Weekly Commentary

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It was a positive week for the U.S. labor market, with two solid major reports. The employment situation release indicated that payrolls rose by 215,000 in July, with the amounts for May and June revised higher. The unemployment rate stayed at 5.3%, wages rose 0.2% and both the average work week and the portion of full-time jobs as a percent of the full domestic work force grew slightly. Jobless claims came in under 300,000, extending the streak of 22 weeks that this was the case. But labor force participation, the broadest measure of employment in America, did not budge from an extremely low 62.6%.

In other news, the U.S. trade deficit grew approximately 7 percent on the strong dollar, and domestic manufacturing slowed somewhat.

While the 1-month Treasury yield remained at 5 basis points, the 3-month jumped to 8. Short London interbank offered rates (Libor) stayed put at 19 basis points and 31 basis points for the 1-month and 3-month, respectively. The rate for the Fed's overnight reverse-repo facility remained at 0.05%, but the overnight Treasury and mortgage-backed repo rates remained elevated 0.12% and 0.14%, respectively.

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