

Weekly Cash Commentary

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More evidence the housing market is improving

“For Sale” signs pop up on front lawns every spring, but this year it is more than realtors and buyers who are excited. After many months of subpar performance, economists, investors and policymakers are happy to see that the housing market is not in serious trouble. In fact, it may be on a sustainable upward path, one that could indicate a recession is not yet coming to the neighborhood. Last week, data showed that more households formed in February, builder confidence increased and sales edged up. Add this to the recent rise in housing starts and permits and the dip in mortgage rates and asking prices, and the traditional spring selling season could be the boost the entire economy needs, not just real estate agents.

A monthly survey of small businesses in February indicated optimism rose for the first time in half a year, but more was expected. So it was good news that January retail sales rose significantly, which should not only balance out the rough December figures, but might mean spending at small companies is trending up.

Last week the London interbank offered rate (Libor) was essentially unchanged, with 1-month at 2.48%, 3-month at 2.62% and 6-month at 2.67%.