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A week of only few substantial economic reports was in keeping with recent trends. Growth in the service sector as measured by the Institute for Supply Management's Nonmanufacturing index, dropped from 59.0 in August to 56.9 in September. This number indicates continued growth, but at a slower pace than in the previous month. Weekly U.S. jobless claims fell to 263,000, the lowest number of new applications for employment insurance in more than 40 years. The four-week moving average fell 3,000 to 267,500. However, continuing claims rose 9,000 to 2.2 million for the week ended 26 September. In other news, the U.S. trade deficit continued to take body blows from the stronger dollar and reduced international demand as exports outpaced imports, expanding the deficit 15.6% to \$48.3 billion. The per-barrel price of crude oil moved above \$50.

Treasury yields hit the zero bound last week. The 1- and 3-month Treasury bills offering zero return. The short end of the London interbank offered rate (Libor) curve saw slight movement, from 19 basis points to 20 for the 1-month but the 3-month slipped to 32 basis points from 33. The rate for the Fed's overnight reverse-repo facility remained at 0.05%, and the overnight Treasury and mortgage-backed repo rates stayed at 0.06% to 0.08% levels, respectively.