



Carty & Company, Inc.

Weekly Market Update – April 2018, Week 3

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	2.61	0.11	2.50
5	2.79	0.12	2.67
7	2.91	0.14	2.77
10	2.95	0.13	2.82
30	3.14	0.11	3.03

Agencies			
Maturity	Yield	Change	1 Week Ago
3	2.49	0.07	2.42
5	2.70	0.08	2.62
7	2.97	0.11	2.86
10	3.24	0.12	3.12
25	3.27	0.13	3.14

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	1.71	0.05	1.66
5	2.14	0.04	2.10
10	2.47	0.05	2.42
15	2.77	0.06	2.71
30	3.06	0.07	2.99

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	2.76	0.08	2.68
5	3.46	0.07	3.39
10	3.98	0.08	3.90
15	4.46	0.09	4.37
30	4.94	0.11	4.82

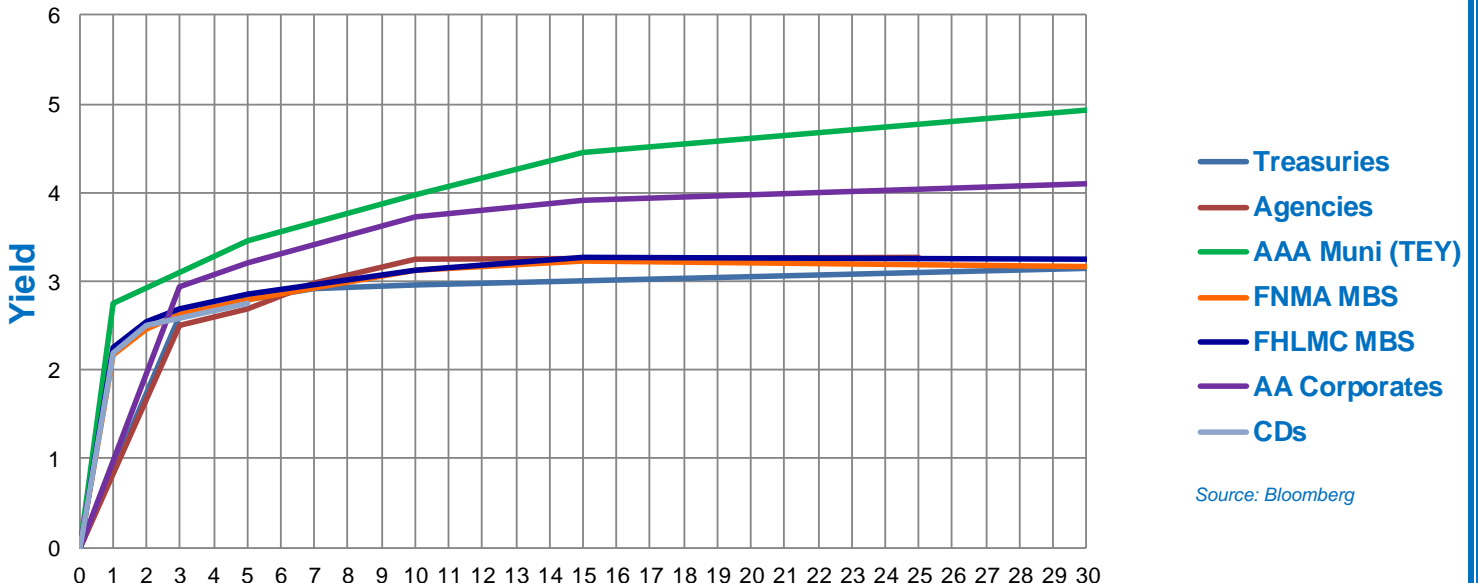
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	2.20	0.00	2.20
2	2.50	0.00	2.50
5	2.75	0.00	2.75

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	2.93	0.07	2.86
5	3.21	0.07	3.14
10	3.72	0.09	3.63
15	3.92	0.08	3.84
30	4.10	0.10	4.00

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	3.14	0.07	3.07
30yr	3.59	0.08	3.51
FHLMC	Yield	Change	1 Week Ago
15yr	3.17	0.07	3.10
30yr	3.60	0.08	3.52

Equities			
Index	Current	Change	1 Week Ago
DJIA	24,383	128.79	24,254
S&P 500	2,668	10.80	2,657
Nasdaq	7,126	19.37	7,107

