



Carty & Company, Inc.

Weekly Market Update – June 2017, Week 1

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	1.45	0.01	1.44
5	1.74	(0.03)	1.77
7	2.00	(0.04)	2.04
10	2.19	(0.04)	2.23
30	2.84	(0.05)	2.89

Agencies			
Maturity	Yield	Change	1 Week Ago
3	1.50	(0.02)	1.52
5	1.71	(0.05)	1.76
7	2.11	(0.07)	2.18
10	2.66	(0.06)	2.72
25	3.04	(0.06)	3.10

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	0.75	(0.02)	0.77
5	1.22	(0.06)	1.28
10	1.86	(0.09)	1.95
15	2.31	(0.09)	2.40
30	2.71	(0.10)	2.81

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	1.21	(0.03)	1.24
5	1.97	(0.10)	2.06
10	3.00	(0.15)	3.15
15	3.73	(0.15)	3.87
30	4.37	(0.16)	4.53

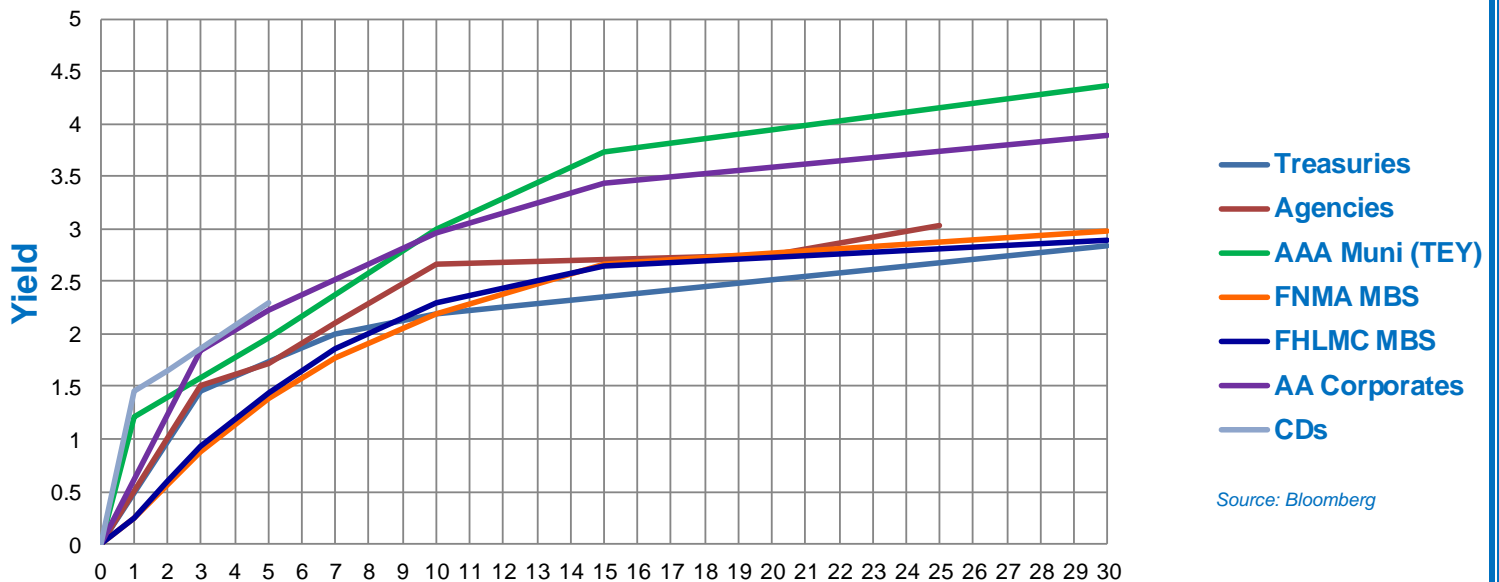
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	1.45	0.00	1.45
2	1.65	0.00	1.65
5	2.30	0.00	2.30

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	1.84	(0.03)	1.87
5	2.22	(0.06)	2.28
10	2.97	(0.10)	3.07
15	3.44	(0.11)	3.54
30	3.90	(0.11)	4.01

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	2.27	(0.13)	2.40
30yr	2.87	(0.15)	3.02
FHLMC	Yield	Change	1 Week Ago
15yr	2.28	(0.12)	2.40
30yr	2.87	(0.15)	3.02

Equities			
Index	Current	Change	1 Week Ago
DJIA	21,180	133.00	21,047
S&P 500	2,436	23.00	2,413
Nasdaq	6,305	90.00	6,215

