



# Carty & Company, Inc.

## Weekly Market Update – July 2018, Week 4

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### Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Month Ago
3	2.76	0.14	2.62
5	2.85	0.12	2.73
7	2.92	0.10	2.82
10	2.96	0.11	2.85
30	3.09	0.10	2.99

Agencies			
Maturity	Yield	Change	1 Month Ago
3	2.69	0.14	2.55
5	2.80	0.13	2.67
7	3.01	0.11	2.90
10	3.26	0.10	3.16
25	3.35	0.14	3.21

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Month Ago
1	1.46	(0.01)	1.47
5	1.97	(0.04)	2.00
10	2.48	0.01	2.47
15	2.77	0.03	2.74
30	3.06	0.06	3.00

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Month Ago
1	2.36	(0.01)	2.37
5	3.17	(0.06)	3.23
10	4.00	0.02	3.98
15	4.47	0.05	4.42
30	4.93	0.09	4.84

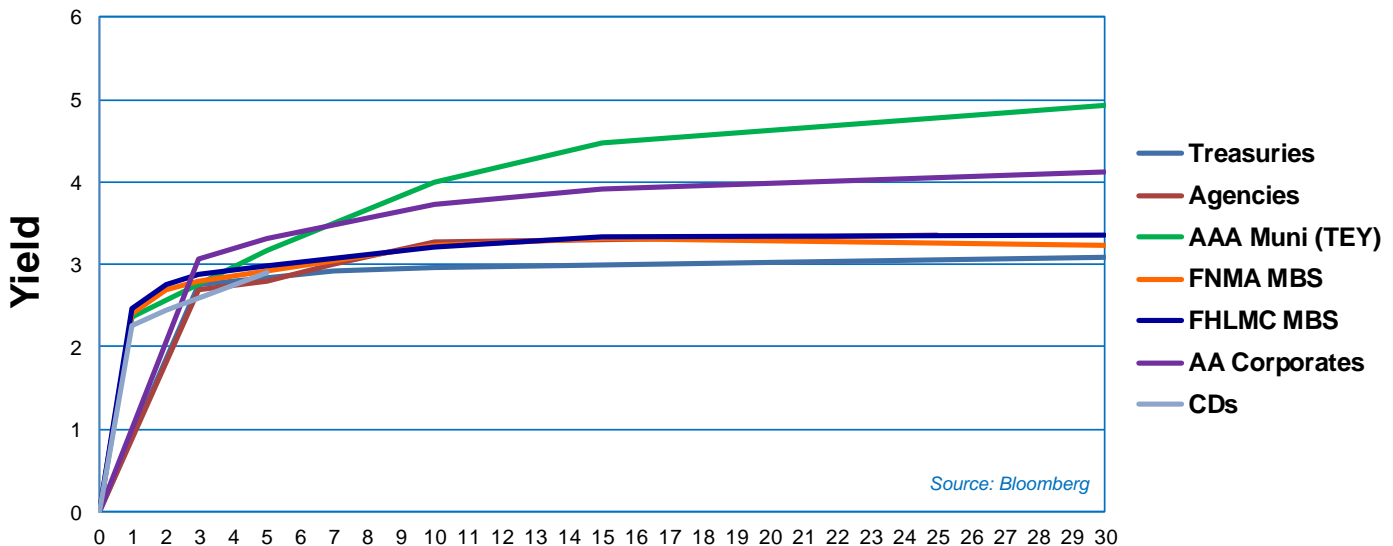
Brokered CDs			
Maturity	Yield	Change	1 Month Ago
1	2.25	0.00	2.25
2	2.45	0.00	2.45
5	2.90	0.00	2.90

Corporate Index (AA)			
Maturity	Yield	Change	1 Month Ago
3	3.07	0.06	3.01
5	3.31	0.04	3.27
10	3.73	(0.00)	3.73
15	3.92	(0.02)	3.94
30	4.12	(0.02)	4.14

MBS - Current Coupon			
FNMA	Yield	Change	1 Month Ago
15yr	3.18	0.08	3.10
30yr	3.62	0.06	3.56
FHLMC	Yield	Change	1 Month Ago
15yr	3.22	0.08	3.14
30yr	3.64	0.06	3.58

