



Carty & Company, Inc.

Weekly Market Update – September 2018, Week 4

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	2.87	(0.02)	2.89
5	2.94	(0.01)	2.95
7	3.01	(0.02)	3.02
10	3.05	(0.01)	3.06
30	3.19	(0.01)	3.20

Agencies			
Maturity	Yield	Change	1 Week Ago
3	2.89	(0.02)	2.91
5	2.99	(0.02)	3.01
7	3.07	(0.00)	3.07
10	3.33	(0.03)	3.36
25	3.44	(0.02)	3.46

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	1.92	0.03	1.89
5	2.23	0.01	2.22
10	2.62	(0.01)	2.63
15	2.94	(0.03)	2.97
30	3.26	(0.02)	3.28

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	3.10	0.70	2.40
5	3.59	0.37	3.22
10	4.23	0.18	4.05
15	4.75	0.21	4.54
30	5.25	0.25	5.00

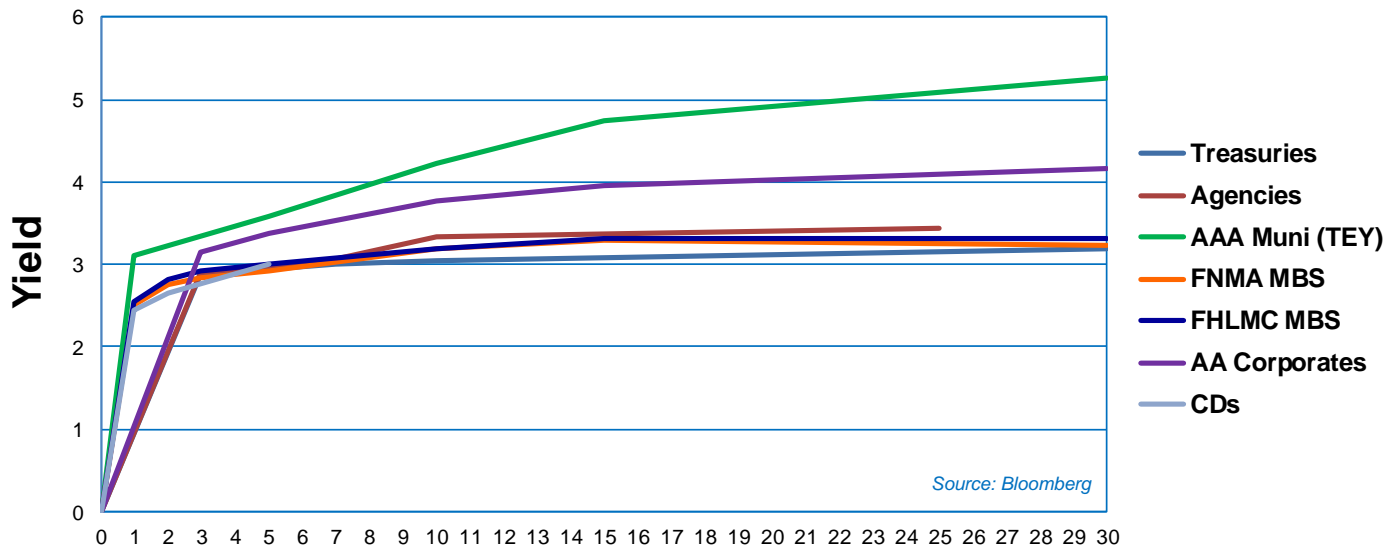
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	2.45	0.00	2.45
2	2.65	0.00	2.65
5	3.00	0.00	3.00

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	3.16	(0.00)	3.16
5	3.37	(0.01)	3.38
10	3.77	(0.01)	3.78
15	3.97	(0.02)	3.99
30	4.16	(0.02)	4.18

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	3.17	(0.03)	3.20
30yr	3.67	(0.02)	3.69
FHLMC	Yield	Change	1 Week Ago
15yr	3.23	(0.02)	3.25
30yr	3.68	(0.02)	3.70

Equities			
Index	Current	Change	1 Week Ago
DJIA	26,467	(261.08)	26,728
S&P 500	2,914	(16.94)	2,931
Nasdaq	8,039	55.91	7,983

Fixed Income Sector Performance





Economy

Consumer Spending Cools; Inflation Near Fed Goal:

- U.S. consumer spending rose in August at the slowest pace in six months, moderating from more robust readings on the biggest part of the economy. Inflation remained near the Federal Reserve's target pace.
 - Purchases, which account for about 70 percent of the economy, rose 0.3 percent from the prior month, slowing from 0.4 percent the prior month, Commerce Department figures showed Friday, and matching the median forecast in Bloomberg's survey.
 - Incomes rose 0.3 percent, less than projected. The softer readings may signal that consumers aren't as eager to splurge even amid a solid labor market, lower taxes, and improving finances that boosted second-quarter consumption.
 - A trade war that's widened to include tariffs on consumer goods from China has the potential to raise prices and affect demand, after signs that the tensions are hurting exports and business investment.

