

MAY 22, 2017



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American manufacturers staged a comeback in April, displaying the largest month-to-month increase in activity in nearly three years. The robust data, part of the industrial production report, was welcome after a poor showing in March had some concerned that recent progress in manufacturing was not sustainable. Especially heartening was the rise in the production of consumer goods, as the U.S. is a consumer-led economy. However, significant growth also came in the production of business equipment and automobiles and other vehicles. Only the housing market had a miss last month, but it has been steady for some time.

The question now is can the good news be sustained. If it can, then it would seem that the domestic economy is on track for the Federal Reserve to raise its target federal funds rate in June.

The short end of the London interbank offered rate yield curve flattened slightly last week, with 1-month Libor rising 3 basis points to 1.02%, 3-month moving up 1 basis point to 1.18%, while 6-month fell 3 basis points to 1.41%.