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Could be a merry end to the year

It may be the U.S. economy that gets the biggest gift this holiday season if consumers buy as many presents as recent data seems to imply they can. Last week, the Bureau of Labor Statistics reported another strong nonfarm payrolls report, but most importantly said that average hourly earnings rose. Combined with robust results of a survey of consumer sentiment, this could mean a strong end to the year, continuing the upward trend of GDP growth. The Federal Reserve meets this week to decide monetary policy, and these and other data should clinch that it raises its federal funds rate 0.25% to a range of 1.25-1.50%.

The London interbank offered rate continued to climb in anticipation of the Fed hike. One-month Libor yield increased from 1.38% to 1.44%, 3-month Libor rose, from to 1.49% to 1.55%, and 6-month Libor jumped from 1.67% to 1.73%. All three rose six basis points from the previous week.