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A tale of two outlooks

Consumers and businesses seem to have markedly different views of the economy and global issues based on reports released last week. While positive consumer sentiment survey results indicate shoppers have enough confidence in their financial picture to spend (despite surprisingly poor December retail sales), small companies' outlooks have soured. The difference stems in part from their disparate views on the tariff and trade battles, with businesses feeling the effect more. Also, the strong labor market benefits job seekers and hinders companies from finding employees that have the requisite skills. But the partial government shutdown likely clouded some of the data. Lastly, mortgage rates moderating and homebuilder sentiment rising may mean that the sluggish housing market could rebound in spring. If it does, it will be even more evidence that Americans are confident about their prospects.

Last week, the 1-month London interbank offered rate (Libor) fell from 2.51% to 2.48%, 3-month dropped from 2.70% to 2.68% and 6-month slipped from 2.77% to 2.75%.