



Carty & Company, Inc.

Weekly Market Update – April 2017, Week 1

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Month Ago
3	1.50	(0.08)	1.58
5	1.93	(0.08)	2.01
7	2.22	(0.09)	2.31
10	2.40	(0.08)	2.48
30	3.02	(0.05)	3.07

Agencies			
Maturity	Yield	Change	1 Month Ago
3	1.34	(0.03)	1.37
5	1.58	(0.10)	1.68
7	1.92	(0.08)	2.00
10	2.38	(0.11)	2.49
25	3.02	(0.07)	3.09

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Month Ago
1	0.85	(0.16)	1.01
5	1.58	(0.05)	1.63
10	2.26	(0.16)	2.42
15	2.69	(0.14)	2.83
30	3.06	(0.14)	3.20

Municipal G.O. (AAA) - TEY @ 39.6%			
Maturity	Yield	Change	1 Month Ago
1	1.41	(0.26)	1.67
5	2.62	(0.08)	2.70
10	3.74	(0.26)	4.01
15	4.45	(0.23)	4.69
30	5.07	(0.23)	5.30

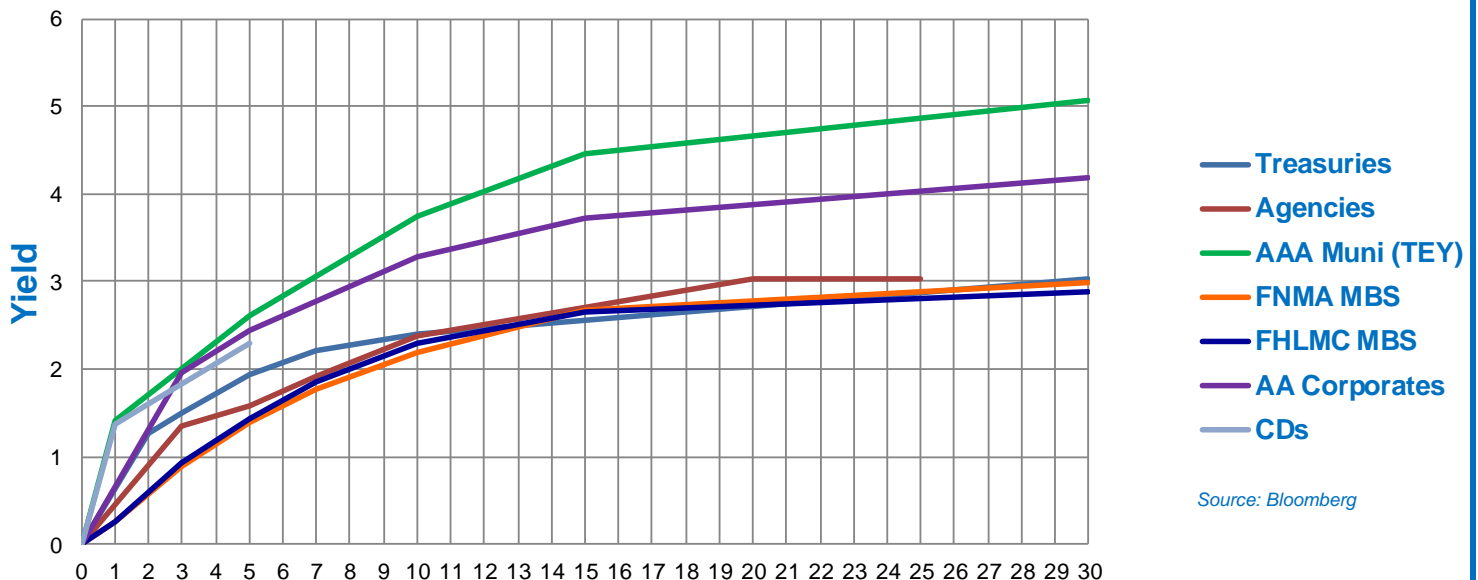
Brokered CDs			
Maturity	Yield	Change	1 Month Ago
1	1.36	(0.04)	1.40
2	1.60	0.00	1.60
5	2.30	0.00	2.30

Corporate Index (AA)			
Maturity	Yield	Change	1 Month Ago
3	1.96	(0.00)	1.97
5	2.44	(0.03)	2.47
10	3.28	(0.04)	3.32
15	3.73	(0.04)	3.77
30	4.18	(0.01)	4.19

MBS - Current Coupon			
FNMA	Yield	Change	1 Month Ago
15yr	2.47	(0.12)	2.59
30yr	3.08	(0.14)	3.22
FHLMC	Yield	Change	1 Month Ago
15yr	2.49	(0.12)	2.61
30yr	3.07	(0.16)	3.23

Equities			
Index	Current	Change	1 Month Ago
DJIA	20,673	(333.00)	21,006
S&P 500	2,366	(17.00)	2,383
Nasdaq	5,917	46.00	5,871

Fixed Income Sector Performance



Source: Bloomberg



Economy

Q4 Growth Revised Upward to 2.1% on Consumption:

- 🌐 The U.S. economy grew in the fourth quarter at a faster pace than previously reported on higher consumer spending, Commerce Department data showed Thursday in Washington.
 - ➔ Gross domestic product rose at a 2.1 annualized pace (forecast was for 2 percent), revised up from 1.9 percent.
 - ➔ Consumer spending, the biggest part of the economy, rose at a 3.5 percent rate, revised up from 3 percent. This added 2.4 percentage points to growth.
 - ➔ Corporate profits jumped 9.3 percent from a year earlier, the most since 2012, and rose 0.5 percent from the previous three months.
 - ➔ Trade subtracted -1.82 percentage points from growth, the most since 2004, compared with the prior estimate of a -1.7 point drag, on weaker exports and higher imports.
- 🌐 The data reinforces the underlying story of the U.S. economy: the seven-year expansion continues to be led by consumers, who are cushioned by a firm labor market and rising confidence. At the same time, rising corporate profits could provide continued momentum for hiring and support further capital investment.
- 🌐 The Atlanta Federal Reserve's GDPNow predicts first-quarter growth of about 1.0 percent, while the Trump administration has said its policies will eventually result in a 3 percent pace or greater.

