Weekly Commentary

FEBRUARY 17, 2015

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

A light week of economic reports presented no data significantly deviating from expectations. Retail sales were slightly below analyst predictions, despite a steady rise in consumer confidence. It seems that savings from lower energy prices have not yet translated into increased discretionary spending. While crude oil prices somewhat rebounded, inventories in the U.S. still rose.

In employment, jobless claims bumped up, but the four-week moving average continued to fall, and job openings (JOLTS) rose. Overall, the labor market outlook is still rosy. The take away would be a week of slight pullbacks from recent elevated averages, not of any major headwinds. Slow and steady is much preferable to last year's brutal-weather-related contraction.

The 1-month London Interbank Offered Rate (Libor) remained at 17 basis points, while the 3-month ticked to 26 basis points. The 1- and 3-month Treasury yields remained at two basis points. The rate for the Fed's overnight reverse-repo facility was 0.05%, overnight Treasury and mortgage-backed repo rates stayed higher at 0.06% and 0.08%, respectively.

G40461-19 (2/15)