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Paige Wilhelm

*Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling*

Stymied by brutal winter weather earlier this year, the U.S. economy showed the clearest signs last week that it is getting back on track. Retail sales rose and business inventories expanded, echoed in surveys indicating that both small businesses and consumers have a rosier outlook. It's a similar case for hiring managers, as job openings soared and jobless rates remained low. There was even some price pressure in the measure of inflation at the producer level. It was one of the strongest weeks of data to date this year.

Yields on short government bonds remained the same as last week, with the 1-month Treasury offering only half a basis point and the 3-month only a touch more at 1 basis point. Libor inched higher as expectations of a Fed rate increase in September climbed due to the stronger economic data. One month Libor remained at 18 basis points, but rounded to 29 basis points in the 3 month. The rate for the Fed's overnight reverse-repo facility was 0.05%, and the overnight Treasury and mortgage-backed repo rates remained elevated at 0.09% and 0.11%.