Carty & Company, Inc.

Weekly Market Update – April 2018, Week 1

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	2.40	(0.00)	2.40
5	2.58	(0.02)	2.60
7	2.70	(0.04)	2.74
10	2.77	(0.04)	2.81
30	3.02	(0.04)	3.06

Agencies			
Maturity	Yield	Change	1 Week Ago
3	2.31	0.00	2.31
5	2.51	(0.01)	2.52
7	2.80	(0.04)	2.84
10	3.08	(0.05)	3.13
25	3.14	(0.05)	3.19

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	1.62	0.10	1.52
5	2.10	0.03	2.07
10	2.47	(0.05)	2.52
15	2.75	(0.05)	2.80
30	3.02	(0.05)	3.07

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	2.61	0.16	2.45
5	3.39	0.05	3.34
10	3.98	(0.08)	4.06
15	4.43	(0.09)	4.52
30	4.87	(0.08)	4.95

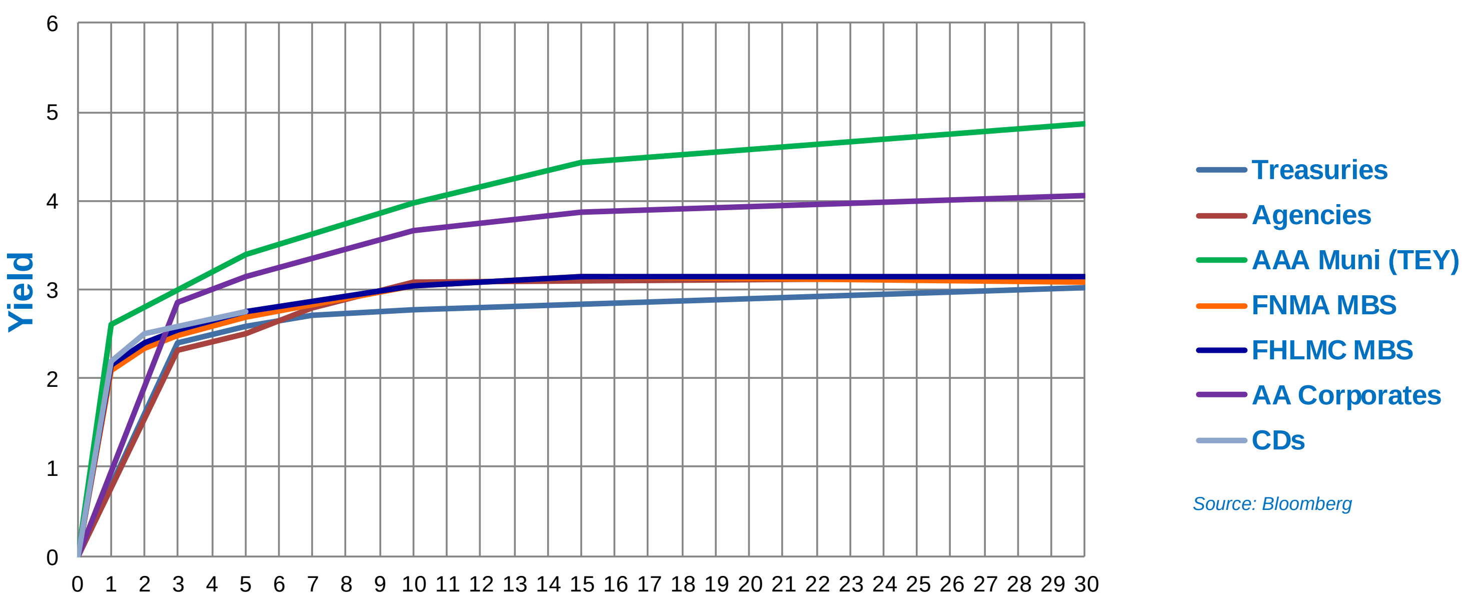
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	2.20	0.00	2.20
2	2.50	0.00	2.50
5	2.75	0.00	2.75

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	2.86	0.00	2.86
5	3.14	(0.00)	3.14
10	3.66	(0.01)	3.67
15	3.88	(0.02)	3.89
30	4.05	(0.01)	4.06

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	3.02	(0.04)	3.06
30yr	3.34	(0.17)	3.51
FHLMC	Yield	Change	1 Week Ago
15yr	3.06	(0.03)	3.09
30yr	3.36	(0.16)	3.52

Equities			
Index	Current	Change	1 Week Ago
DJIA	23,746	79.17	23,667
S&P 500	2,595	(14.54)	2,610
Nasdaq	6,881	(159.04)	7,040

