



Carty & Company, Inc.

Weekly Market Update – March 2018, Week 2

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	2.43	0.04	2.39
5	2.65	0.03	2.62
7	2.81	0.03	2.78
10	2.89	0.04	2.85
30	3.15	0.02	3.13

Agencies			
Maturity	Yield	Change	1 Week Ago
3	2.33	0.04	2.29
5	2.56	0.05	2.51
7	2.92	0.03	2.89
10	3.20	0.01	3.19
25	3.29	0.03	3.26

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	1.41	0.03	1.38
5	1.99	0.02	1.97
10	2.51	0.03	2.48
15	2.84	0.02	2.82
30	3.11	0.02	3.09

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	2.27	0.04	2.23
5	3.21	0.03	3.18
10	4.04	0.04	4.00
15	4.58	0.03	4.55
30	5.02	0.04	4.98

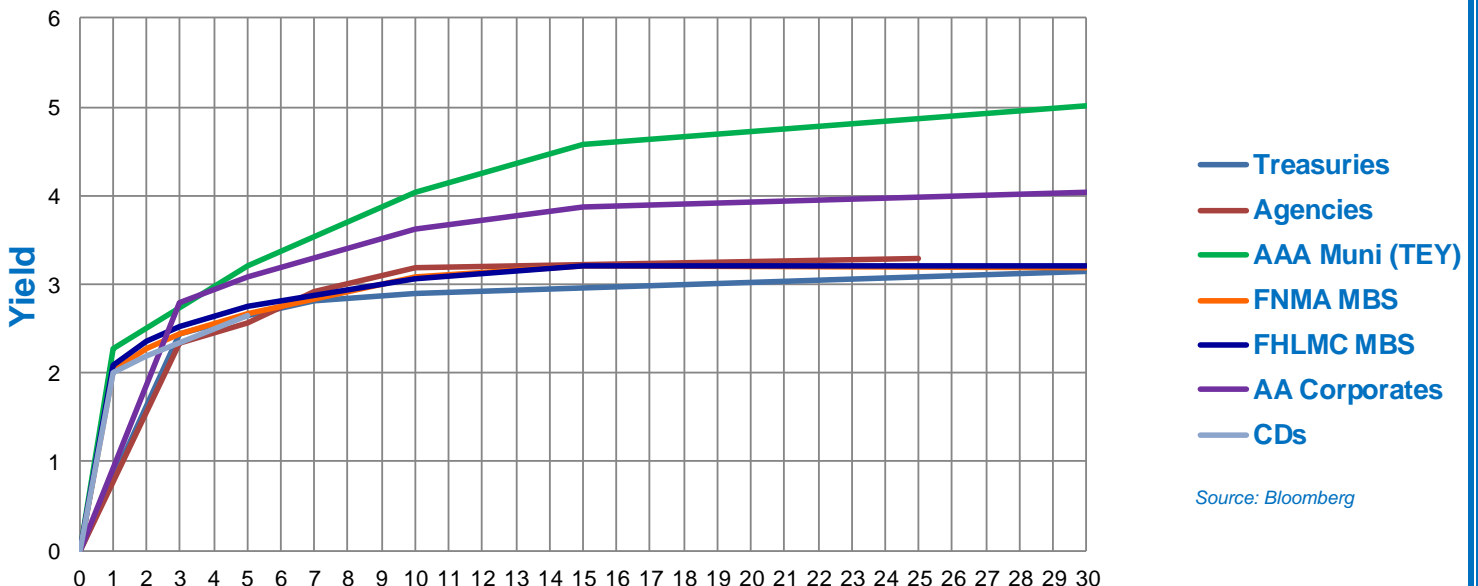
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	2.00	0.00	2.00
2	2.20	0.00	2.20
5	2.65	0.00	2.65

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	2.79	0.06	2.73
5	3.08	0.06	3.02
10	3.63	0.04	3.59
15	3.87	0.02	3.85
30	4.03	0.01	4.02

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	3.07	(0.01)	3.08
30yr	3.56	0.02	3.54
FHLMC	Yield	Change	1 Week Ago
15yr	3.09	(0.01)	3.10
30yr	3.57	0.05	3.52

Equities			
Index	Current	Change	1 Week Ago
DJIA	25,267	847.82	24,419
S&P 500	2,778	99.36	2,679
Nasdaq	7,540	314.98	7,225

Fixed Income Sector Performance



Source: Bloomberg



Economy

Non-Farm Payrolls Gap Higher:

