



# Carty & Company, Inc.

## Weekly Market Update – April 2017, Week 2

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### Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	1.50	0.00	1.50
5	1.92	(0.01)	1.93
7	2.20	(0.02)	2.22
10	2.38	(0.02)	2.40
30	3.01	(0.01)	3.02

Agencies			
Maturity	Yield	Change	1 Week Ago
3	1.35	0.01	1.34
5	1.56	(0.02)	1.58
7	1.87	(0.05)	1.92
10	2.33	(0.05)	2.38
25	2.96	(0.06)	3.02

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	0.83	(0.02)	0.85
5	1.52	(0.06)	1.58
10	2.19	(0.07)	2.26
15	2.62	(0.07)	2.69
30	2.98	(0.08)	3.06

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	1.34	(0.03)	1.37
5	2.45	(0.10)	2.55
10	3.53	(0.11)	3.65
15	4.23	(0.11)	4.34
30	4.81	(0.13)	4.94

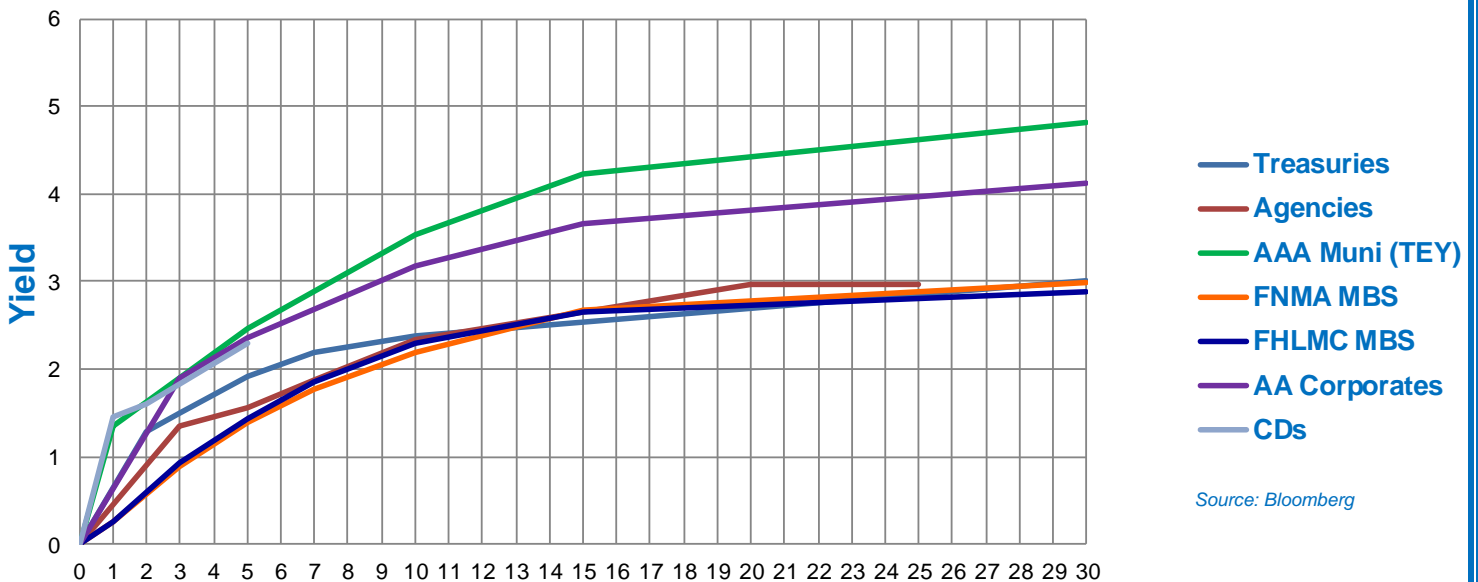
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	1.45	0.09	1.36
2	1.60	0.00	1.60
5	2.30	0.00	2.30

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	1.90	(0.06)	1.96
5	2.35	(0.09)	2.44
10	3.19	(0.09)	3.28
15	3.66	(0.07)	3.73
30	4.12	(0.06)	4.18

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	2.46	(0.01)	2.47
30yr	3.06	(0.02)	3.08
FHLMC	Yield	Change	1 Week Ago
15yr	2.43	(0.06)	2.49
30yr	3.06	(0.01)	3.07

Equities			
Index	Current	Change	1 Week Ago
DJIA	20,672	(1.00)	20,673
S&P 500	2,359	(7.00)	2,366
Nasdaq	5,881	(36.00)	5,917