Fixed Income Sector Performance



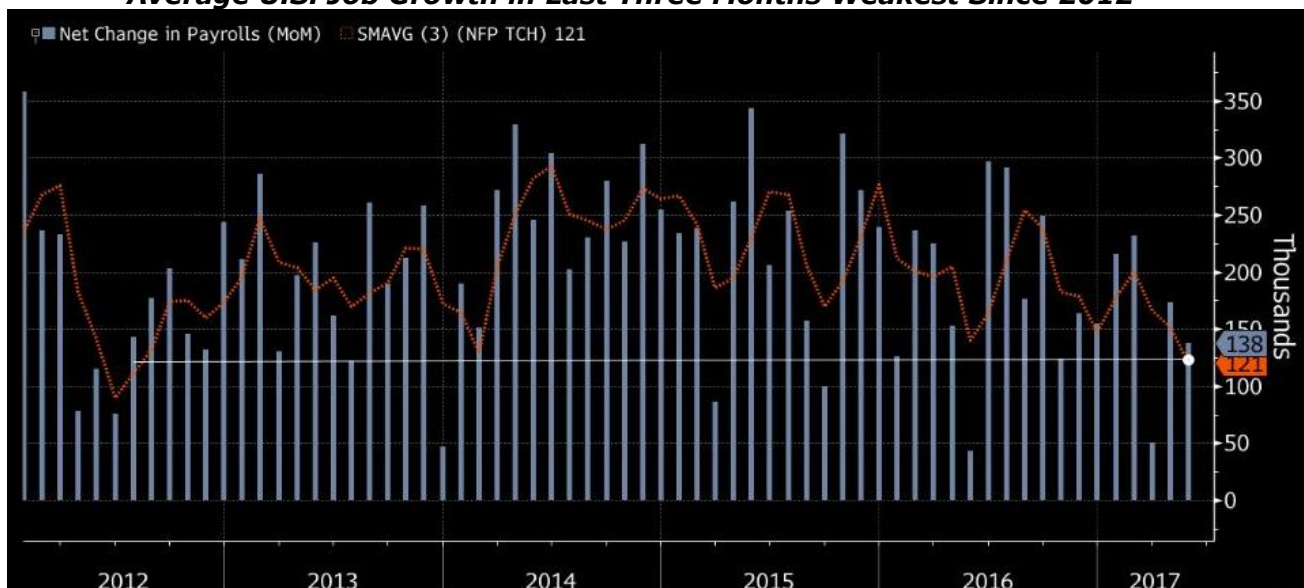
Source: Bloomberg



U.S. Jobs Weakness:

- ⓘ Non-Farm payroll numbers for May came in much lower than anticipated on Friday. The change in payrolls increased by 138,000 when surveys called for a 182,000 increase. There are plenty of explanations for the weaker-than-expected jobs report, but the big picture is clear: The U.S. labor market has lost some of its momentum.
- Monthly payroll gains are averaging 162,000 this year, a step down from the 2016 pace of 187,000, following a below-forecast rise last month and downward revisions to March and April in Labor Department figures released Friday. While the unemployment rate fell to a 16-year low of 4.3 percent, the employment-to-population ratio also declined. Wages failed to accelerate as expected, with annual growth remaining below highs for the previous expansion.
 - The data come with a variety of caveats, including seasonal-adjustment issues unique to May, and economists still expect the Federal Reserve to forge ahead with an interest-rate hike later this month.
 - Yet the numbers are an indication of both broader trends that analysts are anticipating -- such as businesses having difficulty finding skilled and experienced workers as the U.S. nears full employment -- and ongoing puzzles such as the lack of larger paychecks for workers.
 - There were some encouraging spots in the data. The number of people working part-time who want a full-time job fell to a nine-year low, while the tally of discouraged workers plunged to the fewest since 2007. The broadest measure of joblessness, the underemployment rate, dropped to 8.4 percent, bringing its decline since January to a full percentage point