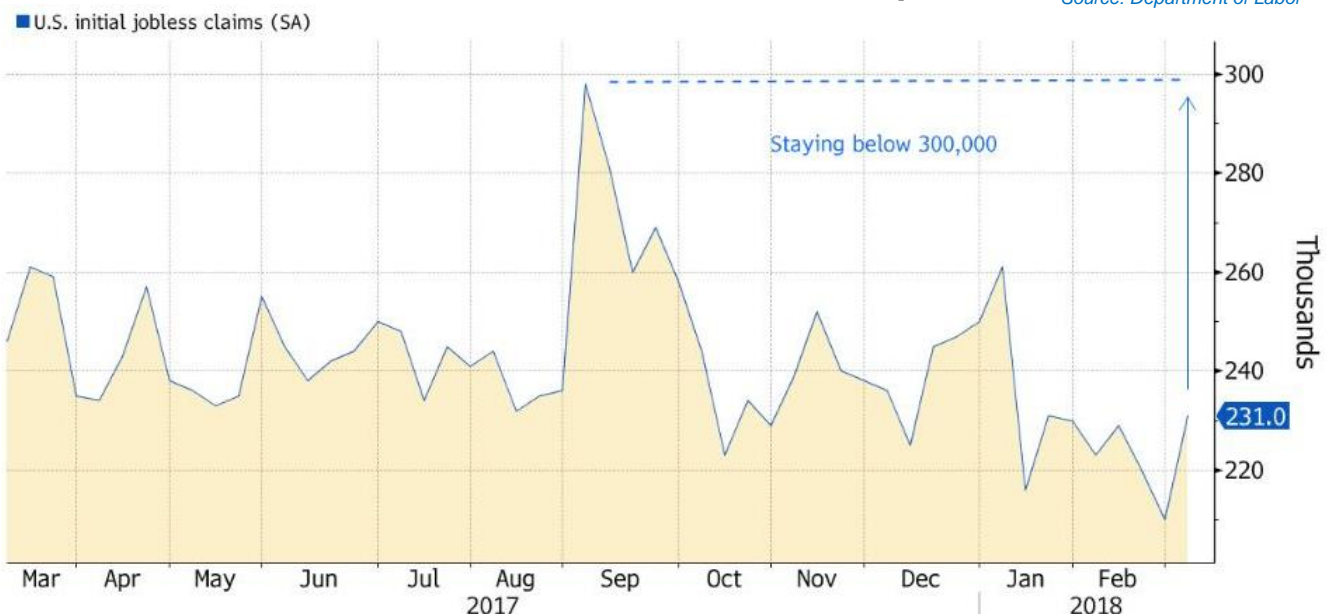
- 📍 The U.S. labor market still has plenty of room to run. That's the message from government data on Friday, which gave multiple indications America's jobs situation isn't as tight as previously thought, sending stocks and bond yields higher.
 - ➡ Employers added the most workers since mid-2016, the participation rate rose by the most in nearly eight years despite downward pressure from retiring baby boomers, and wage gains cooled from a pace that spurred financial turbulence last month.
 - ➡ The addition of 313,000 employees to nonfarm payrolls was spread across many industries and covered sectors that have complained of labor shortages for some time, including trucking and factories.

U.S. Jobless Claims Rise More Than Expected:

- 🌐 U.S. filings for unemployment benefits rose by more than anticipated from a 48-year low while continuing to signal a tight job market, Labor Department figures showed Thursday.
 - ➡ Jobless claims increased by 21,000, most in six months, to 231,000 (estimate was 220,000). Initial filings rose the most since the aftermath of Hurricane Harvey. The increase followed the period that included Presidents Day - claims can be more volatile around weeks with holidays. Even with the latest rise, claims remain historically low, indicating employers prefer to hold on to workers amid a growing economy and a shrinking pool of qualified applicants.

