

JANUARY 16, 2016



**Paige Wilhelm**  
*Senior Vice President  
Senior Portfolio Manager  
Federated Investment Counseling*

Small-business owner confidence rose in December to figures last seen before the Great Recession. That's good news for the U.S. economy and should lead to more hiring and capital expenditures. But, other reports released last week were less stellar.

Retail sales, ex autos and gasoline, were flat in perhaps the most significant month of the year: December. Consumer confidence also was poor and inflation on the producer level only ticked up. The domestic economy didn't take any steps backward based on data from last week, but it didn't progress much either, although the labor market continues to look good. The advance reading of fourth-quarter 2016 gross domestic product (GDP), released near the end of this month, should clear up the picture somewhat.

The short end of the London interbank offered rate (Libor) curve ticked up essentially a basis point from the week before, with 1-month Libor at 0.77%, 3-month Libor 1.02% and 6-month Libor 1.33%.