



# Carty & Company, Inc.

## Weekly Market Update – September 2018, Week 2

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### Compare Rates

| US Treasuries |       |        |            |
|---------------|-------|--------|------------|
| Maturity      | Yield | Change | 1 Week Ago |
| 3             | 2.85  | 0.08   | 2.77       |
| 5             | 2.90  | 0.08   | 2.82       |
| 7             | 2.96  | 0.07   | 2.89       |
| 10            | 2.99  | 0.05   | 2.94       |
| 30            | 3.13  | 0.03   | 3.10       |

| Agencies |       |        |            |
|----------|-------|--------|------------|
| Maturity | Yield | Change | 1 Week Ago |
| 3        | 2.86  | 0.06   | 2.80       |
| 5        | 2.95  | 0.07   | 2.88       |
| 7        | 3.02  | 0.07   | 2.95       |
| 10       | 3.29  | 0.05   | 3.24       |
| 25       | 3.38  | 0.03   | 3.35       |

| Municipal G.O. (AAA) MMD |       |        |            |
|--------------------------|-------|--------|------------|
| Maturity                 | Yield | Change | 1 Week Ago |
| 1                        | 1.75  | 0.05   | 1.70       |
| 5                        | 2.15  | 0.04   | 2.11       |
| 10                       | 2.57  | 0.04   | 2.53       |
| 15                       | 2.90  | 0.05   | 2.85       |
| 30                       | 3.20  | 0.05   | 3.14       |

| Municipal G.O. (AAA) - TEY @ 38% |       |        |            |
|----------------------------------|-------|--------|------------|
| Maturity                         | Yield | Change | 1 Week Ago |
| 1                                | 2.82  | 0.42   | 2.40       |
| 5                                | 3.47  | 0.25   | 3.22       |
| 10                               | 4.15  | 0.10   | 4.05       |
| 15                               | 4.67  | 0.13   | 4.54       |
| 30                               | 5.15  | 0.15   | 5.00       |

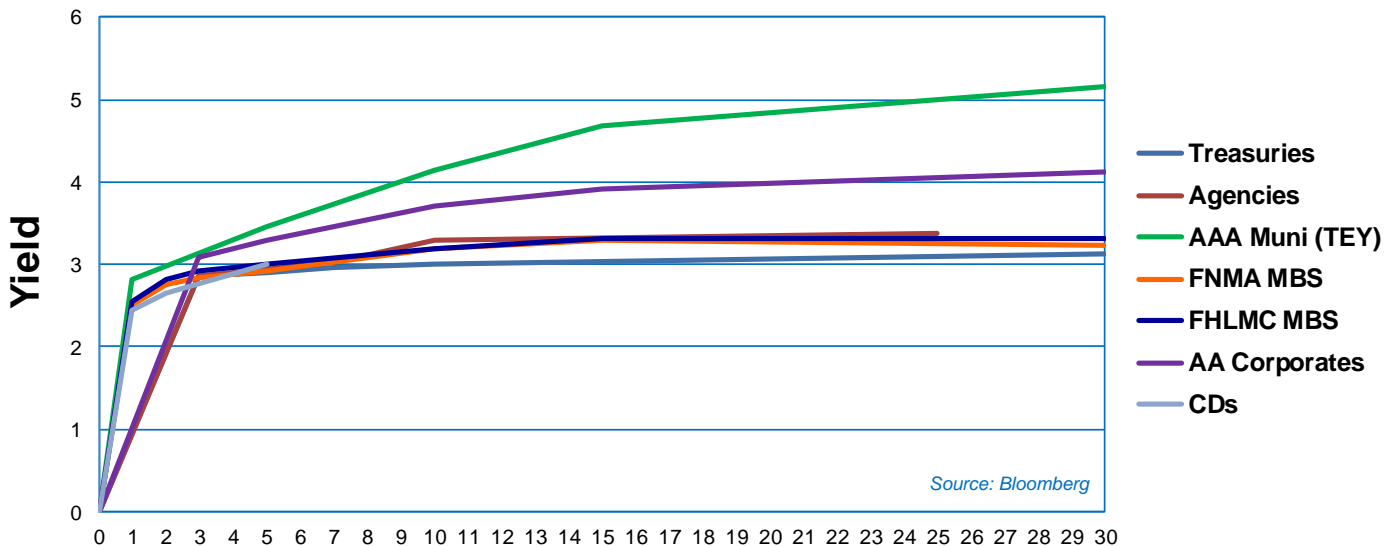
| Brokered CDs |       |        |            |
|--------------|-------|--------|------------|
| Maturity     | Yield | Change | 1 Week Ago |
| 1            | 2.45  | 0.00   | 2.45       |
| 2            | 2.65  | 0.00   | 2.65       |
| 5            | 3.00  | 0.00   | 3.00       |

