FLORIDA PRIME™

Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

At first blush, third-quarter U.S. gross domestic product (GDP) data released last week seemed excellent. A 2.9% annual growth rate is the best reading in two years. However, a bump in exports due to a large sale of soybeans to China inflated the number. We expect to see this preliminary GDP reading lowered in the coming months. On the contrary, an uptick in inventories and higher government spending—two unequivocally positive parts of the GDP report—are good news, especially in light of other reports from last week that showed consumer confidence declined and new home sales fell.

The short end of the London interbank offered rate (Libor) curve was unchanged last week, with 1-month Libor at 0.53%, 3-month at 0.88% and 6-month at 1.26%.

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