Equities			
Index	Current	Change	1 Month Ago
DJIA	25,433	1046.88	24,386
S&P 500	2,813	81.54	2,731
Nasdaq	7,726	191.45	7,535

### Fixed Income Sector Performance





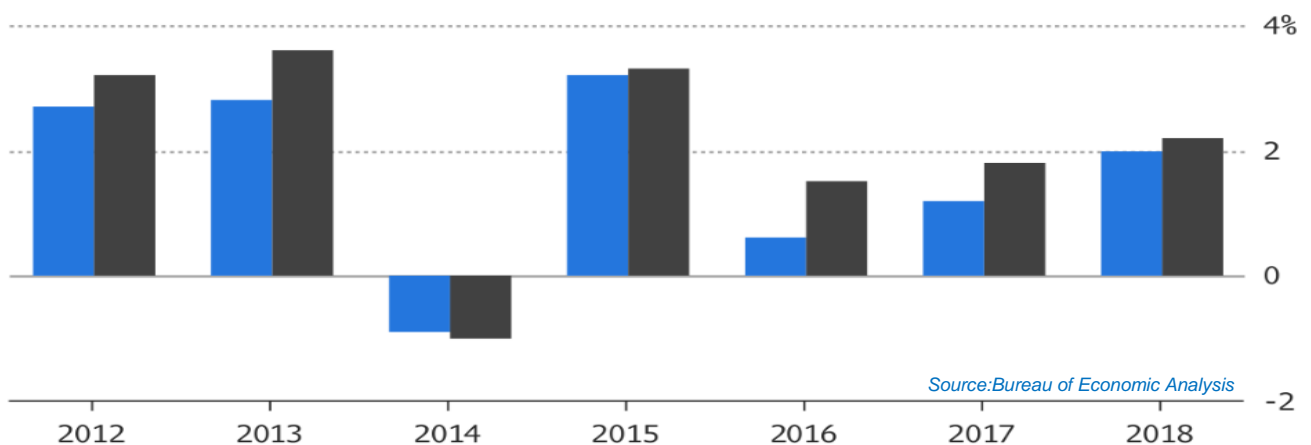
## Economy

### U.S. GDP Growth Hits 4.1%, Fastest Since 2014:

- Consumer spending propelled U.S. economic growth to a 4.1 percent pace in the second quarter, the fastest since 2014, letting President Donald Trump claim a win for his policies even though most analysts see the high as temporary.
  - The annualized rate of gains in gross domestic product was just shy of the 4.2 percent median forecast in a Bloomberg survey. It followed first-quarter growth of 2.2 percent that was revised from 2 percent, the Commerce Department reported Friday.
  - Consumer spending grew 4 percent, more than estimated, while nonresidential business investment climbed at a 7.3 percent clip.
  - Illustrating the volatility of some elements of GDP, net exports contributed 1.06 percentage points to the pace of growth, the most since 2013, partly on a surge in soybean shipments ahead of retaliatory tariffs. Inventories subtracted 1 point, the most since 2014, also on a decline in soybean stocks as well as those of drugs and sundries and petroleum and related products.
  - Nevertheless, the scorecard gives Trump a chance to highlight the success of his policies, including the biggest tax overhaul since the Reagan era, which probably boosted consumer spending and business investment. Yet the risks from tariff wars and a fading effect from tax cuts are among reasons analysts see difficulty keeping the economy growing at such a robust pace.
  - Even so, Federal Reserve policy makers are expected to continue their gradual pace of interest-rate hikes aimed at keeping the economy from overheating, without moving so fast that they could choke off growth.

