FLORIDA PRIME

Weekly Commentary

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The U.S. economy plodded along last week. The housing market was the highlight: new and pending home sales increased in April and house prices rose. But manufacturing varied across the country, with regional Federal Reserve surveys showing disparity in health across different regions. Consumer confidence appeared to be better, due in part to yet another week of low jobless claim filings. But the update to first-quarter gross domestic product (GDP) was disappointing, revised down from 0.2% to -0.7%. Among the negative factors were trade, which subtracted 1.9% from GDP (the most since 1985), pushed down by the strong Dollar.

The yield on the 1- and 3-month Treasuries did not budge from last week, both offering 1 basis point last week. Similarly, the 1- and 3-month London Interbank Offered Rate (Libor) were unmoved, at 18 and 28 basis points, respectively. The rate for the Fed’s overnight reverse-repo facility was 0.05%, and the overnight Treasury and mortgage-backed repo rates increased due to month-end pressures to 0.09% and 0.11%.

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