

Weekly Cash Commentary

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Sales versus trade

The U.S.-China trade fracas continued to overshadow domestic data. In the long run, a trade war between the world's largest economies likely will upset America's progress. But for now, the still amazingly strong labor market has been joined by other elements of the economy that have positive momentum. Take housing as an example. Long a disappointment, the housing market perked up in April, with a substantial increase in starts leading the way. Starts are important to the economy as they have a multiplier effect because they require construction projects, purchases of durables and furniture, and other expenditures.

But if people are feeling confident enough about the economy, their jobs and the like, they didn't show it in stores or online in April. Over the course of the month, retail sales at the broadest level declined. It was a slight drop, and excluding poor automobile sales managed a sliver of growth, but any sign of weakness is not good for our consumer-led economy.

Last week the 1-, 3- and 6-month London interbank offered rates (Libor) decreased slightly, ending at 2.44%, 2.52% and 2.55%, respectively.