| Corporate Index (AA) |       |        |            |
|----------------------|-------|--------|------------|
| Maturity             | Yield | Change | 1 Week Ago |
| 3                    | 3.09  | 0.09   | 3.00       |
| 5                    | 3.30  | 0.09   | 3.21       |
| 10                   | 3.71  | 0.06   | 3.65       |
| 15                   | 3.92  | 0.04   | 3.88       |
| 30                   | 4.13  | 0.00   | 4.12       |

| MBS - Current Coupon |       |        |            |
|----------------------|-------|--------|------------|
| FNMA                 | Yield | Change | 1 Week Ago |
| 15yr                 | 3.17  | 0.03   | 3.14       |
| 30yr                 | 3.65  | 0.02   | 3.63       |
| FHLMC                | Yield | Change | 1 Week Ago |
| 15yr                 | 3.21  | 0.03   | 3.18       |
| 30yr                 | 3.66  | 0.03   | 3.63       |

| Equities |         |        |            |
|----------|---------|--------|------------|
| Index    | Current | Change | 1 Week Ago |
| DJIA     | 26,019  | 286.20 | 25,733     |
| S&P 500  | 2,906   | 34.76  | 2,871      |
| Nasdaq   | 8,010   | 107.04 | 7,903      |

### Fixed Income Sector Performance





## Economy

### Jobless Claims Dip to 48-Year Low for 2<sup>nd</sup> Straight Week:

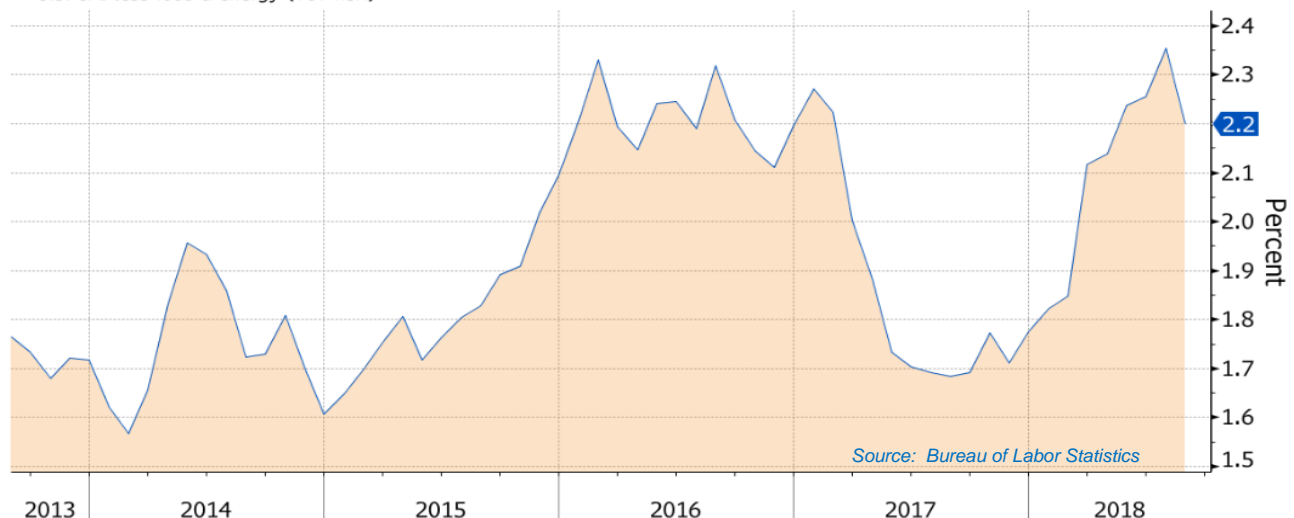
- 📍 Filings for U.S. unemployment benefits declined to a fresh 48-year low for the second straight week, underscoring a tight job market, Labor Department figures showed Thursday.
  - ➡ Jobless claims decreased by 1,000 to 204,000 (estimate 210,000), the lowest figure since December 1969.
  - ➡ The figures show further signs of strength in employment after last week's monthly jobs report for August indicated a solid pace of hiring and wages advancing at the fastest pace since the recession ended in 2009.
  - ➡ While the weekly figures tend to be volatile, especially around periods marked by holidays such as last week's Labor Day, the data is in line with company reports of difficulty finding skilled workers amid a shrinking pool. The issue came up again in the Federal Reserve's Beige Book report released Wednesday, where businesses flagged concern over filling positions.

