Weekly Commentary

JULY 13, 2015

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Last week's data begged the glass half full/half empty question. The labor market posted the most job openings since 2000, but first-time jobless claims rose. The strong dollar continued to hurt exports, worsening the U.S. trade deficit, but the domestic service sector remained on a positive path.

Minutes from the June Federal Reserve meeting acknowledged the recent moderate economic expansion, headed by growth in household spending and improvement in the housing sector, but was less certain about future growth prospects. The Fed seems to be on track to a rate hike, although officials reminded the market that such a move is still dependent on continued improvement in economic data.

Short-term Treasury rates stayed at last week's levels, with both the 1- and 3-month Treasury yield remaining at two basis points. 1-month Libor again offered 19 basis points, but the 3-month touched 29 basis points, rounded. 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%.