# Weekly Commentary

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Positive headline data masked some disappointing additional surveys and metrics last week. U.S. gross domestic product (GDP) grew a substantial 2.3% in the second quarter, a significant improvement from the upwardly revised 0.6% of the harsh-winter-affected first quarter. Also, durable goods orders increased in June after a down month in May, and new jobless claims remained low. All of this appears to give the green light to the Federal Reserve's possible decision to raise rates in fall, although it did not say it would in its policymaking meeting announcement on Wednesday.

But on the negative side, the employment cost index (ECI) barely rose in the second quarter, pending home sales fell and home ownership dropped to a nearly five-decade low, while housing prices increased. Finally, consumer attitudes toward the economy worsened.

Cash rates rose over last week, levels, with both the 1- and 3-month Treasury yields increasing to five basis points. It was the same case for the London interbank offered rate. One-month Libor was steady at 19 basis points, but the 3-month ticked up to 31 basis points. The rate for the Fed's overnight reverse-repo facility remained at 0.05%, but the overnight Treasury and mortgage-backed repo rates were 0.12% and 0.14%, respectively, rising several basis points higher than the previous week due to month-end pressure.

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