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Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Employment—the strongest component of the U.S. economy for many months—was mixed in March. The Labor Department's jobs report released Friday said the economy added only 98,000 new nonfarm jobs over the month, around half of most analysts' expectations. But the slowdown in the growth of payrolls was somewhat balanced by a drop in the unemployment rate to 4.5% from an already low 4.7%. That is the much-watched metric's lowest level since 2007. While it is certainly possible that poor weather dampened the payroll figures, they flew in the face of other positive March reports released last week. Jobless claims remained very low and the ADP monthly employment report was strong.

Midweek, the Federal Reserve (Fed) released the minutes from its last meeting. Because policymakers had hiked the federal funds target rate range at that meeting, citing improved employment and better inflation numbers, the markets' interest lay in any discussion about paring back its enormous balance sheet. Compiled primarily of Treasuries and mortgage-backed securities, the Fed's holdings were expanded over its several quantitative easing (QE) campaigns. The Fed did indeed talk about it, but only in a general sense.

The short end of the London interbank offered rate (Libor) was essentially unchanged last week from the week prior, with 1-month Libor moving up a basis point to 0.99%, 3-month also bumping up a basis point to 1.16% but 6-month staying put at 1.43%.

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Views are as of April 10, 2017, and are subject to change based on market conditions and other factors.