FLORIDA PRIME

Weekly Commentary

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The big news from last week was split between a number and non-number. The former was the latest assessment of the U.S. economy, the gross domestic product (GDP), which slowed to a 1.5% annual pace in the third quarter hurt by bloated inventory and weak manufacturing. The latter was the decision last week by the Federal Reserve not to raise rates, pushing off the long-awaited hike until at least December. At issue are the consistently low inflationary figures, although the Case-Shiller home price index grew slightly in last month. Consumer confidence surveys slipped, but consumer spending increased slightly in September. Jobless claims were again low.

The 1-month Treasury bill fell from 12 basis points to 2 basis points and the 3-month remained at 2 basis points. In the short end of the London interbank offered rate (Libor), the 1-month remained at19 basis points, while the 3-month ticked up to 33 basis points.