Weekly Commentary

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Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Amid the storms, the Fed has its own turbulent week

As is always the case when powerful hurricanes strike as they have in quick succession in Texas and Florida, the focus on the heart-rending tragedies of lives lost and upended will eventually lead to an assessment of the economic damage. This will likely be tremendous in scope and will skew some reports in the months to come.

Another happening with long-term implications was the sudden resignation of Federal Reserve Vice Chair Stanley Fischer. Similar to an opening in the Supreme Court, the current president has the opportunity to alter the political leaning of the Fed when nominating new board members. So this development means that in the coming months the Trump administration will have the chance to nominate its own candidates to the open positions of both the Vice Chair and the Chair (Janet Yellen not likely to be kept), giving it a potent say in future monetary policy.

The short end of the London interbank offered rate (Libor) yield was essentially unchanged last week from the week prior, with 1-month Libor at 1.24%, 3-month at 1.31% and 6-month Libor at 1.45%.

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