Fixed Income Sector Performance

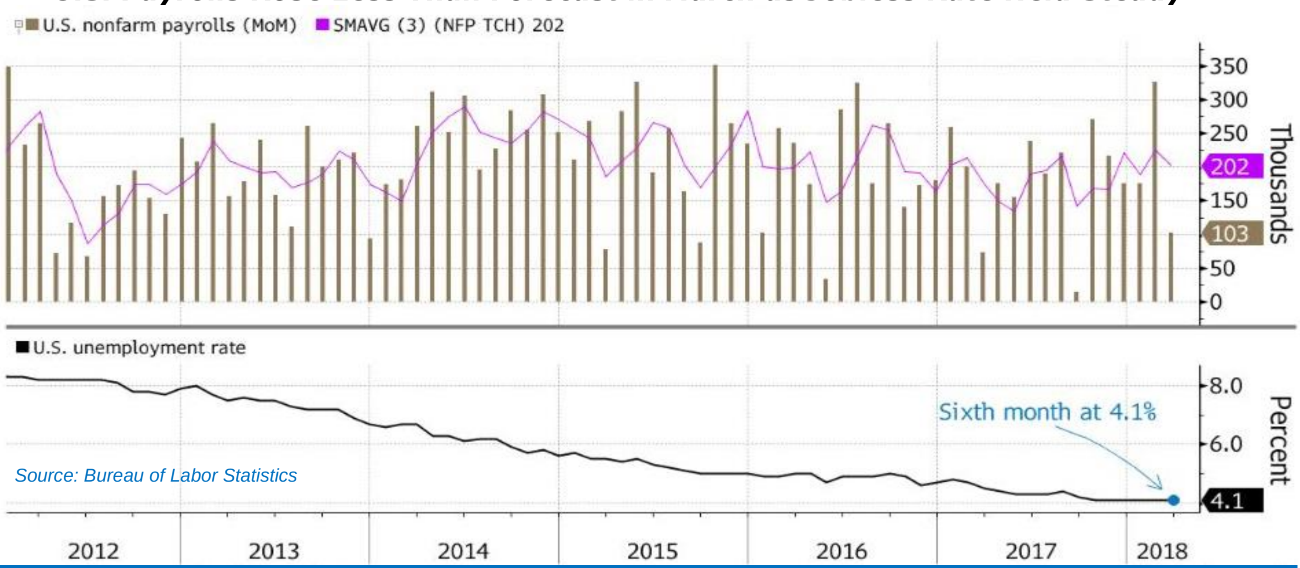


Source: Bloomberg

U.S. Payrolls Rise Below-Forecast as Wages Pick Up:

- U.S. hiring cooled in March following a strong February while wages picked up, returning labor-market progress to a more sustainable pace that keeps the Fed on track for further interest-rate increases.
  - Labor Department figures showed Friday that payrolls rose 103,000, compared with the median estimate of economists for 185,000, after an upwardly revised 326,000 advance in February. The jobless rate was 4.1 percent for a sixth month, bucking forecasts for a decline, while average hourly earnings increased 2.7 percent from a year earlier, matching projections.
  - The results follow strong hiring in 2017 and show an average pace of payrolls growth this year that is still sufficient to push down the unemployment rate. Unemployment remains the lowest since 2000 and below Fed estimates of levels sustainable in the long run. An elusive pickup in wages would support consumer spending, though some economists worry it may also spark inflation.

U.S. Payrolls Rose Less Than Forecast in March as Jobless Rate Held Steady



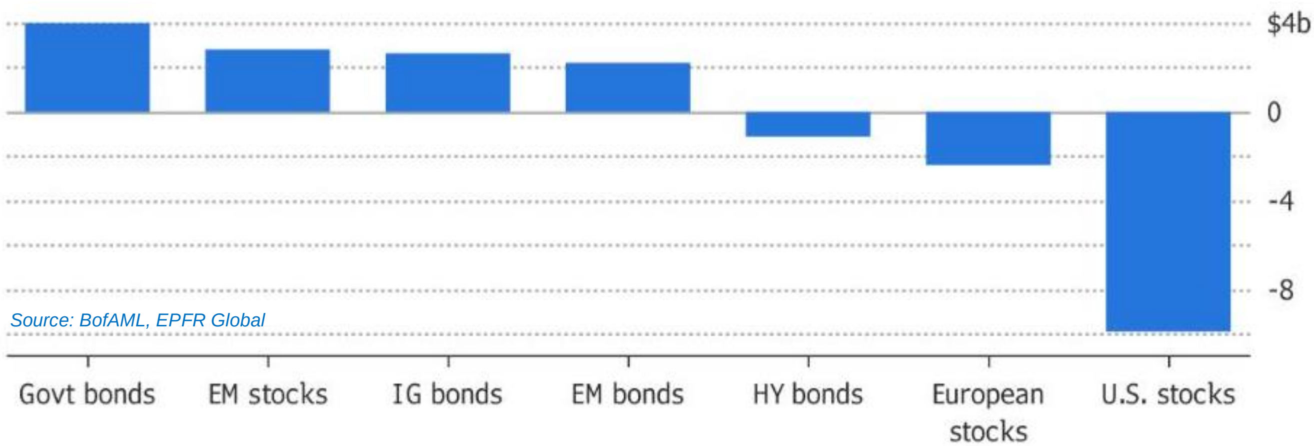
U.S. Trade Gap Widens for the Sixth Month:

