FLORIDA PRIME™

Weekly Commentary

APRIL 15, 2019

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Economy steady on net

Fluctuating economic data are a given, but in a low-growth environment, each swing can look like a bigger deal than it perhaps is. Case in point came last week when reports went in different directions, with the net reinforcing the thesis that the U.S. is not facing an imminent recession even though a part of the yield curve has inverted.

New applications for employment insurance—otherwise known as initial jobless claims—fell yet again. That figure remains at its lowest since fall of 1969, which is saying something as the labor market is essentially twice the size now. A measure of small business optimism also increased. But inflation doesn't look like it is going to reach 2% anytime soon and consumers seem concerned about the future. While the majority of economists and strategists think first-quarter GDP will be low, a Federal Reserve rolling report called GDPNow is saying otherwise. All the more reason to look past these shifts to the Federal Reserve's next meeting in May for a more comprehensive take on the economy.

Last week the 1-, 3- and 6-month London interbank offered rates (Libor) were essentially unchanged, ending at 2.48%, 2.60% and 2.64, respectively.

Views are as of April 15, 2019, and are subject to change based on market conditions and other factors.