

NOVEMBER 5, 2018



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Not too early to talk holiday spending

With the holiday shopping season right around the corner, online and brick-and-mortar stores may get quite a boost in sales. An October report on consumer sentiment finds shoppers more confident about their ability to spend than in the past 18 years. This was the case not just in present conditions, but in expectations for the near future.

At the heart of this confidence are job and wage growth. A labor market report showed an employment environment that favors workers, with nearly 1 million more jobs open than unemployed people to fill them in August (a difference expected to remain in fall), while the important nonfarm payrolls report stayed at 3.7%. The result was an increase in wages, as average hourly earnings rose 3.1% year-over-year in October—the highest rate in nearly a decade.

Last week, the London interbank offered rate increased from the previous week: 1-month climbed 1 basis point to 2.31%, 3-month rose 6 basis points to 2.58% and 6-month rose 3 basis points to 2.81%.