#### Early-Year U.S. Economic Growth Stronger After Government Revisions

■ Previously published ■ First-quarter real GDP





## Fixed Income

### 10-Year U.S. Treasury Yields Hit Six-Week High:

- 🌐 U.S. government bond rates rallied slightly on Friday after advancing to a six-week high Thursday. The second-quarter GDP reading missed estimates but could still put pressure on the Federal Reserve to stay on track with its current pace of rate hikes.
  - ➡ Investors also reacted to tariff developments amid reports late Wednesday that the European Union and the U.S. were laying the groundwork for easing trade tensions, which had been a source of anxiety for global markets.
  - ➡ Investors also paid attention to the ECB policy meeting. As expected, the ECB said it would keep its key interest rates unchanged "at least through the summer of 2019." The central bank reiterated plans to wind down its asset purchases by the end of this year. In the news conference, ECB President Mario Draghi said the central bank wouldn't change its reinvestments policy, dampening hopes the central bank had discussed an "operation twist" in which the central bank would reinvest its shorter-maturity debt into longer-maturity bonds, capping their yield raise once quantitative easing came to an end.
  - ➡ Treasuries extended a post-U.S. GDP bull flattening move Friday, briefly pushing 5s30s back through 23bps and 2s10s below 27.5bps. Long end-led gains fell short of 30-year breaching 100-DMA at 3.07%, which has so far capped a further advance.

### Memphis Airport will issue up to \$200M in bonds:

- ✈️ Memphis International Airport is preparing a \$200 million bond issuance for its upcoming modernization project.
  - ➡ The Memphis-Shelby County Airport Authority (MSCAA) board authorized a resolution this morning providing for the issuance and sale of "one or more series of airport revenue bond in an aggregate principal amount not to exceed \$200 million."
  - ➡ The modernization includes the redesign, reconstruction and expansion of the airport's Concourse B, which will see new passenger amenities such as higher ceilings, increased natural light, wider corridors and larger gate areas and new concessions.
  - ➡ According to Glen Thomas, director of strategic marketing and communications for the airport, the modernization contract is expected to be taken up at the MSCAA's August meeting. Once that is approved, the airport expects to price and sell the bonds, likely in late August or early September.



# Equities

## Tech Stocks Take Beating on Intel, Twitter News:

- 🌐 Tech stocks took another beating Friday, as Twitter followed Facebook in delivering disappointing results and Intel said a key new chip technology wouldn't be out until late next year.
  - Analysts cited a litany of catalysts, including an overnight decline in volatility benchmarks to levels that indicate complacency to some investors and have ignited selling previously. Amazon.com's inability to extend a rally after reporting earnings Thursday night also created angst.
  - The Nasdaq 100 Index hit a two-week low thanks to the underwhelming news. The S&P 500 Index and Dow Jones Industrial Average also slumped, even after the government said the U.S. GDP scored its biggest gain since 2014, as traders remained focused on corporate performance.
  - The Stoxx Europe 600 Index headed for its best week since March as banks and telecommunications firms gained. West Texas intermediate crude dropped, while gold climbed.

### United States Index Performance

Sector	Performance			Price per Earnings	Price to Sales	Dividend Yield
	1 Month	3 Month	YTD			
<b>Consumer Discretionary</b> 17 Industries	+1.21%	+7.42%	+11.27%	16.5x	1.0x	1.27%
<b>Consumer Staples</b> 9 Industries	+2.76%	+5.67%	-6.10%	15.1x	1.0x	2.86%
<b>Energy</b> 3 Industries	+2.85%	+3.55%	+7.16%	14.0x	1.2x	1.74%
<b>Financials</b> 12 Industries	+4.31%	+1.74%	+1.23%	15.2x	2.1x	1.91%
<b>Health Care</b> 8 Industries	+5.03%	+7.77%	+9.28%	18.2x	1.2x	1.86%
<b>Industrials</b> 17 Industries	+5.05%	+4.36%	+0.61%	15.7x	1.1x	1.85%
<b>Information Technology</b> 10 Industries	+5.33%	+11.83%	+17.04%	14.8x	2.1x	0.90%
<b>Materials</b> 6 Industries	+3.01%	+2.66%	-1.00%	13.2x	1.1x	1.79%
<b>Telecommunication Services</b> 3 Industries	-0.33%	-3.06%	-11.64%	22.6x	1.3x	4.83%
<b>Utilities</b> 6 Industries	+2.19%	+3.52%	+1.03%	17.1x	1.3x	3.78%

Source: Bloomberg

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