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The Federal Reserve got caught up in the holiday giving spirit for the second December in a row, raising its federal funds rate by 25 basis points mid last week. That brought the target range of the benchmark rate to 0.50-0.75%. While the markets expected the hike, they were somewhat surprised by the Fed's positive outlook for 2017. Investors had been expecting two more quarter-point increases in 2017, however policymakers instead indicated there could be three hikes next year. Taking this as a signal the Fed is optimistic about both the growth of the U.S. economy and the potential boost that President-elect Trump fiscal policies might bring, investors pushed interest rates higher.

The short end of the London interbank offered rate (Libor) curve increased following the FOMC action last week, with 1-month Libor jumping four basis points to 0.70%, 3-month Libor leaping 5 basis points to 1.00% and 6-month Libor increasing three basis points to 1.32.