U.S. Consumer Spending Rises by Least in Six Months as Incomes Miss Estimates

■ Personal spending (MoM, SA) ■ Personal income (MoM, SA)



Fed Hikes a 3rd Time in 2018:

- U.S. Federal Reserve officials raised interest rates for a third time this year and reaffirmed their outlook for further gradual hikes well into 2019, risking fresh criticism from President Donald Trump.
 - The quarter-point increase boosted the benchmark federal funds rate to a target range of 2 percent to 2.25 percent. The move reflected an upbeat assessment of the economy that was identical to the central bank's last policy statement eight weeks ago, despite concerns over Trump's escalating trade war.



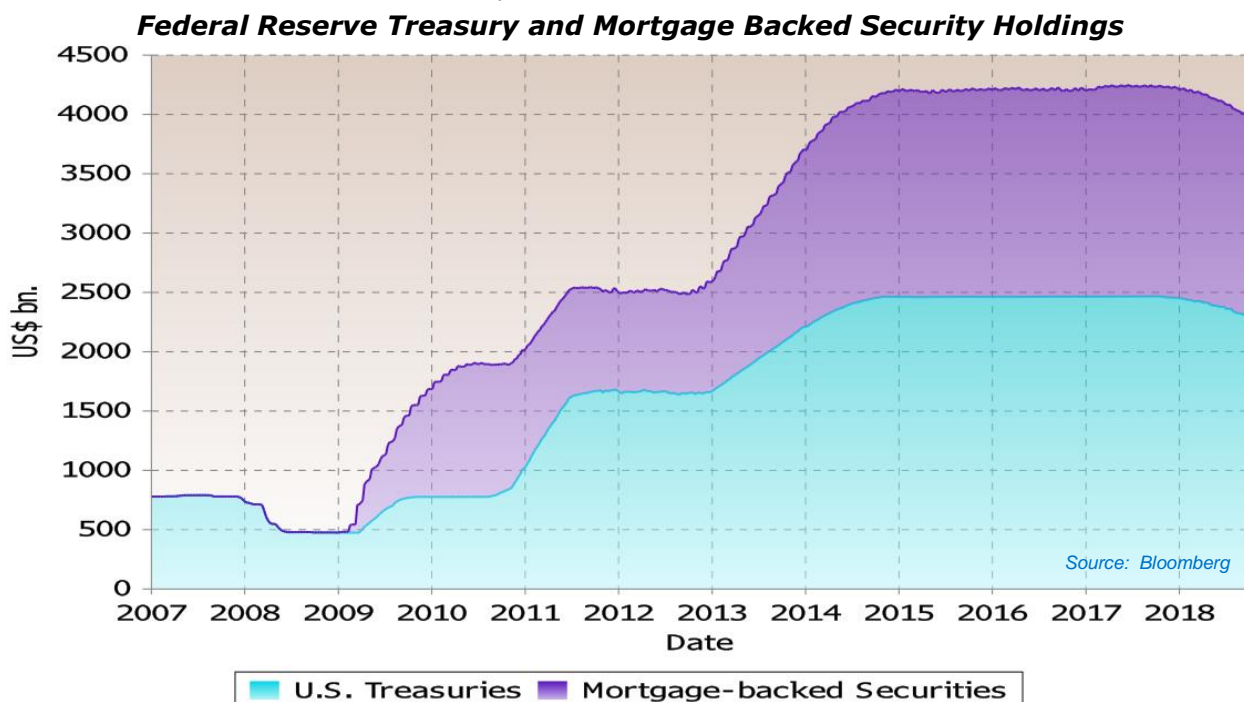
Fixed Income

Muni Yields Fall Most in 6 Weeks, Curve Flatter:

- Municipal bonds rose Thursday as yields on benchmark 10-year notes decreased 1.9 basis points to 2.63 percent, the biggest drop in six weeks.
 - ➔ The gap between yields on short-term and long-term securities narrowed for the second day to the flattest in four months.
 - ➔ The decline in yields was the most since August 15th. The yield curve narrowed for the second day to 129 basis points yesterday from 132 basis points. The last time the gap was smaller was on June 5th, when it was at 123 basis points, according to data compiled by Bloomberg.
 - ➔ Debt issued by U.S. states and local governments maturing in 10 years yields 86.3 percent of Treasuries, compared with 86.5 percent a month ago.

