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# Weekly Commentary

FEBRUARY 12, 2018

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## Cash rates anchor choppy seas

Volatility was again on the lips of investors, brokers, commentators, TV anchors and other market participants last week as risk assets continued their sour reaction to the January employment report's 2.9% increase in average hourly earnings that stoked fears of inflation. But the curve used by most investments of the Cash Pool—the short end of the London interbank offered rate (Libor)—was calm. It reflected the solid fundamentals of the U.S. economy rather than the vagaries of equity investing. Last week those fundamentals included strong manufacturing data from January that among other benefits, showed the industry's steady employment growth. Better jobs mean more spending power and increased consumer confidence. Indeed, forecasts are for robust retail sales in 2018.

Libor's yield continued its slow and steady rise last week, with 1-month Libor increasing 1 basis point to 1.58%, 3-month rising 3 basis points to 1.82%, and 6-month increasing 8 basis points to 2.04%.

*G40461-19 (2/18)*

**Views are as of February 12, 2018, and are subject to change based on market conditions and other factors.**