- The U.S. trade deficit widened more than forecast to a fresh nine-year high in February amid broad-based demand for imports, ahead of Trump administration tariffs that have raised the specter of a trade war.
  - The gap increased 1.6 percent in February to $57.6 billion, compared with the median estimate of economists for $56.8 billion, Commerce Department data showed Thursday. It was the sixth straight month with a wider deficit, the longest streak since 2000.
  - Imports and exports both registered gains of 1.7 percent, with the data showing a $1 billion jump in charges for imported intellectual property that probably reflect a temporary boost from rights fees to broadcast the Olympic Games.

Treasuries See Most Inflows in Two Years on Risk-Off:

- Treasury funds have attracted the biggest inflows in more than two years in the strongest sign yet a risk-off mood is gaining momentum.
  - Some $4 billion was allocated into U.S. Treasury funds last week, Bank of America Merrill Lynch said in a report, citing data from EPFR Global. Investors pulled out $7.2 billion from stock funds, including $9.9 billion from the U.S. and $2.4 billion from Europe, while Japanese and emerging-market equity funds saw inflows.
  - Investors are returning to Treasuries as the U.S. 10-year yield retreats from its 2018 high of 2.95 percent set in February. The yield declined one basis point to 2.79 percent as investors reacted to a lower than expected jobs report.
  - Concern about the impact of the U.S.-China trade dispute and uncertainty over the pace of Fed rate increases have capped expectations the psychologically important 3 percent level will be breached in the short-term.

Treasury Funds see Inflows while U.S. Stock Funds see Outflows



Muni Yields Rise, Bid Lists Increase, Curve Steepens:

- Municipal bonds fell Thursday as yields on benchmark 10-year notes increased 1.9 basis points to 2.48 percent. Trading volume was the highest in three months and institutional investors offered $999.5 million through bids-wanted lists. The gap between yields on short-term and long-term securities widened.
  - Yields of securities due in 10 years on Bloomberg's high grade benchmark municipal yield curve advanced the most since rising 3.4 basis points on March 21st.
  - Debt issued by U.S. states and local governments maturing in 10 years yields 87.57 percent of Treasuries, compared with 86.37 percent a month ago.

Equities

Indexes:

- **DJIA –** 23,746 current ▲ 0.3% the past week
- **S&P 500 –** 2,595 current ▼ 0.6% the past week
- **Nasdaq –** 6,881 current ▼ 2.3% the past week

Stock Selloff Deepens Amid Trump Trade Dispute, Jobs:

- The selloff in U.S. stocks deepened as the White House's latest trade announcement rattled global financial markets.
  - The S&P 500 Index plunged more than 2 percent and all 3 members of the Dow Jones Industrial Average retreated as President Donald Trump ordered a review of additional tariffs that prompted an aggressive response from China. Fresh attempts by White House officials to tone down the bluster failed to calm nerves, with the CBOE Volatility Index back above 21. Treasury Secretary Steven Mnuchin added to the anxiety by saying there's a "level of risk" the spat could worsen.
  - Trump said the market turmoil was short-term "pain," but insisted the outcome would leave the U.S. in a better position. The president's top economic adviser said the U.S. and China are holding "back-channel discussions" to resolve an escalating trade dispute that has unsettled global financial markets. China earlier said no talks were ongoing.
  - The trade tensions overshadowed the latest U.S. jobs report, which showed hiring cooled by more than forecast in March. The renewed saber rattling provided a bookend to a week that started with equities tumbling amid amplified rhetoric. That gave way to a three-day rally after White House officials signaled the president's tough talk was part of a negotiating plan.