Fixed Income Sector Performance



Source: Bloomberg



Economy

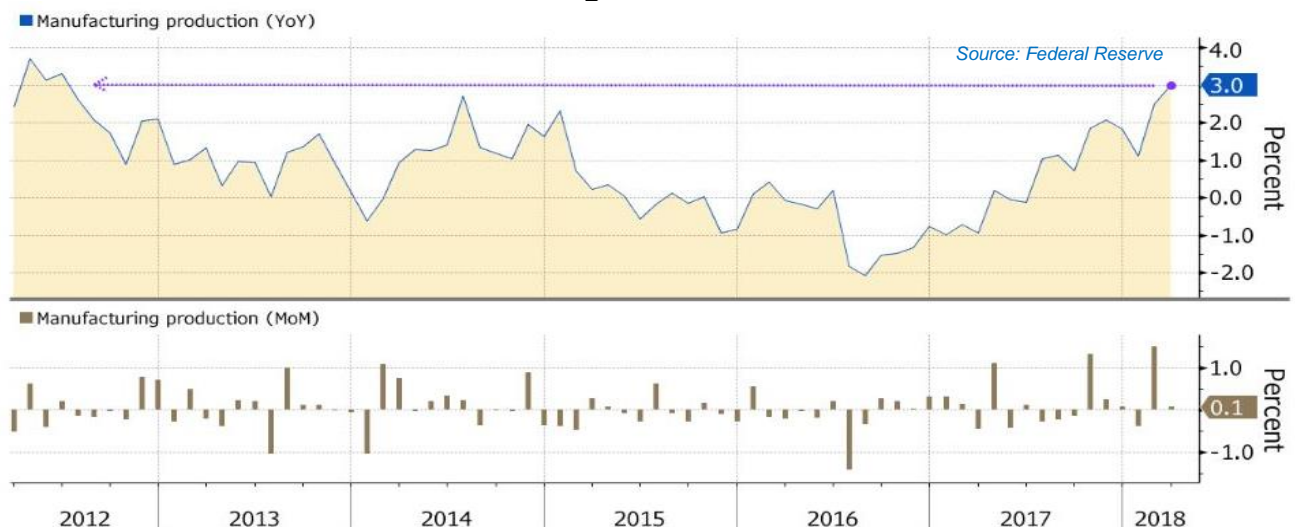
U.S. Economic Expectations Cool, Comfort Gauge High:

- iii Americans' economic expectations cooled in April to match their 2018 low, even as a weekly gauge of sentiment crept up to a fresh 17-year high, the Bloomberg Consumer Comfort Index showed Thursday.
 - ➔ The comfort index remains elevated, as a solid labor market and lower taxes are buoying consumers' attitudes toward purchases. That bodes well for the biggest part of the economy.
 - ➔ The monthly index of economic expectations reflected more of a mixed picture, possibly because of the threat of a U.S.-China trade war. Some 36 percent of respondents said the economy is "getting better," down from a 16-year high of 39 percent in March. It's still more than the 29 percent who said the economy is "getting worse," and the April survey also showed that the share who said things were improving has been at or above 30 percent for a record six straight months.

U.S. Factory Output Lower After Surging in March:

- ✂ U.S. factory production cooled in March after surging a month earlier, representing a pause in an otherwise strong manufacturing sector, Federal Reserve data showed Tuesday.
 - ➔ Factory output expanded at a 3.1 percent annualized rate in the first quarter following a 5.5 percent pace of the final three months of 2017, the strongest back-to-back period in six years. Manufacturing makes up 75 percent of total industrial production and accounts for about 12 percent of the economy.
 - ➔ The outlook for manufacturing remains solid as fiscal stimulus provides support for increased business investment, while improving global economies and a weaker dollar help underpin U.S. exports. Economists also expect lower taxes to bolster domestic consumer demand. One potential risk to some American manufacturers is the trade spat between the U.S. and China.

