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Economic data sings same tune

Trump's tough tariff talk stirred the markets last week, but other data showed the economy behaving as it has been for some time. Not that this means it was behaving as one might expect, with still-tight labor market not pushing core inflation up (the federal government's measure of people filing for unemployment pay for the first time fell to its lowest in nearly 50 years!). This despite continued robust consumer confidence and the effect of tax cuts waiting in the wings. The Federal Reserve likely also will act as it has lately, raising interest rates despite the low inflation. Its next policy-setting meeting is at the end of this month and the market thinks it is a lock to include a 25 basis-point increase in rates. With every week comes more fodder for economists for when they surely debate and dissect this period for many decades to come.

The London interbank offered rate continued to rise last week in anticipation of the hike, with 1-month increasing to 1.69%, 3-month rising to 2.03% and 6-month increasing to 2.23%.