

## Weekly Cash Commentary

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### Low inflation puts pin in GDP growth balloon

While the equity markets tend to overreact to everyday news, money managers take the longer view. That is why we are waiting for revisions of the first-quarter GDP growth rate, whose flash reading was released last Friday. It grew by a stronger-than-expected pace of 3.2%, but there was enough noise, including the government shutdown and the fourth-quarter of 2018's stock-market dive, to make us cautious about the figure that caused recent optimism—not to mention some red flags such as a bump in inventory which likely means a dip later.

More important to the liquidity sphere is that expenditure price inflation is still well off the Federal Reserve's preferred 2% level. With such a low rate, the Fed likely will not hike rates until late 2019 or 2020.

Last week the 1-, 3- and 6-month London interbank offered rates (Libor) ended at 2.48%, 2.58% and 2.62%, respectively.