FLORIDA PRIME

Weekly Commentary

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Better economic data and strong corporate earnings characterized a week that saw government bond yields rise and a market rebound. Even short rates joined in, but at their usual minuscule steps. Sales of both existing and new houses improved in September, applications for unemployment benefits continued their downward trend and many corporate earnings reports showed healthy domestic-business growth. But inflation at the consumer level was modest, likely giving the Federal Reserve more reason to be cautious in raising the target federal funds rate.

The 1-month Treasury bill ticked up to 3 basis points and the 3-month to 2 basis points. The 1- and 3-month London interbank offered rates (Libor) remained 0.15% and 0.23%, respectively. The Fed's overnight fixed-rate reverse-repo facility was steady at a rate of 0.05%. Overnight Treasury and mortgage-backed repo rates remained slightly elevated at 0.06% and 0.08% respectively.

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Views are as of October 27, 2014, and are subject to change based on market conditions and other factors.