



Carty & Company, Inc.

Weekly Market Update – June 2018, Week 5

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US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	2.62	(0.03)	2.65
5	2.73	(0.04)	2.77
7	2.82	(0.04)	2.86
10	2.85	(0.05)	2.90
30	2.99	(0.05)	3.04

Agencies			
Maturity	Yield	Change	1 Week Ago
3	2.55	(0.03)	2.58
5	2.67	(0.04)	2.71
7	2.90	(0.05)	2.95
10	3.16	(0.04)	3.20
25	3.21	(0.04)	3.25

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	1.47	(0.01)	1.48
5	2.00	(0.01)	2.01
10	2.47	0.00	2.47
15	2.74	(0.01)	2.75
30	3.00	(0.02)	3.02

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	2.38	(0.01)	2.39
5	3.23	(0.01)	3.24
10	3.99	0.00	3.98
15	4.41	(0.02)	4.44
30	4.84	(0.03)	4.87

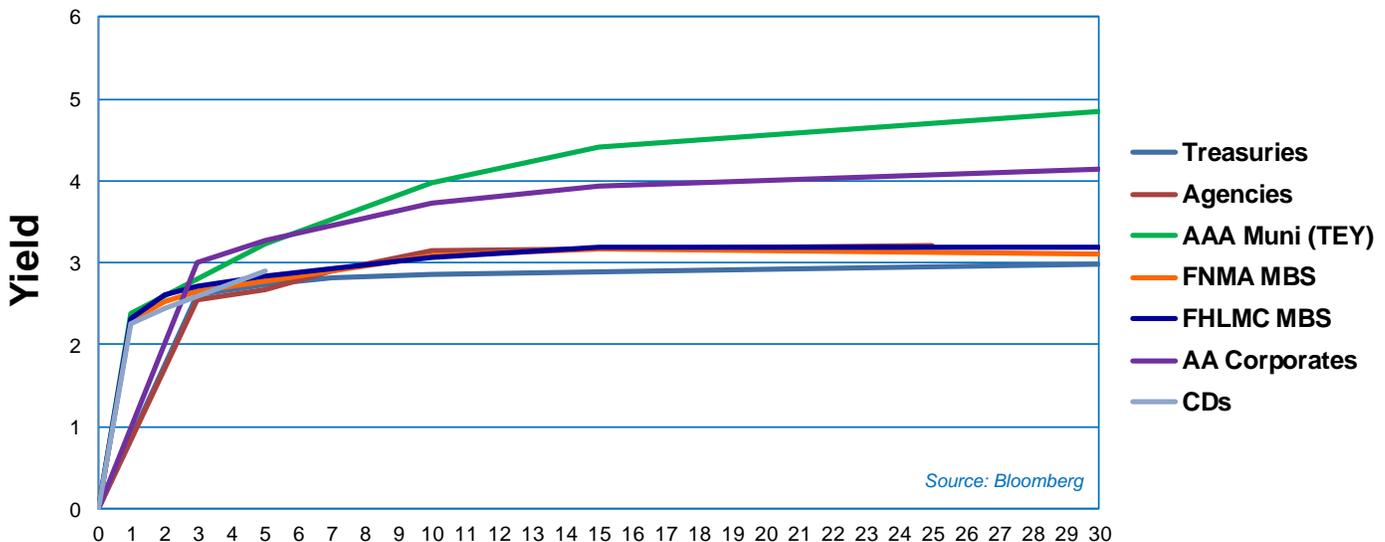
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	2.25	0.00	2.25
2	2.45	0.00	2.45
5	2.90	0.05	2.85

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	3.01	(0.04)	3.05
5	3.27	(0.04)	3.31
10	3.73	(0.05)	3.78
15	3.94	(0.05)	3.99
30	4.14	(0.06)	4.20

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	3.10	(0.06)	3.16
30yr	3.56	(0.04)	3.60
FHLMC	Yield	Change	1 Week Ago
15yr	3.14	(0.06)	3.20
30yr	3.58	(0.04)	3.62

Equities			
Index	Current	Change	1 Week Ago
DJIA	24,386	(182.76)	24,569
S&P 500	2,731	(28.50)	2,759
Nasdaq	7,535	(153.28)	7,688

