

SEPTEMBER 4, 2018



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Consumer sentiment, spending increase

Consumers took the spotlight last week, and they performed quite well. The Conference Board confidence gauge significantly rose to the highest level in 18-years, and the best news is that durables and automobiles are on their shopping list. Buying more expensive items that may not be immediately needed, compared to groceries or healthcare, is a sign that consumers feel they will have adequate funds for the near future. Another measure indicated that sales increased, so that confidence is translating into money put into the economy. However, people do not seem to be having the confidence to buy houses, as pending sales and applications for mortgages softened. A decrease in supply of homes might also play a role here.

The London interbank offered rate last week rose from the previous week: 1-month leapt 4 basis points to 2.10%, 3-month rose 1 basis point to 2.32% and 6-month rose 2 basis points to 2.53%.