

OCTOBER 1, 2018



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The Fed moves ever closer to normal

What were you doing in early 2004? Quite likely shopping a great deal, as consumer confidence was strong then. Last week, surveys revealed that consumers in September were just as confident as back then—Great Recession and slow recovery finally receding to the background. Specifically, the job outlook rose to its highest level since January 2004. And several Federal Reserve Bank estimates are indicating robust growth.

Speaking of the Fed, its policy-making committee raised the federal funds target rate range a quarter point to 2-2.25%. That inches the central bank closer to normative interest rates. The post-meeting statement pointed to labor market and economic strength, and cited inflation near 2%.

Last week, the London interbank offered rate increased: 1-month rose 4 basis points to 2.26%, 3-month rose 4 basis points to 2.40% and 6-month rose 1 basis point to 2.60%.