

MAY 31, 2016



**Paige Wilhelm**  
*Senior Vice President  
Senior Portfolio Manager  
Federated Investment Counseling*

Even as the price of gasoline has begun to rise, the consumer is more confident than in many months, driving retail sales. Consumer confidence surveys rose, and lower jobless claims also spurred the spending. Two measures of housing market health released last week show the sector to be hale: sales of new homes and pending homes sales. Vehicle sales were robust and even first-quarter gross domestic product (GDP) was revised up, although it was still relatively low.

But the biggest event last week was not the release of any data, but the Federal Reserve Chair Janet Yellen's remarks that the Fed might indeed raise interest rates "in coming months" if growth continues steadily.

The London interbank offered rate (Libor) increased over the week. One-month Libor rose from 44 basis points to 46, while three-month Libor ticked up from 66 basis points to 67.