Jobless Claims Rise But Remain Historically Low

Source: Department of Labor





Fixed Income

Banks, Insurers Continue Buying Municipal Bonds:

- 🏠 Banks and insurance companies added to their holdings of U.S. municipal bonds in the last three months of 2017, even as the corporate tax cut enacted by the Republican-led Congress promised to reduce their incentive to buy the tax-exempt securities.
 - ➡ The holdings of U.S. banks grew 1.7 percent to \$570.2 billion, while property and casualty companies held \$350.8 billion of municipal securities, an increase of more than 2 percent from the prior quarter, according to Federal Reserve data released Thursday. Life insurance company holdings grew 2.6 percent to \$192.8 billion.
 - ➡ The data shows that the businesses were buyers as state and local governments sold a record amount of debt in December before the tax law took effect. States and local governments issued \$60 billion bonds that month, breaking the record of \$54.7 billion set in 1985. Bond sales have since dropped by 40 percent because many deals were moved up into last year and provisions of the tax law did away with a major refinancing tactic.
 - 🕒 The municipal-bond market will focus more on the first quarter's holdings data, which will provide the first signs of whether banks and insurance companies stopped buying or pared holdings because corporate tax rates were cut to 21 percent from 35 percent.

Bank Holdings of Local Government Debt Has Swelled Since Recession



Source: Federal Reserve Board



Equities

Indexes:

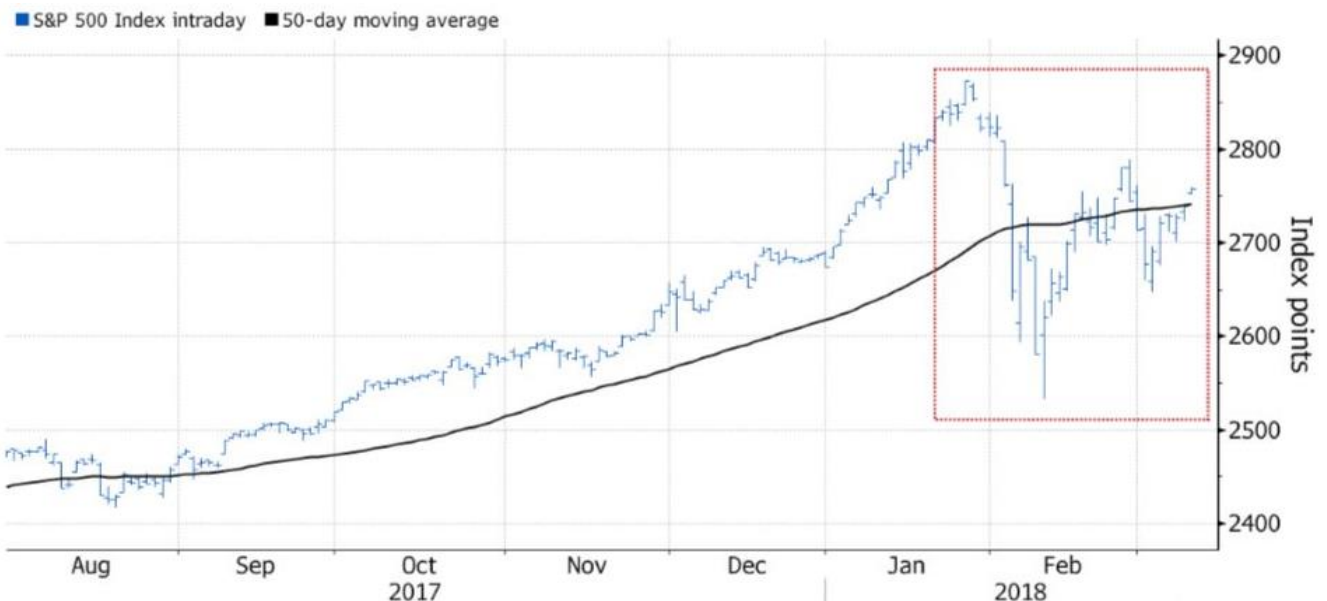


- ❖ **DJIA** – 25,267 current ▲ 3.5% the past week
- ❖ **S&P 500** – 2,778 current ▲ 3.7% the past week
- ❖ **Nasdaq** – 7,540 current ▲ 4.4% the past week

S&P 500 Breaks Past 50-Day Moving Average:

- 📌 The S&P 500 Index on Friday traded above its 50-day moving average for the first time this month as the latest U.S. employment data eased concern that policy makers will speed the pace of interest rate increases to control inflation. The benchmark for U.S. equities gained as much as 1.0 percent, putting its advance from the worst of February's slump to more than 9 percent.
 - ➡ The stock market's spasmodic recovery from its first correction in two years has been enough to cause seasickness in chart watchers. Prior to last month's swoon, the 50-day moving average had been a key support level for the S&P 500, which consistently held above the line for about six months.

S&P 500 Trades Above 50-Day Moving Average for First Time in March



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