

JULY 18, 2016



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

The bulk of the significant economic reports came late last week, giving the markets time to further dissect and digest the news of the U.K. vote to leave the European Union. The result was that investors seemed to feel Brexit would not have as great an impact on global markets as once thought, at least not in the near term. The S&P 500 and The Dow Jones Industrial Average hit record highs during the week.

Friday's economic data was contradictory, with retail sales again impressing, but consumer sentiment lower and price-pressure meager. Business inventories were steady and industrial production showed signs of life, but inflation at the producer level was still low. Jobless gains showed that the volatility stemming from the last two employment reports could be abating.

The short end of the London interbank offered rate (Libor) was similar to last week, with one-month Libor staying at 48 basis points and three-month Libor rising from 67 basis points to 68.