Average U.S. Job Growth in Last Three Months Weakest Since 2012



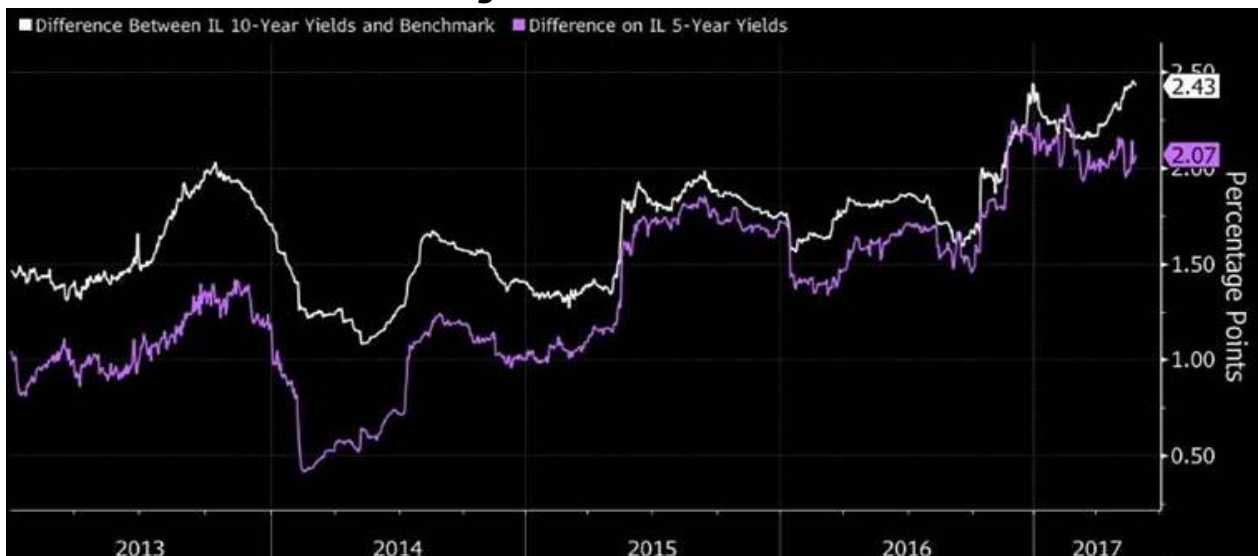


Fixed Income

Illinois Rating Cut Near Junk by S&P:

- Illinois had its bond rating downgraded to one step above junk by S&P Global Ratings today. That is the lowest grade that it has assigned to a U.S. state on record, as a long-running political stalemate over a budget shows no signs of ending.
 - The company warned that Illinois is at risk of soon losing its investment-grade status, an unprecedented step for a state that would only deepen the government's strain. Forgoing its usual 90-day review, S&P said Illinois will likely be downgraded around July 1, when the new fiscal year begins, if leaders haven't agreed on a budget that starts addressing the state's chronic deficits.
 - Illinois hasn't had a full year budget in place for the past two years amid a clash between the Democrat-run legislature and Republican Governor Bruce Rauner. That's left the fifth most-populous state with a record \$14.5 billion of unpaid bills, ravaged entities like universities and social service providers that rely on state aid and undermined Illinois's standing in the bond market, where investors have demanded higher premiums for the risk of owning its debt.
 - "The rating actions largely reflect the severe deterioration of Illinois' fiscal condition, a byproduct of its stalemated budget negotiations," S&P analyst Gabriel Petek said in a statement. "The unrelenting political brinkmanship now poses a threat to the timely payment of the state's core priority payments."
 - Illinois's 10-year bonds yield 4.4 percent, 2.5 percentage points more than those on top-rated debt. That spread – a measure of the perceived risk -- is the highest since January 2013.

Illinois Yields Widen to Highest on Record Above AAA Rated Debt



Source: Bloomberg



Equities

Indexes:



- ❖ **DJIA** – 21,180 current – ▲ 0.6% on the week
- ❖ **S&P 500** – 2,436 current ▲ 1.0% on the week
- ❖ **Nasdaq** – 6,305 current ▲ 1.4% on the week

Stocks Rise to Records:

- 📌 On Friday Microsoft Corp. surged the most in six months to a record. Gains in rate-sensitive shares drove the S&P 500 Index to a new high after the 10-year Treasury yield slumped to the lowest level of the year following wage growth and hiring that was below forecasts. The Bloomberg dollar index fell to the lowest since November. Gold jumped and oil capped its worst week in a month.
 - ➡ The S&P 500 climbed 0.3 percent to a record 2,438.38 as of 3 p.m. in Memphis. The measure rose 0.9 percent in the week, led by gains of at least 2 percent in phone and health-care share. Energy producers slumped 2.4 percent and banks lost 0.9 percent.
 - ➡ The Dow Jones Industrial Average rose 0.2 percent to 21,190, and briefly climbed above 21,200 for the first time.
 - ➡ The Nasdaq Composite Index extended its record. The technology-heavy index jumped 1.5 percent in the week.

Broad Global Market United States Stock Index

Source: Bloomberg

Sector	Year			Price per Earnings	Price to Sales	Dividend Yield
	1 Month	3 Month	YTD			
Consumer Discretionary 17 Industries	+1.59%	+5.20%	+12.03%	16.5x	1.0x	1.27%
Consumer Staples 9 Industries	+3.66%	+2.96%	+9.46%	15.1x	1.0x	2.86%
Energy 3 Industries	-3.46%	-10.19%	-14.03%	14.0x	1.2x	1.74%
Financials 12 Industries	-1.00%	-6.52%	+0.54%	15.2x	2.1x	1.91%
Health Care 8 Industries	+1.39%	+1.79%	+12.26%	18.2x	1.2x	1.86%
Industrials 17 Industries	+1.54%	+0.63%	+7.04%	15.7x	1.1x	1.85%
Information Technology 10 Industries	+3.85%	+7.97%	+19.51%	14.8x	2.1x	0.90%
Materials 6 Industries	+0.46%	-0.39%	+7.22%	13.2x	1.1x	1.79%
Telecommunication Services 3 Industries	+0.02%	-5.73%	-8.23%	22.6x	1.3x	4.83%
Utilities 6 Industries	+4.85%	+5.33%	+10.37%	17.1x	1.3x	3.78%

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