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U.S. economy on a roll

Employment data in August tends to be skewed slightly by vacations and manufacturing furloughs, among other factors. So we won't know until later if the economy did really add as many nonfarm jobs (201,000) in August as the positive nonfarm payroll report indicated last week. Workers were big winners, with wages rising 2.9%, the fastest pace in nearly a decade. But the Labor Department revised down the June and July payrolls by a collective 109,000 jobs, the participation rate fell to 62.7% and the manufacturing sector surprisingly lost 3,000 jobs last month, tempering the report.

The ISM datasets on services and manufacturing jobs both showed growth. The latter was especially interesting, as the labor report showed that sector as shedding jobs. But overall, the news was positive, and we still expect the Federal Reserve to hike interest rates on Sept. 26.

Last week, the London interbank offered rate crept up from the previous week as the Fed's next policy-setting meeting nears: 1-month rose 3 basis points to 2.13%, 3-month rose 1 basis point to 2.33% and 6-month rose 1 basis point to 2.54%.