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Call it an ironic twist. An actor named David Harbour, portraying Achilles in Shakespeare's "Troilus and Cressida" in Central Park last week, ruptured his Achilles tendon in a fight scene. Mr. Harbour later tweeted, "I'm so method."

No word whether critics considered his final performance a stretch.

Speaking of drama, the Fed elected not to raise rates at their July meeting, though left the door open for possible moves later in the year. As usual, the accompanying statement attracted more attention than the decision itself. Adjectives such "moderate" to describe the pace of economic activity, and the labor market as "strengthened" suggested the Fed's inflation hawks are waiting in the wings.

We have commented before how economic data these days are Rorschach tests for market observers. You can draw any growth conclusions you like. On the one hand, record low interest rates and falling oil prices point to a slowdown. On the other, unemployment figures suggest reason to be optimistic on production and capacity.

Actual GDP numbers aren't getting rave notices. The second quarter's 1.2%, along with the first quarter's 0.8% output, has contributed to the worst recovery since 1949. Nonetheless public equity markets remain relatively buoyant, despite recent selloffs, with the Dow up 5% year to date. This seems to reflect more a relative value play by global investors than a vote of confidence in corporate earnings.

Credit markets have also met with audience applause. Leveraged loans recorded almost a 6% gain for the year, per Thomson Reuters LPC, as prices have recovered nicely from last year's volatility. High-yield bonds put up solid gains as well, but a large part has been due to lower interest rates.

Leveraged loans are headed for what looks like a healthy line-up for the fall season. Same is true for expected high yield issuance. Junk bonds produced over $14 billion in US volume since the Brexit vote stalled activity in late June, according to S&P Capital IQ. Volume is still down from last year, but shows signs of a decent finish.

Interestingly, while Treasury rates continue to lose steam (see our *Chart of the Week*), Libor has crept up over the past several weeks. The growing gap between these indices – the so-called "TED spread" – typically signals more credit risk in the system. But since US government obligations may be benefiting from global cash fleeing for the relative safety, a higher TED may not be a cause for alarm.

Higher Libor may act as a modest brake to bank lending, particularly for leveraged loans. If it breaches the 1% barrier, new Libor floors may fall away for the largest issuers. Of course, investors in floating rate assets expect to benefit from higher rates. For them, this may be just a Fed hike dress rehearsal.