### Core Inflation Cools as Apparel Costs Decline:

- 🌐 A gauge of underlying U.S. inflation unexpectedly cooled in August as apparel prices fell by the most in about seven decades and medical-care costs declined, suggesting little urgency for the Federal Reserve to speed up the pace of interest-rate hikes.
  - ➡ Excluding food and energy costs, the core consumer price index rose 2.2 percent in August from a year earlier, compared with the 2.4 percent median estimate of economists surveyed by Bloomberg News, a Labor Department report showed Thursday. The broader CPI slowed to a 2.7 percent annual gain from 2.9 percent.

#### **Companies Added Fewer Workers Last Month but Numbers Remain Solid**

■ U.S. CPI less food & energy (YoY NSA)





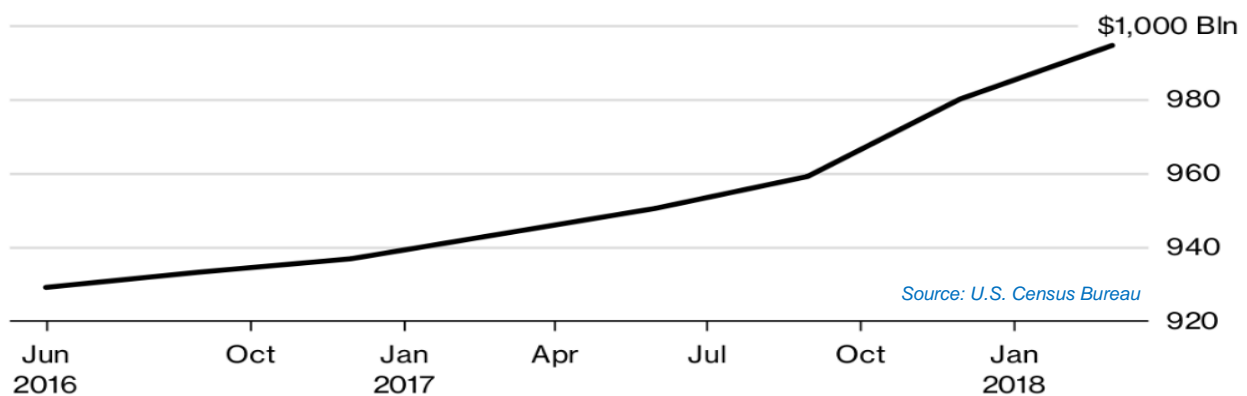
## Fixed Income

### Muni-Bonds: No State Facing Rating Cuts From S&P:

- 📰 For the first time since the financial crisis, no state government appears likely to have its bonds downgraded anytime soon by one of Wall Street's biggest rating companies.
- ➡ S&P Global Ratings said Wednesday that it removed the negative outlook from New Mexico's grade, a step that indicates it no longer thinks the state's standing could be cut over the next two years. That followed similar changes to Mississippi and Louisiana and pushed states past a bond-market milestone of sorts: None of them have a negative outlook on their ratings from S&P for the first time since 2008.
  - ➡ The shift reflects the financial gains that state governments are reaping from the swift pace of the nation's economic expansion, stoked in part by a tax-collection boost this year as residents shifted some income into 2017 before limits on local deductions kicked in. All but a handful of states saw revenue outpace their projections during the 2018 fiscal year. This allowed them to increase their savings, pay down debt or cover delayed expenses, according to the National Association of State Budget Officers.

