FLORIDA PRIME

Weekly Commentary

SEPTEMBER 8, 2015

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Data was mixed for the August jobs report, the last major economic information to come in before Federal Reserve policymakers meet to decide whether or not to raise rates. Released on Friday of last week, it revealed a far-below-consensus rise of nonfarm payrolls—173,000 jobs added—indicating that employment growth slowed in August. But significant upward revisions to the labor-market data of June and July, a major drop in the closely watched unemployment rate from 5.3% to 5.1% and an increase of average hourly wages of American workers softened the blow. More concerning, perhaps, were various reports that indicated a recent slowdown in manufacturing across the U.S.

The yield on the 1-month Treasury dropped to zero from offering 5 basis points a week ago, but the 3-month rose from 5 basis points to 10. The short end of the London interbank offered rate (Libor) curve hardly moved. The 1-month remained at 20 basis points and the 3-month rose slightly to 33 basis points from 32. The rate for the Fed's overnight reverse-repo facility remained at 0.05%, but the overnight Treasury and mortgage-backed repo rates remained elevated at 0.09% and 0.11%, respectively.

G40461-19 (9/15)