



Carty & Company, Inc.

Weekly Market Update – November 2018, Week 1

By Ryan R. Coombs – Senior Vice President, Research & Strategies

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Compare Rates

US Treasuries			
Maturity	Yield	Change	2 Weeks Ago
3	2.98	(0.00)	2.98
5	3.04	(0.01)	3.05
7	3.14	0.01	3.13
10	3.22	0.03	3.19
30	3.46	0.09	3.37

Agencies			
Maturity	Yield	Change	2 Weeks Ago
3	2.98	(0.01)	2.99
5	3.09	(0.01)	3.10
7	3.19	0.01	3.18
10	3.50	0.03	3.47
25	3.71	0.08	3.63

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	2 Weeks Ago
1	2.00	0.03	1.97
5	2.36	0.04	2.32
10	2.80	0.03	2.77
15	3.14	0.04	3.10
30	3.49	0.04	3.45

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	2 Weeks Ago
1	3.23	0.83	2.40
5	3.81	0.59	3.22
10	4.52	0.47	4.05
15	5.06	0.52	4.54
30	5.62	0.62	5.00

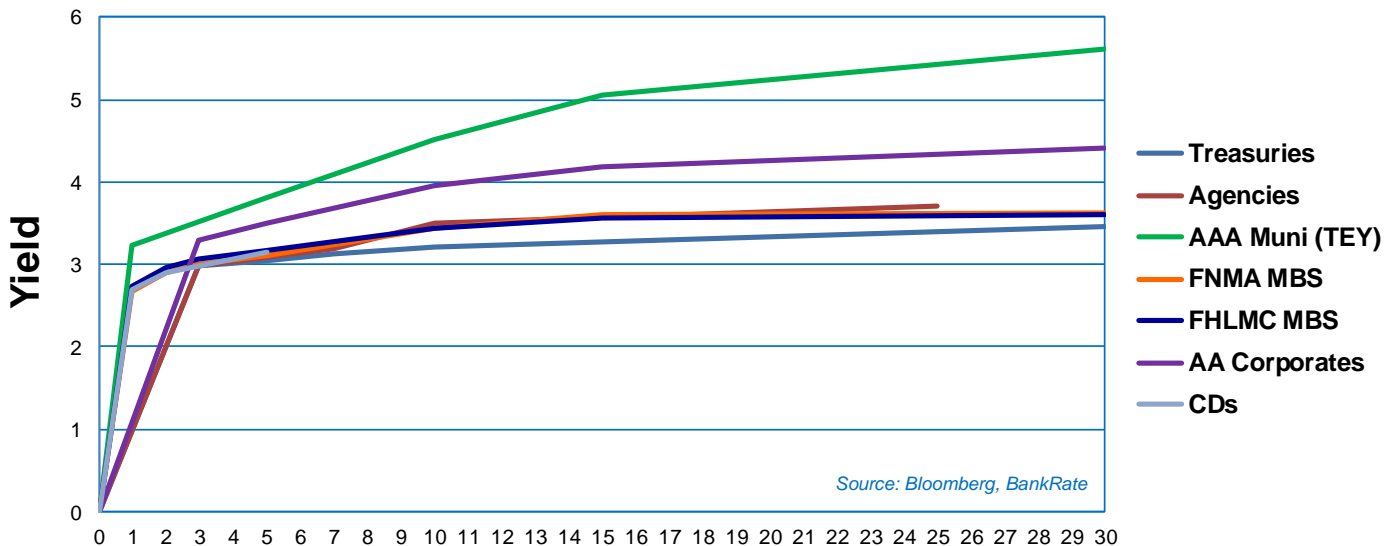
Brokered CDs			
Maturity	Yield	Change	2 Weeks Ago
1	2.70	0.15	2.55
2	2.90	0.15	2.75
5	3.15	0.15	3.00

Corporate Index (AA)			
Maturity	Yield	Change	2 Weeks Ago
3	3.29	0.01	3.28
5	3.51	0.01	3.50
10	3.95	0.02	3.93
15	4.19	0.04	4.15
30	4.42	0.07	4.35

MBS - Current Coupon			
FNMA	Yield	Change	2 Weeks Ago
15yr	3.62	0.10	3.52
30yr	4.06	0.06	4.00
FHLMC	Yield	Change	2 Weeks Ago
15yr	3.60	0.05	3.55
30yr	4.04	0.02	4.02

Equities			
Index	Current	Change	2 Weeks Ago
DJIA	25,126	(235.60)	25,362
S&P 500	2,723	(52.94)	2,776
Nasdaq	7,357	(77.01)	7,434

