasury bond briefly dipped beneath 2%, short rates, with little room to maneuver, stayed at long-running lows. Wall Street seemed to be responding to more signs of slowing global growth, disappointing U.S. September retail sales and the escalation of the Ebola outbreak. The market certainly wasn't falling on the basis of other domestic economic data, as industrial production improved, housing rebounded, consumer confidence rose and jobless claims fell.

The 1-month Treasury bill remained at 1.5 basis points and the 3-month at 1 basis point. The 1- and 3-month London interbank offered rates (Libor) ended the week unmoved from the previous week at 0.15% 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 increased for the week to 8 and 10 basis points, respectively, due to collateral supply issues.

G40461-19 (10/14)