Fixed Income Sector Performance



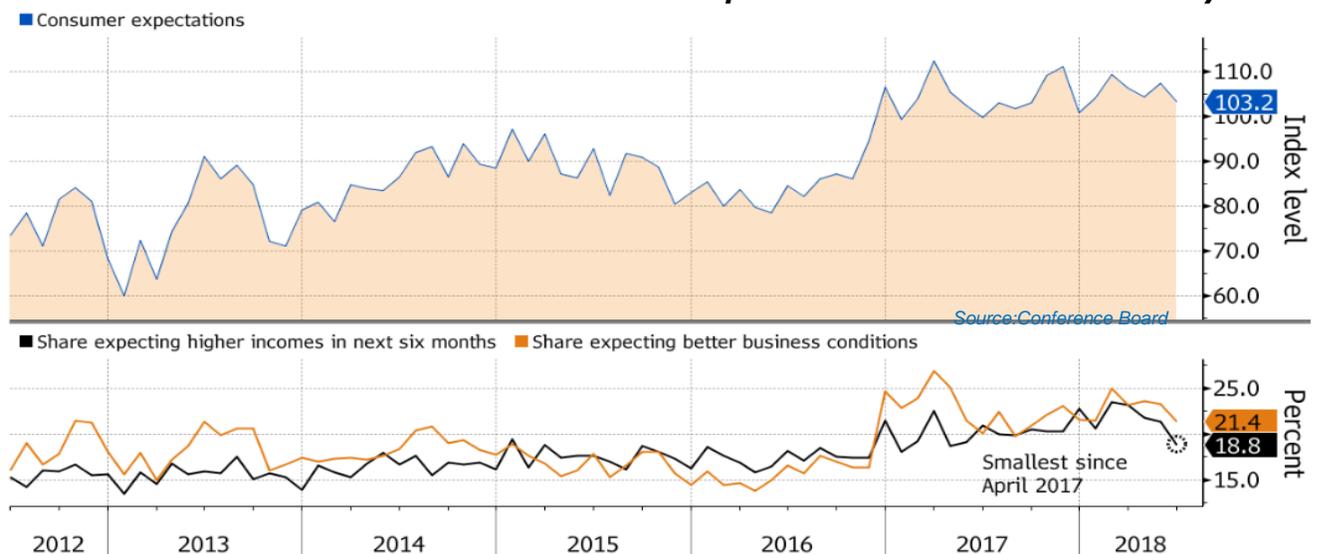


Economy

U.S. Consumer Confidence Declines:

- U.S. consumer sentiment eased in June as Americans became less optimistic for the economy and income growth, according to figures Tuesday from the New York-based Conference Board.
 - The report indicates that while Americans remain upbeat on the current state of the economy amid bountiful jobs and lower taxes, there is less confidence that gains will remain robust. Some 18.8 percent of respondents said they expected their incomes to rise in the next six months, the smallest share since April 2017. As a result, purchase plans for motor vehicles and appliances declined.
 - Along with still-tepid wage gains, confidence may be feeling an impact from elevated fuel prices and an intensifying global trade war that threatens to boost inflation and has already spurred big swings in the stock market. The University of Michigan's consumer sentiment gauge showed a similar result on economic expectations earlier this month.

Confidence Cools as Americans Become Less Upbeat About Incomes & Economy



U.S. First-Quarter GDP Growth Revised Down to 2%:

- The U.S. economy expanded in the first quarter at a slower pace than previously estimated, reflecting downward revisions to spending on services and to inventory investment, according to Commerce Department data released Thursday.
 - The smaller gain in first-quarter services spending reflected fewer outlays by non-profits for health care. The downward revision to inventories was attributable to retail stockpiles, while annual updates to government trade data showed fewer exports and more imports during the quarter, according to Commerce.



Fixed Income

Long Bond Rally Has Yield Testing 200-Day Average:

Concern about rising global trade tensions is driving investors toward the relative safety of U.S. debt, pushing the yield on 30-year Treasury bonds to the lowest levels this month.

- The rate, which peaked at 3.26 percent on May 18th, dipped to as low as 2.96 percent Thursday, below its 200-day moving average for the first time since January. Thirty-year bonds are outperforming shorter-maturity Treasuries, whose yields face upward pressure from Federal Reserve rate increases.

U.S. 30-Year Yield Testing its 200-Day Moving Average



State and City Pension Wars Brighten:

No financial issue has dominated American states and cities in recent years as much as the massive shortfalls in their workers' retirement funds. State and city pension funds were hit hard by the credit market crisis a decade ago, when stock prices plunged. That has left them with \$1.8 trillion less than they need to cover all the promised benefits, putting pressure on governments and workers to set aside more money to make up the difference.

- On Wednesday, the U.S. Supreme Court may have given governments a bit more of an upper hand. The court Wednesday ruled 5-to-4 that government employees have a constitutional right not to pay union fees, dealing a potentially heavy blow to the economic clout of the labor movement through a decision that affects 5 million workers. That may leave unions with a weaker voice in benefit and pay negotiations and curtail their power at the polls.



Equities

Energy Stocks Lift U.S. Gauges as OPEC Buoy Crude:

- Stocks climbed as global markets delivered an upbeat end to a quarter that's seen equities whipsawed by escalating trade tensions and central-bank hawkishness. Treasuries edged higher and the dollar slipped.
 - The S&P 500 Index enjoyed its third straight monthly gain, buoyed Friday by big banks that promised to return record amounts to shareholders.
 - Nike Inc. rose the most on record after reporting results. The dollar pared a third straight monthly advance. European equities pared a monthly loss with a rally that topped 1 percent.
 - Investors are looking for reasons to cheer at the end of a volatile quarter overshadowed by trade tensions and political risk. Trump's attitude to the WTO will come as little surprise to traders given his protectionist stance, and while it's too early to tell how long the European Union's united front and the respite in the yuan's decline will last, for now the risks to financial markets appear to have eased.

United States Index Performance

Sector	Performance			Price per Earnings	Price to Sales	Dividend Yield
	1 Month	3 Month	YTD			
Consumer Discretionary 17 Industries	+3.16%	+8.98%	+9.21%	16.5x	1.0x	1.27%
Consumer Staples 9 Industries	+3.89%	-0.85%	-8.79%	15.1x	1.0x	2.86%
Energy 3 Industries	+2.10%	+15.53%	+5.45%	14.0x	1.2x	1.74%
Financials 12 Industries	-3.96%	-1.58%	-3.58%	15.2x	2.1x	1.91%
Health Care 8 Industries	+0.81%	+4.29%	+3.04%	18.2x	1.2x	1.86%
Industrials 17 Industries	-4.38%	-1.27%	-4.92%	15.7x	1.1x	1.85%
Information Technology 10 Industries	-0.24%	+8.75%	+10.60%	14.8x	2.1x	0.90%
Materials 6 Industries	-2.03%	+3.77%	-4.02%	13.2x	1.1x	1.79%
Telecommunication Services 3 Industries	+2.19%	-1.10%	-9.47%	22.6x	1.3x	4.83%
Utilities 6 Industries	+3.10%	+4.18%	-0.67%	17.1x	1.3x	3.78%

Source: Bloomberg

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