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Shoppers show strength

Americans loosened purse strings and opened wallets—or more likely increased visits to online shopping sites—in May as retail sales soared. In fact, nominal sales are now far above their recession low and 2007 peak. Stores are feeling the good vibes, with small businesses reporting higher levels of confidence in May. That means they are likely to look to expand in some form (starting new projects, upgrading systems and buying new buildings, equipment, vehicles, etc.). This should benefit employees as the companies cannot afford to lose workers and will have to pay them more. Wages actually have increased lately, although still not at a level that economists expect to see in such a tight labor market.

This strong news will face the slew of negative developments about the domestic economy, seen to be slowing with the rest of the world, and the ongoing trade war between the U.S. and China, when the Federal Reserve meets this week. The markets are forecasting no action on rates, but many pessimistic investors think the next move will be a cut rather than a hike.

London interbank offered rates (Libor) finished the week at 2.38%, 2.40% and 2.28%, respectively.