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Paige Wilhelm

*Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling*

Will the good third-quarter GDP figure stick?

The preliminary reading on the U.S. economy is that it grew 3% in the third quarter, but will that stick? On the one hand, it seems possible that the Department of Commerce could downgrade that gross domestic product (GDP) growth number in subsequent revisions as some of its strength may be coming from rebuilding and restocking in the regions devastated by the hurricanes. Sales of durables and new homes are likely candidates. But on the other hand, with the second quarter also showing similar growth (3.1%), it may simply be that the domestic economy is actually on better footing. We will have to wait for the answer. One thing seems certain, however: inflation still is not rising, remaining below the Federal Reserve's target of 2%.

The short end of the London interbank offered rate (Libor) yield rose slightly last week from the week prior. While 1-month Libor remained at 1.24%, 3-month rose by 2 basis points to 1.38% and 6-month increased by 2 basis points to 1.57%.