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Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Mixed comments and data

Because the Federal Reserve has been active in the last six months, pleasing most hawks and doves with slow, but steady rate hikes, the stakes were not terribly high for Chair Janet Yellen's semi-annual Humphrey-Hawkins testimony in front of Congress. She didn't dither, but her comments didn't add much clarity to Fed monetary policy the rest of this year. The most notable aspect was her continued return to discussing inflation. It has slipped lately, but she characterized this as "temporary," and said she expected the Fed still plans on continuing the grind upward. A little dovish, if anything, but not by much.

Data released last week also was mixed. Following the unexpectedly strong June nonfarm payrolls report, several additional robust labor reports indicated it was no fluke. Despite the gains in jobs, and presumably more spending money, retail sales were weak in June and business and consumer confidence slipped recently.

The short end of the London interbank offered rate (Libor) yield again was essentially unchanged last week from the week prior: 1-month Libor at 1.23%, 3-month at 1.30% and 6-month at 1.46%.

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