

JUNE 4, 2018



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Labor market going strong

Economic reports ranging from gross domestic product to manufacturing to consumer confidence released last week were solid. Not spectacular, but certainly in line with the view that the U.S. continues to gain momentum despite the potential of trade wars and other geopolitical developments. But the week tilted positive with the release of a robust May jobs report. Headline and details both impressed, with the unemployment rate dropping to 3.8%, the lowest it has been in 18 years. The economy added 223,000 new nonfarm jobs and wages grew, if only slightly. The average workweek of employed Americans did not change from 34.5, but the under-employment rate fell 0.2% to 7.6%.

The London interbank offered rate (Libor) modestly flattened along the short end of the yield curve last week, with 1-month rising 3 basis points to 2.00%, 3-month remaining at 2.32% and 6-month slipping 2 basis points to 2.47%.