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## **Fed more positive on economy than consumers, small business**

Overconfidence often is poison to markets. So it was not necessarily a bad thing that both consumer and small-business enthusiasm about U.S. economic conditions moderated recently, seen in reports released last week. It could be a good rightsizing as economic improvement is still slow. But if the prospect of a trade war is the source for the dip, the trend will go the way the tariff situation goes, and that is an unknown at present.

The sentiment at the Federal Reserve is as important, and the minutes from its March policy-setting meeting, one that saw a raise in the federal funds rate target range to 1.50-1.75%, were more optimistic. The policymakers expressed the likelihood that the path to higher rates remains appropriate and that inflation will get to its preferred 2% market in the not too distant future.

The London interbank offered rate (Libor) modestly rose across the short end of the yield curve last week, with 1-month remaining at 1.90%, 3-month inching up 1 basis point to 2.35% and 6-month increasing 2 basis points to 2.49%.