MASSACHUSETTS MUNICIPAL DEPOSITORY TRUST

Weekly Cash Commentary

Views as of September 9, 2019

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On the one hand...

The two major economic indicators of the state of goods and services production in the U.S. were split neatly between positive and negative in August. On the one hand, the Institute for Supply Management (ISM) reported that the services sector rose by the most in six months. One reason was strong growth in new orders. On the other hand, ISM said that manufacturing activity decreased, actually falling into contractionary territory. Here, orders were a negative. These data support the notion that the trade war is hurting companies more than consumers at this point.

One element of the economy has been consistently positive—the job market—remained robust in August. Small businesses were the star, which is always a good sign for gross domestic product growth, as they typically do not have an international presence. Prior to August, main-street companies had experienced three months of weakness, so the bump was needed. The U.S. labor market remained strong, as 130,000 job-seekers found work in August, putting the unemployment rate at 3.7%, and hourly wages continued to rise.

The London interbank offered rate (Libor) ended the week with 1-month at 2.04%, 3-month at 2.10% and 6-month at 1.99%.