Fixed Income Sector Performance





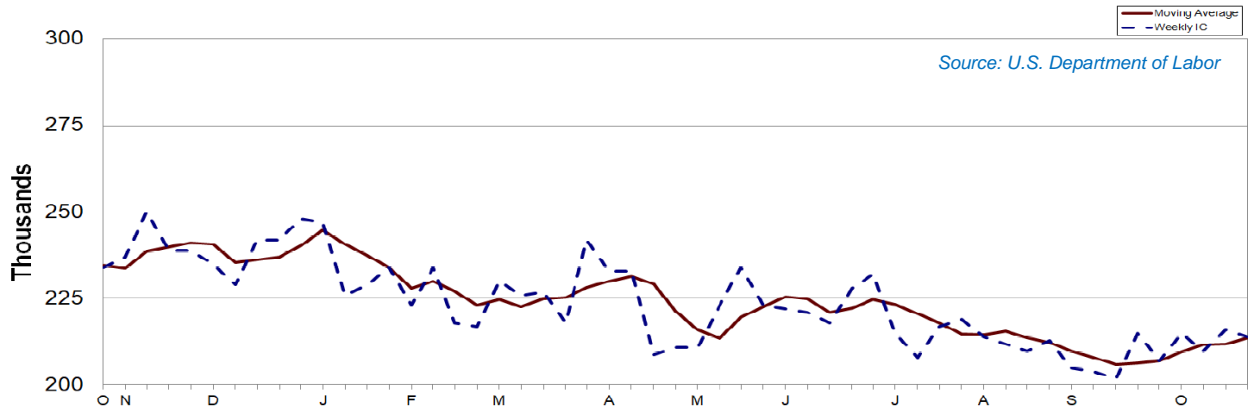
Economy

Initial Jobless Claims Decline:

In the week that ended October 27th, seasonally adjusted initial unemployment claims were 214,000, a decrease of 2,000 from the previous week's upwardly revised 216,000. The 4-week moving average increased to 213,750. This suggests the labor market is continuing to remain tight.

- Productivity claims had their best consecutive quarters dating back to 2015, suggesting a faster economic expansion may be possible without an increase in inflation.
- The number of people with benefit claims to all programs for the week ending October 13th increased 22,033 from the previous week to 1,396,440. That number reflected a decrease of 241,000 from the 1,637,584 receiving benefits dating back to one year ago.

Seasonally Adjusted Initial Claims



ISM Manufacturing Falls to Six-Month Low:

A report Thursday showed the Institute for Supply Management's manufacturing index fell to a six-month low of 58% in October, declining from 60% a month earlier.

- Suggestions for why the index continues to drop are corporate purchasing managers lamented rising prices, tariffs, shortages, and waning foreign demand.

ISM Manufacturing Index

Source: Institute for Supply Management

New Orders	% Higher	% Same	% Lower	Net	Index
Oct 2018	27.2	54.5	18.3	+8.9	57.4
Sep 2018	31.4	57.7	10.9	+20.5	61.8
Aug 2018	35.4	54.3	10.3	+25.1	65.1
Jul 2018	29.0	60.1	10.9	+18.1	60.2



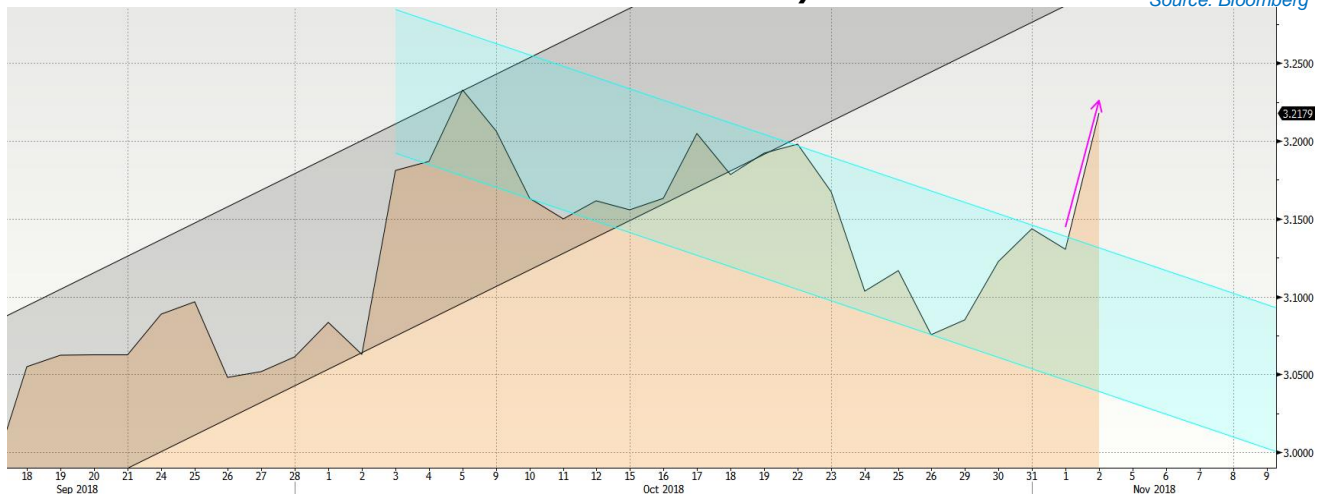
Fixed Income

Treasury Trend Reverses:

- Until early October, 10-Year Treasury yields were in an upward trend channel dating back to mid-August. That trend reversed course during October but the outstanding non-farm payroll jobs number released on Friday has caused a breakout higher.
 - As reflected in the below graph, yields peaked on October 5th hitting 3.23%. That marked a short-term high and since then a roughly 10bps corrective downward trend channel emerged until Friday.

