

Weekly Cash Commentary

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Fed minutes out of date

As important the minutes from a Federal Reserve meeting are to the markets that hang on every word it says, those released last week from the May Federal Open Market Committee meeting are not nearly so. That's because President Trump increased tariffs on Chinese imports after the meeting, which shook up the markets and shelved negotiations. With the growing likelihood of a full-blown trade war between the world's largest economies, the Fed's positive view of the U.S. economy likely will change and test its "patience," although inflation will have a say in it, too.

In better news, the domestic housing market, long in poor shape, has rebounded, led by lower mortgage rates. If higher sales continue, housing should soften the blows from the trade conflict, at least in the short term.

Last week the 1-, 3- and 6-month London interbank offered rates (Libor) were essentially unchanged from the week prior, remaining flat and ending at 2.43%, 2.52% and 2.56%, respectively.