

AUGUST 22, 2016



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

Much of the U.S. has been subjected to stifling heat in August, but somehow green shoots have emerged in one of the more barren parts of the economy recently: industrial production. Highlighted by good manufacturing numbers, output rose in July, beating expectations and the recent trend of poor results. In particular, gains came in the production of consumer and business goods, always welcome news for the consumer-led economy.

Housing continues to be strong, as is the labor market that again saw the count of initial jobless claims ticked lower. The latter is a particularly good sign because the Department of Labor uses last week's survey for its nonfarm jobs report for the month of August.

The short end of the London interbank offered rate (Libor) was essentially constant last week from the prior week. One-month Libor ticked up 1 basis point to 0.51%, three-month Libor decreased 1 basis point to 0.81% and six-month Libor moved up from 1.20% to 1.21%.