U.S. Corporate Profits Jumped 9.3% in Q4



Source: U.S. Commerce Department



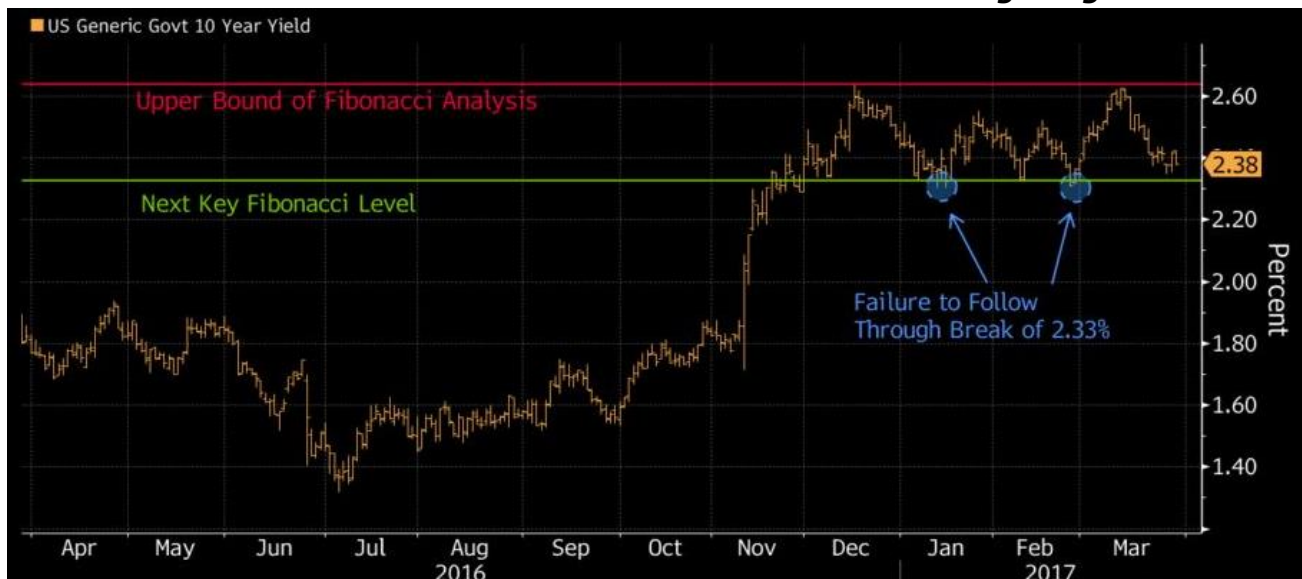
Fixed Income

Q1 Treasury Market Review:

- ✦ The Treasury market's bulls and bears are ending the quarter in a virtual stalemate, a sign of skepticism toward the economic outlook that belies the near-record levels in U.S. stocks.
 - Treasuries have gained about 0.7 percent this year, stabilizing after the biggest quarterly loss since the 1980s. Ten-year yields sank to 2.35 percent early last week, not far from the year's low. The descent marks a reversal from just three weeks ago, when they briefly exceeded 2.60.
 - Instead of sustained losses, Treasuries have rallied as confidence in the reflation trade waned after Republicans' proposal for health-care reform failed. The turnaround is reminiscent of December, when the 10-year yield retreated after peaking at 2.64 percent; still its highest level since 2014. The upshot is that as the first quarter winds down, yields are still stuck in a months-old range, with little sense of an imminent breakout to the upside as Wall Street predicts for later this year.
 - ⓑ Fibonacci analysis shows that a 2.64 percent 10-year yield is a key retracement level for the bull market of the past few years. If it breaks, yields could complete a full retracement of the cycle, implying a test of an area just above 3 percent, the high of 2013.
 - ⓑ There is also key support from 2.29 percent to 2.33 percent, an area that's only been entered fleetingly this year. A break below that could lead traders to further sour on reflation trades and drive yields lower.

Fibonacci Focus - 10-Year UST Yields Fail to Break Trading Range

Source: Bloomberg





Equities

Indexes:



- ❖ **DJIA** – 20,673 current ▼ 1.6% on the month
- ❖ **S&P 500** – 2,366 current ▼ .7% on the month
- ❖ **Nasdaq** – 5,917 current ▲ .8% on the month

U.S. Stocks Post Biggest Quarterly Gain Since '15:

U.S. stocks were little changed on the final day of their best quarter in more than a year, as banks resumed their decline amid falling Treasury yields, offsetting gains in utility and real estate shares. FMC Corp. was the biggest gainer in the S&P 500, rising 13 percent after agreeing to an asset swap with DuPont & Co.

- ➔ By almost all accounts, Q1 was a solid quarter for the markets. The S&P 500 gained 5.77% over this time period, the Dow was up 4.89% since the start of the quarter, and the Nasdaq advanced nearly 9.9% over this time period after hitting record highs in regular trading on Thursday. As for the Dow, it enjoyed a 6th consecutive positive quarter, which is its best streak since 2006.
- ➔ Particular companies that have outperformed during the quarter include some of the biggest names: Apple (AAPL) +24%, Boeing (BA) and Visa (V) were up 14% and Cisco (CSCO) +12%.
- ➔ Conversely, Chevron (CVX) and Verizon (VZ) were down 8% on the quarter.

S&P Quarterly Index

Source: Bloomberg



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