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Weekly Commentary

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Good news, or at least not bad news, about GDP

The release of fourth-quarter U.S. gross domestic product (GDP) last week provided a welcome positive surprise. Investors had anticipated a poor figure predicated on disappointing December retail sales, a weak housing market and the fading of the stimulative effect of the tax changes of a year ago. So when the government said that GDP growth was 2.6%, a good half a percentage point higher than expected, and indicated that increased spending by businesses and consumers was among the reasons, even diplomatic failure in talks with North Korea didn't faze the markets.

The jobless claims did its part again, showing a still low amount of unemployed workers. Consumer confidence slipped, but remained solid. Last week the 1-month London interbank offered rate (Libor) remained at 2.48%, 3-month dropped from 2.65% to 2.60% and 6-month fell from 2.71% to 2.68%.

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