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Weekly Commentary

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Very few people in the financial world can steal the headlines from a tepid GDP reading. Federal Reserve Chair Janet Yellen is definitely one of them.

She spoke Friday at the international monetary policy symposium in Jackson Hole, Wyo., indicating that U.S. policymakers have been enthused by the strengthening domestic economy over the summer and are moving closer to hiking the federal funds rate. But she qualified that statement by reminding the markets that the Fed remains data dependent. That was interesting given that earlier in the day the already weak U.S. GDP reading for the second quarter was revised down a tenth of a percent to an annual rate of 1.1%. All eyes now turn to the jobs report coming at the end of this week to best assess the odds of action at the September Federal Open Market Committee (FOMC) meeting in mid-September.

Other economic news was mixed, personified by new home sales rising 12% in July, but existing home sales falling 3%. Similarly, the consumer sentiment survey pulled back slightly but durable goods sales got a nice bump.

The short end of the London interbank offered rate (Libor) continued to move up. One-month Libor ticked up 2 basis points to 0.52%, three-month Libor increased 2 basis point to 0.83% and six-month Libor moved up from 1.20% to 1.23%.

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