FLORIDA PRIME™

Weekly Commentary

DECEMBER 9, 2019

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Tidings of good jobs news

More often than not, a "headline" number for a given economic report isn't as dour or as rosy as it suggests. The details can tell a different story or reinforce a trend counter to the main takeaway. Especially helpful are revisions to earlier reports, and they play an important role in nonfarm payrolls reports, which are often revised materially.

But the details of the jobs report released last week was in harmony with its strong headline figures. Adding to the euphoria of the consensus-shattering number of 266,000 new jobs created in November, the previous two months were revised 41,000 higher. Combined with the unemployment rate falling to a 50-year low of 3.5%, a manufacturing sector rebound and still-solid growth in hourly earnings, the U.S. economy seems to have averted a recession. Consumer confidence is high and retail sales in the Black Friday/Cyber Monday period reflect this.

How much of this success can be lain at the feet of the Federal Reserve is hard to say, but it's starting to look more and more like its rate cuts this year helped. Now that Chair Jerome Powell essentially has said the Fed is in a holding pattern in regard to rates, 2020 might be shaping up to be a good year for the liquidity space.

The London interbank offered rate (Libor) ended the week with 1-month rising from the previous week from 1.70% to 1.72%, and 3- and 6-month slipping from 1.91% to 1.89 and 1.90% to 1.89%, respectively.

G40461-19 (12/19)