Fed's Treasury and MBS holdings fall below \$4 trillion:

- The U.S. Federal Reserve's portfolio of Treasury and mortgage-backed securities, assembled through three rounds of purchases starting during the financial crisis, has dropped below \$4 trillion for the first time in more than four years, according to Fed data.
 - ➔ The value of Treasuries and MBS dropped to \$3.997 trillion as of Wednesday, as the Fed nears rounding out the first year of a process of slowly cutting back its holdings. At its peak, the portfolio totaled more than \$4.25 trillion, and including other assets was valued at more than \$4.5 trillion.



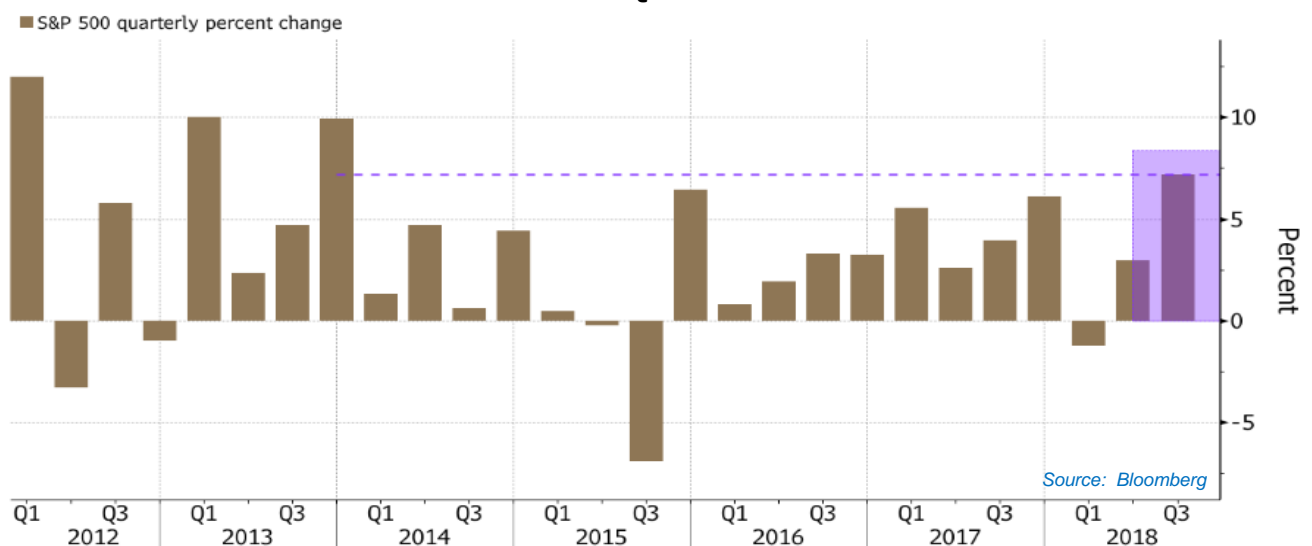


Equities

Stocks Edge Higher Into Quarter's End:

- U.S. stocks edged higher toward the end of what is shaping up to be the best quarter in five years.
 - The S&P 500 Index rose on Friday, led by technology companies. Stocks have struggled for direction on the last day of what is shaping up to be the best quarter since 2013, even as the benchmark was set for a weekly loss. Facebook shares declined more than 3 percent after the tech giant said a security breach affected about 50 million users. Tesla Inc. tumbled the most in three years after securities regulators filed a lawsuit against Elon Musk's carmaker.
 - Oil remained on course for the longest run of weekly gains in four months as energy giants to Wall Street banks predicted the return of \$100 crude on an impending supply crunch. The dollar edged lower after data showed U.S. consumer spending cooled in August.
 - In Europe, Italy's populists won their battle to fund costly campaign promises, while infighting over Brexit is embroiling the U.K.'s Conservative Party. The Stoxx Europe 600 Index retreated, led by a plunge in Italian shares as the country's benchmark headed for the biggest drop in more than two years. The nation's yields climbed the most in four months after the government set a wider budget deficit than some investors had anticipated.

S&P 500 Posts Best Quarter Since 2013



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