#### **Tax Collections Climb as Economic Expansion Gains Steam**

📈 Tax Collection for 12-Month Ending



### Muni-Bond Yields Hit Highest Since 2016:

- 📰 Higher yields in municipal investments have driven the 10-year AAA municipal benchmark to about 2.57 percent, the highest since December 2016.
- ➡ The increase over the past week followed the release of data showing solid economic growth, reinforcing the case for the central bank to continue tightening monetary policy. The past few weeks have marked a shift from much of 2018, when the 10-year benchmark hovered between 2.4 to 2.5 percent.



# Equities

## Stocks Rise to Record as Dovish Powell Fuels Rally:

- U.S. stocks posted a late rally to close mostly higher for a fifth consecutive day, led by gains in the financial and energy sectors.
  - The S&P 500 and Dow finished just in the green after slumping midday, when Bloomberg News reported that President Donald Trump instructed aides to proceed with tariffs on about \$200 billion more in Chinese products. Financial markets were whipsawed this week by conflicting reports on the status of trade relations between the world's two largest economies. The Nasdaq closer lower, though up for the week. Click to hear Bloomberg reporters discuss the week in markets.
  - Stocks also finished higher in Europe and Asia amid optimism for U.S.-China trade talks and action by Turkey and Russia to support their currencies that helped foster a positive mood. Miners and carmakers led the advance in the Stoxx Europe 600 Index, following a rally in most Asian benchmarks as they extended their rebound from the worst run of losses in 16 years. Oil posted its third straight weekly advance as traders keep watch on Hurricane Florence.

### United States Index Performance

| Sector  | Performance |         |         | Price per Earnings | Price to Sales | Dividend Yield |
|---|-------------|---------|---------|--------------------|----------------|----------------|
|   | 1 Month     | 3 Month | YTD     |                    |                |                |
| <b>Consumer Discretionary</b><br>17 Industries    | +3.65%      | +4.26%  | +15.62% | 16.5x              | 1.0x           | 1.27%          |
| <b>Consumer Staples</b><br>9 Industries           | +2.83%      | +7.03%  | -3.67%  | 15.1x              | 1.0x           | 2.86%          |
| <b>Energy</b><br>3 Industries                     | -0.73%      | -3.00%  | +2.32%  | 14.0x              | 1.2x           | 1.74%          |
| <b>Financials</b><br>12 Industries                | +0.85%      | +0.29%  | +0.70%  | 15.2x              | 2.1x           | 1.91%          |
| <b>Health Care</b><br>8 Industries                | +4.46%      | +9.56%  | +15.18% | 18.2x              | 1.2x           | 1.86%          |
| <b>Industrials</b><br>17 Industries               | +4.55%      | +3.76%  | +3.86%  | 15.7x              | 1.1x           | 1.85%          |
| <b>Information Technology</b><br>10 Industries    | +3.02%      | +4.58%  | +19.82% | 14.8x              | 2.1x           | 0.90%          |
| <b>Materials</b><br>6 Industries                  | +1.77%      | -1.78%  | -2.16%  | 13.2x              | 1.1x           | 1.79%          |
| <b>Telecommunication Services</b><br>3 Industries | +4.63%      | +10.81% | -2.88%  | 22.6x              | 1.3x           | 4.83%          |
| <b>Utilities</b><br>6 Industries                  | +2.33%      | +10.95% | +3.62%  | 17.1x              | 1.3x           | 3.78%          |

#### Important Information Regarding This Report

Source: Bloomberg

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