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Weekly Commentary

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Talk about anticlimactic. Maybe disappointing is the better word, but both describe the Department of Labor's weaker-than-expected May jobs report released last Friday. Not only did it indicate the U.S. added only 138,000 new jobs in May, but also it said that the previous two months added fewer jobs than originally thought: a sizable 66,000 fewer to be exact. The unemployment rate ticked down to 4.3% in May, but that isn't exactly good news as it in part reflects people leaving the work force, evidenced by the labor participation rate moving down. This weak labor report was a surprise to many, especially as several other employment metrics released earlier in the week were strong. The most positive element in the mostly negative report arguably is that wage gains were steady at 2.5% on a year-to year basis. That's not much, but at least it didn't drop.

Better news came elsewhere. Consumer confidence remains high and home prices are rising; manufacturing activity continued on its gradual upward trend.

The short end of the London interbank offered rate yield curve rose and flattened slightly last week, with 1-month Libor rising 5 basis points to 1.09%, 3-month moving up 2 basis point to 1.22% and 6-month bumping up 1 basis point to 1.43%.

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Views are as of June 5, 2017, and are subject to change based on market conditions and other factors.