Current 10-Year U.S. Treasury Yield

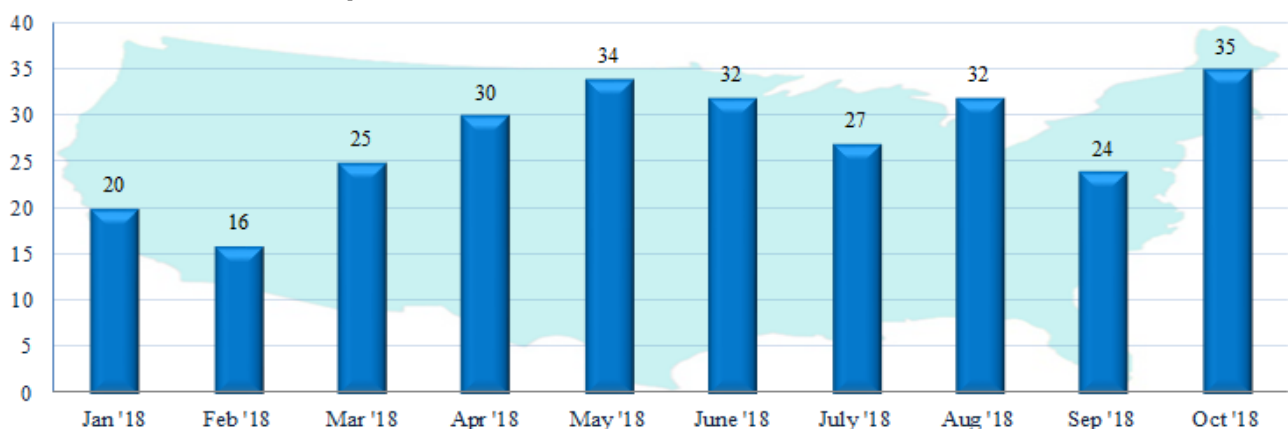
Source: Bloomberg



Municipal New Issuance Set to Decline:

- Municipal new issuance hit \$35 billion in October, the record high for the year. That number is forecasted to decline down to a 2018 low of \$7.5 billion during November according to Bloomberg's municipal 30 day visible supply.
 - With midterm elections on the horizon that could affect interest rate volatility and infrastructure policy, it is possible municipalities are less willing to commit to new long-term capital planning.

Municipal New Issuance – Volume in Billions USD



Source: Bloomberg



Equities

Stock Struggles Continue:

- Stocks ended the week lower on Friday with Apple, Inc. taking center stage as its stock dropped over 7%, making it the worst losing session for the company in years. The tech giant posted better than expected results but its outlook disappointed. Adding to the sell-off was the company saying for the first time in more than a decade it would not disclose unit sales of products to investors.
 - The S&P 500 index also suffered losses Friday for the first time in four sessions. The broad market bounced off lows on Friday after President Trump announced he believes the U.S. will reach a deal with China over trade. That directly countered remarks by Larry Kudlow, one of his advisors.
 - Starbucks Corp. shares skyrocketed over 10% on Friday when the company announced same-store sales growth of 4%.
 - VeriSign Inc. was one of Friday's largest gainers as the stock rose over 17% when J.P. Morgan upgraded the company to neutral from underweight.

Global Market United States Index

Sector	Performance			Price per Earnings	Price to Sales	Dividend Yield
	1 Month	3 Month	YTD			
Communication Services 3 Industries	-5.68%	+1.51%	-7.83%	22.6x	1.3x	4.83%
Consumer Discretionary 17 Industries	-8.53%	-3.64%	+5.96%	16.5x	1.0x	1.27%
Consumer Staples 9 Industries	+2.42%	+4.11%	-2.80%	15.1x	1.0x	2.86%
Energy 3 Industries	-12.50%	-11.04%	-5.91%	14.0x	1.2x	1.74%
Financials 12 Industries	-4.99%	-6.29%	-5.57%	15.2x	2.1x	1.91%
Health Care 8 Industries	-6.39%	+0.22%	+9.67%	18.2x	1.2x	1.86%
Industrials 17 Industries	-10.04%	-6.77%	-6.29%	15.7x	1.1x	1.85%
Information Technology 10 Industries	-7.58%	-2.14%	+11.44%	14.8x	2.1x	0.90%
Materials 6 Industries	-8.53%	-9.90%	-11.56%	13.2x	1.1x	1.79%
Utilities 6 Industries	+1.10%	+1.57%	+1.77%	17.1x	1.3x	3.78%

Source: Bloomberg

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