Weekly Commentary

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A week light on data produced no market-shocking reports, and that in itself is a sign of how far the economy has come this year. Even a decline in initial jobless claims by 26,000 from the previous week—bringing total applications to a 41-year low of 255,000—did not surprise because of the seasonal nature of work in certain industries and the fact that unemployment claims have been low for some time. Existing home sales outpaced new homes, together adding up to a continuation of a strong trend. Consistency played the other way, too, as the manufacturing Purchasing Managers' Index (PMI) found little to show that the struggling sector has improved materially.

Short rates remained at last week's levels, with both the 1- and 3-month Treasury yields at two basis points. It was the same case for the London interbank offered rate. One-month Libor again offered 19 basis points and the 3-month 29 basis points. The rate for the Fed's overnight reverse-repo facility was 0.05%, and the overnight Treasury and mortgage-backed repo rates fell to 0.06% and 0.08%.