FLORIDA PRIME

Weekly Commentary

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Last week's data was a case of glass half full or half empty. On the negative side was a disappointing September labor report showing a lower-than-expected gain of 142,000 jobs in September and a downward revision of the August reading. But continuing unemployment claims fell to a 15-year low.

Manufacturing continued its slowing of growth, itself also inching closer to the halfway point between signaling contraction and expansion. But consumers, the driver of the U.S. economy, were out in force and with renewed confidence in September. Vehicle sales were especially strong. Also, the housing market continued to chug along, up substantially from a year ago in terms of sales and price.

Treasury yields ticked lower, with the 1-month remaining at zero and the 3-month coming in at 2 basis points. The short end of the London interbank offered rate (Libor) curve was 19 basis points for the 1-month and 33 basis points for the 3-month. The rate for the Fed's overnight reverse-repo facility remained at 0.05%, and the overnight Treasury and mortgage-backed repo rates were elevated going into quarter end, but finished Friday at 0.06% and 0.08%, respectively.