Weekly Commentary

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The final major hurdles to the Federal Reserve raising rates in mid-December were jumped last week. The second reading of third-quarter U.S. gross domestic product (GDP) was revised upward, and the Department of Labor reported solid growth in nonfarm payrolls over the month of November. The latter was highlighted by the lowest unemployment rate in nearly a decade at 4.6%, although wages slipped slightly.

Other measures of the domestic economy also were largely positive, as reports indicated consumer sentiment improved, housing prices rose and manufacturing activity increased.

It is now likely that Fed policymakers will hike rates on Dec. 14 and could very well upgrade their view of the economy over the upcoming years.

The short end of the London interbank offered rate (Libor) curve continued its climb last week, with 1-month Libor rising 4 basis points to 0.65%, 3-month bumping up 1 basis point to 0.95% and 6-month unchanged at 1.29%.