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Still on hold

Last week was a mixed bag of data for the markets: sales of existing houses rose but building permits for new homes, a component of the leading economic index, fell. The services component of the purchasing managers index for January hit its highest mark since last March, but the manufacturing component slipped to a 3-month low.

Cash managers had less to sift through in the shortened week. The biggest focus was on this week's Federal Open Market Committee (FOMC) meeting. The vast preponderance of those who track the Federal Reserve think the central bank will continue to keep monetary policy on hold. We are of that opinion and expect policymakers to leave the federal funds rate in a target range of 1.5-1.75%. This FOMC meeting won't include any policymaker projections for the economy, inflation and the fed funds rate. But Chair Jerome Powell has been known to address such topics in his press conference.

The London interbank offered rate (Libor) ended the week with 1-month remaining at 1.65%, 3-month unchanged at 1.80% and 6-month slipping from 1.83% to 1.81%.