Production Strength Remains Elevated



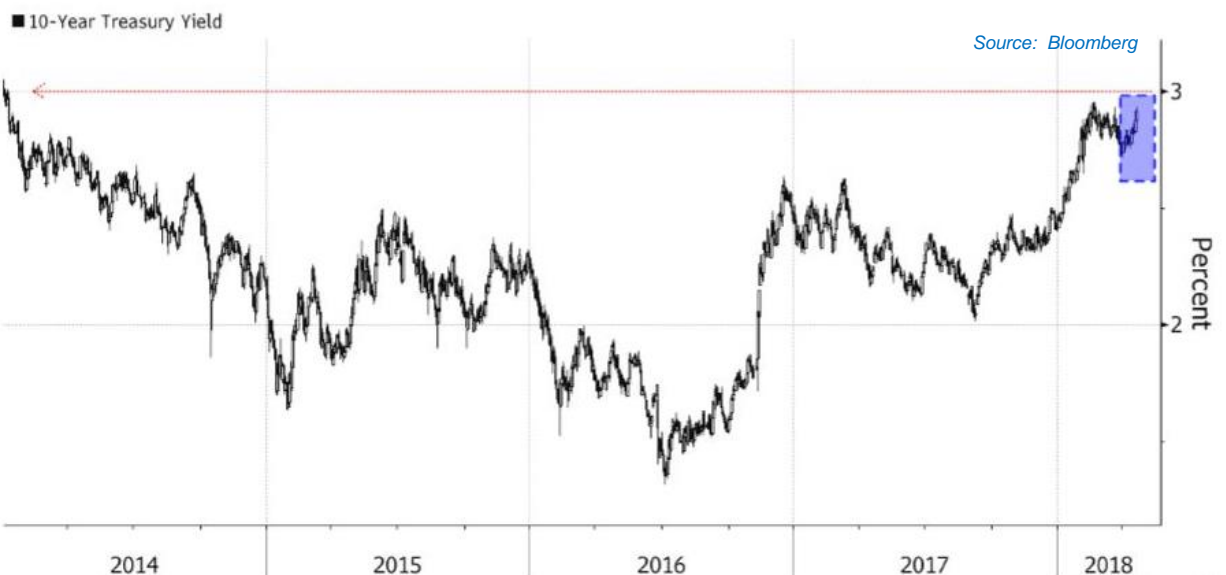


Fixed Income

3 Percent Yields on 10-Year UST Back in Focus:

- 🏠 A wave of selling across European sovereign debt and a rally in commodities prices are giving Treasury-market bears some momentum.
- ➡ The benchmark 10-year Treasury yield reached 2.95 percent Friday, matching the 2018 high last touched in February. The slump in the world's biggest bond market came as U.K. gilts slid along with German bunds amid a burst of supply out of Western Europe.
 - ➡ A rally in commodity prices to multiyear highs added to the pressure on government debt, weighing on longer-maturity Treasuries. The yield curve from 5 to 30 years steepened for the first time since April 5th.
 - ➡ The prospect that costlier commodities might stoke price pressures helped boost the outlook on inflation-linked debt. The breakeven rate signaled by 10-year inflation-linked Treasuries rose to 2.19 percent Thursday, the highest since 2014.

Treasury Yield Spreads Lowest Since Before Recession



Municipal Yields Rise Most in Month:

- 🏠 Municipal bond prices fell Friday as yields on benchmark 10-year notes increased 0.4 basis point to 2.43 percent. Institutional investors offered \$873.1 million for sale through bid-wanted lists. The gap between yields on short-term and long-term securities tightened.
- ➡ Debt issued by U.S. states and local governments maturing in 10 years yields 84.75 percent of Treasuries, compared with 88.01 percent a month ago. The rate for municipalities to swap to 10-year fixed- rate from floating-rate liabilities widened to 2.24 percent from 2.22 percent.



Equities

Indexes:



- ❖ **DJIA** – 24,383 current ▲ 0.5% the past week
- ❖ **S&P 500** – 2,668 current ▲ 0.4% the past week
- ❖ **Nasdaq** – 7,126 current ▲ 0.3% the past week

U.S. Stocks Drop on Tech Selloff:

- 🌐 U.S. stocks pared a weekly gain as a selloff in chipmakers entered a third day, with investors concerned there's been a slowdown in smartphone demand.
 - ➔ Makers of computer chips and hardware tumbled, with Apple Inc. headed for its biggest rout since early February following a downgrade based on its deteriorating outlook in China. The Nasdaq 100 Index was off more than 1.5 percent. General Electric Co. rose on solid results. U.S. Treasury yields pushed to session highs as inflation worries persisted.
 - ➔ American crude bounced back from a decline sparked by Donald Trump's complaint that prices kept "artificially very high" by OPEC "will not be accepted." The rally in metals markets stuttered, pushing the Bloomberg Commodity Index down for a second day.
 - ➔ The late-week selloff in equities damped the mood among investors looking to earnings season to break stocks out of a two-month range. While companies that have beaten estimates pushed higher, those that missed were punished far more severely. The chipmaker selloff also highlighted market risks, from a potential slowdown in global growth to the implications of the ongoing trade dust-up between the U.S. and major economies.

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