FLORIDA PRIME

Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

In the latest indication that the economic recovery in the U.S. is well on its way, the Bureau of Labor Statistics released an unexpectedly positive report last week on the employment numbers for November. While hiring was thought to have improved last month, few expected that it would show that businesses added 321,000 new jobs in November—the most since January 2012—making the 2014 monthly average gain the best annual performance since the recession. The unemployment rate remained at 5.8%, but average hourly earnings leaped in November and average hours worked per week ticked up. Job gains were led by growth in services, retail, trade, health care and manufacturing. Initial jobless claims also fell. Other metrics were robust, including domestic construction in October and the measure of nonmanufacturing business activity in November.

The 1-month Treasury fell back three basis points last week from the outlier of six basis points from the week before to end at 0.03%, but the three-month remained at two basis points. Both the one- and three-month London Interbank Offered Rate (Libor) did not change, at 0.16% and 0.23%, respectively. The rate for the Fed's overnight reverse-repo facility was 0.10%. Overnight Treasury and mortgage-backed repo rates were 0.10% and 0.12%, respectively.