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## Cash, credit and consumption

The big news from last week, turbulence in the trade talks between the U.S. and China, will likely not have an immediate impact in the liquidity space and, who knows, might be resolved quickly. So, it is better to pay attention to the domestic data affecting us now.

Labor market strength remains the brightest star of the U.S. economy. While wages aren't increasing as is typically the case in such a situation, a survey said that small businesses have become more confident, which could lead to higher compensation lest they lose key employees.

At least one industry, automobile manufacturers, would like to see that happen, as car and light truck sales plummeted to their second-lowest annual pace since February 2015. Consumer credit growth, which of course also plays the primary role in large purchases such as autos and trucks, also slowed in the first quarter. A combination of less credit and cash is never good for an economy based on consumption.

Last week the 1-, 3- and 6-month London interbank offered rates (Libor) were essentially unchanged, ending at 2.45%, 2.53% and 2.59%, respectively.