

FEBRUARY 6, 2017



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

A week full of economic reports ended with an exclamation point as the jobs report for January beat expectations. The labor market added 227,000 workers in January, far greater than many economists and experts forecasted. The unemployment rate remained low at 4.8%, but the best news was a rise in the labor participation rate. If the economy responds the way it has historically to all of this, we should soon see wage gains, although the Bureau of Economic Analysis reported only modest income growth in December.

The other major event was quite expected: the Federal Reserve did not hike rates. In other news, consumer confidence continued to soar and non-manufacturing businesses showed better health.

The short end of the London interbank offered rate (Libor) curve was essentially unchanged from the week before, with 1-month Libor at 0.77%, 3-month Libor at 1.03%, and 6-month Libor at 1.35%.