### Fixed Income Sector Performance



Source: Bloomberg



## Economy

### U.S. Hiring Slumped in March:

- 👤 The momentum in the U.S. labor market flagged in March, new government data showed on Friday. The private sector only added 98,000 jobs, the lowest gain in nearly a decade, as winter storms weighed on economic activity.
  - ➡ The employment increase included a paltry 6,000 gain in construction jobs and 11,000 in manufacturing after both sectors showed big gains in January and February. Among services jobs, retailers were hit hard last month. That industry showed the weakest two months for hiring since the end of 2009, battered at least in part by the broader trend of Americans flocking to online merchants rather than brick-and-mortar stores.
- 📊 Other data released Friday morning showed a stronger picture of the labor market, suggesting the rough month for job growth may be more of a passing fluctuation than a sign of deeper economic problems.
  - ➡ The unemployment rate fell to 4.5 percent from 4.7 percent in February, while the broadest measure of unemployment – which counts so-called discouraged workers who have given up looking for work, as well as those who are employed part-time but would like to be full time -- also fell sharply, to 8.9 percent.
  - ➡ Economists had widely expected the official jobs data for March to come in below the surprisingly strong data seen in January and February, when unseasonably warm weather buoyed many industries. In what was the second-warmest February on record, the construction industry added more jobs than it had in a decade.
  - ➡ In March, however, a cold snap and winter storm returned to chill the East Coast and Midwest, weighing on businesses and employment.

**Jobless Rates Lower Across the Board in March**



Source: Bureau of Labor Statistics



## Fixed Income

### Treasuries Break 2.3% Yield Level to Set 2017 Low:

- 🏠 The Treasury 10-year yields dropped to the lowest level in four months following a U.S. missile strike on Syria but failed to make a decisive break out of the trading range they have been in since November.
  - ➡ On Thursday evening, yields fell below 2.3 percent for the first time in 2017, touching as low as 2.29 percent after the U.S. launched missiles at a Syrian airfield.
  - ➡ On Friday morning, it then reached another new 2017 low of 2.27 percent after the disappointing U.S. payroll report. Yet in both cases, Treasuries pared their advance, underscoring the strength of 2.3 percent as a key technical level.

### 10-Year UST Yields Briefly Dip Below 2.3% After Syria Strike & Jobs Report



Source: Bloomberg

### Municipal Yields Fall, Curve Narrows:

- 🏠 Municipal bonds rose for a fourth day on Friday as yields on benchmark 10-year notes fell 2 basis points to 2.213 percent, the lowest in more than two months. Institutional investors offered \$896 million through bids-wanted lists. The gap between yields on short-term and long-term securities also narrowed.
  - ➡ Yields of securities due in 10 years on Bloomberg's high grade benchmark municipal yield curve fell to the lowest since January 18<sup>th</sup>. The yield curve narrowed to 198 basis points from 199 basis points, the flattest since the end of January.
  - ➡ Debt issued by U.S. states and local governments maturing in 10 years currently yields 94.7 percent of Treasuries, compared with 95.6 percent in the previous session and 97.3 percent a month ago.



## Equities

### Indexes:



- ❖ **DJIA** – 20,672 current - Flat on the week
- ❖ **S&P 500** – 2,2359 current ▼ .3% on the week
- ❖ **Nasdaq** – 5,917 current ▼ .6% on the week

### Traders Go Defensive After Syria Attack:

U.S. stocks advanced Friday after an early session of switching between small gains and losses, as investors weighed the weaker-than-expected March employment data and President Donald Trump's late Thursday airstrike against Syria.

- ➔ The Military action put investors on edge as Friday was already loaded with market-sensitive events; including President Trump and his Chinese counterpart Xi Jinping's closely followed diplomatic talks at Trump's Mar-a-Lago resort in Florida.
- ➔ Futures on the S&P 500 Index fell as much as 0.7 percent in the hour after Thursday night's attack. However, they erased losses during market hours Friday.
- ➔ Wall Street's fear index, the CBOE Volatility Index VIX, was up 4.2% at 12.94 but far below its historical average of 20.
- ➔ Among other defensive stocks, Lockheed Martin Corp. was up 1.2 percent and shares of Northrop Grumman Corp. were up .9 percent.

#### S&P 500 Futures Pare Thursday Losses

Source: Bloomberg



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