

JUNE 29, 2015



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The U.S. economy posted one of its strongest—if not the strongest—week of 2015, with a slew of positive indicators. The rally was led by further signs the housing market is accelerating, as sales of both existing and new houses shot up in May. This was reflected in data showing sharply increasing consumer confidence in general. These encouraging trends were likely already building at the end of the first quarter. Originally calculated as contracting nearly one percent, first-quarter gross domestic product was revised up by half a percentage point to show only a -.02 percent decline. With the labor market also continuing its healthy run, the domestic economy truly appears to be gaining momentum.

The 1-month Treasury yield was zero again last week, and the 3-month remained at 1 basis point. Libor inched higher as expectations of a Fed rate increase in September climbed due to the stronger economic data. For the second week in a row, 1-month and 3-month Libor offered 19 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 remained elevated at 0.08% and 0.10%.