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Hot labor market gets hotter

The federal government's jobs report for June was full of encouraging news. The U.S. economy added an above-consensus 213,000 jobs last month and payrolls for the two previous months were revised up by 37,000 jobs. The benchmark unemployment rate rose from 3.8% to 4%. This may seem counterintuitive, but it means more people are now actively looking for jobs—a positive development. Another sign of this is that the labor participation rate rose.

Breaking down the hires, professional and business services increased by 50,000 and the manufacturing sector added 36,000 jobs. The latter further cemented its comeback, although the growing trade war likely will have something to say about that soon. Wages moved up a tick, but not a significant amount to indicate labor market slack is gone.

The London interbank offered rate (Libor) rose modestly along the short end of the yield curve last week, with 1-month Libor rising 1 basis point to 2.10%, 3-month remaining at 2.34% and 6-month moving up 2 basis points to 2.50%.