Weekly Commentary

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Strikingly poor labor data from March was released on a holiday for the markets, leaving the reaction to surface in the trading days that follow. The U.S. Labor Department reported on Friday that, while the benchmark unemployment rate remained at 5.5%, the country generated fewer new jobs in March than in more than a year. The poor numbers, which might be attributed in part to the waning days of a harsh winter, brought to an end a year-long streak of 200,000-plus monthly gains.

The week began with more positive data, highlighted by continued health in the housing market. Pending home sales strengthened, and housing prices firmed in February. Consumer confidence continued its modest improvement, but spending diminished slightly. Construction expenditures, manufacturing activity and the U.S. international trade balance were softer than expected.

The 1-month London Interbank Offered Rate (Libor) remained at 17 basis points, but the 3-month ticked up to 26 basis points. The 1-month Treasury rose to five basis points, up from 2 basis points last week; the 3-month Treasury rose to three basis points, also up from 2 basis points the week prior. The rate for the Fed's overnight reverse-repo facility was 0.05%, overnight Treasury and mortgage-backed repo were higher for the week at 0.10% and 0.12%, respectively, due to quarter end pressures.

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