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July data impresses

Led by the labor market, reports about three major components of the U.S. economy in July had nothing but good news last week. The employment situation data, while missing forecasts for total jobs added over July, saw significant revision upward to the prior two months' tally. The unemployment rate fell to 3.9%. Similarly, consumer confidence was high last month, and manufacturing continued to be robust.

As expected, the Federal Reserve did not change rates in last week's Federal Open Market Committee meeting. However, the policymakers acknowledged that they likely will continue to gradually increase rates to keep the economic expansion on track, calling economic activity "strong" and business capital expenditures (capex) growing "strongly."

The short end of the London interbank offered rate (Libor) was unchanged last week from the previous week: 1-month Libor remaining at 2.07%, 3-month at 2.34% and 6-month at 2.52%.