



Carty & Company, Inc.

Weekly Market Update – December 2018, Week 1

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

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Compare Rates

US Treasuries			
Maturity	Yield	Change	1 Week Ago
3	2.72	(0.10)	2.82
5	2.70	(0.13)	2.83
7	2.77	(0.14)	2.91
10	2.85	(0.15)	3.00
30	3.15	(0.16)	3.30

Agencies			
Maturity	Yield	Change	1 Week Ago
3	2.74	(0.17)	2.91
5	2.80	(0.11)	2.91
7	2.87	(0.15)	3.02
10	3.20	(0.15)	3.35
25	3.40	(0.17)	3.57

Municipal G.O. (AAA) MMD			
Maturity	Yield	Change	1 Week Ago
1	1.79	(0.08)	1.87
5	2.06	(0.10)	2.16
10	2.41	(0.14)	2.55
15	2.73	(0.15)	2.88
30	3.14	(0.13)	3.27

Municipal G.O. (AAA) - TEY @ 38%			
Maturity	Yield	Change	1 Week Ago
1	2.89	(0.12)	3.02
5	3.32	(0.16)	3.48
10	3.89	(0.23)	4.11
15	4.40	(0.24)	4.65
30	5.06	(0.22)	5.27

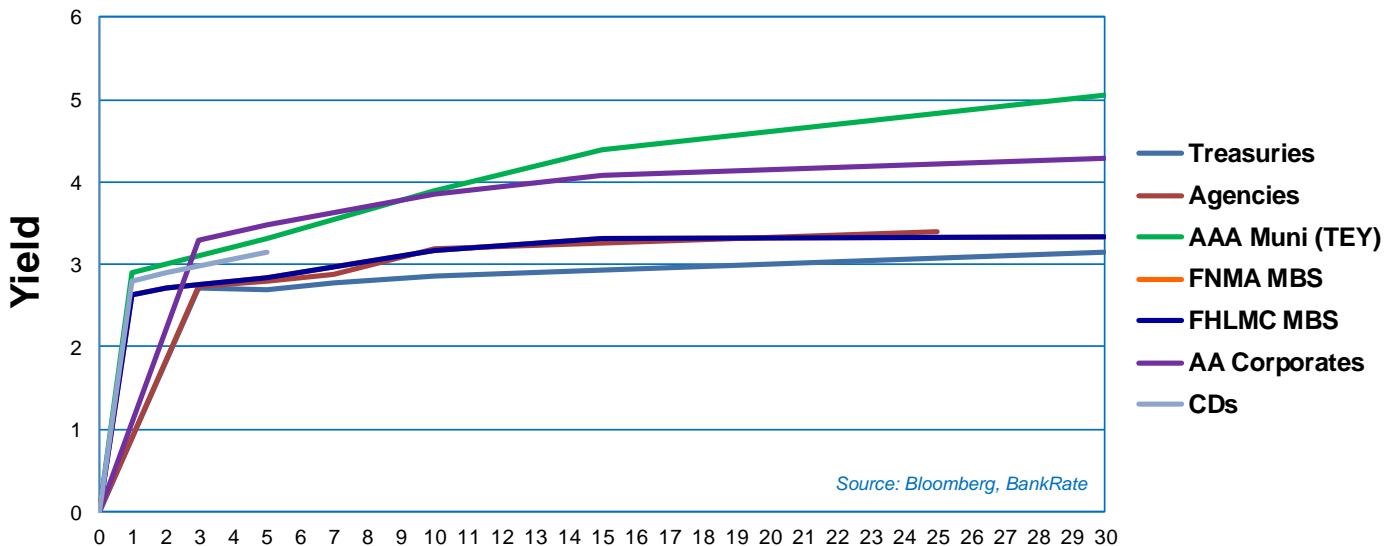
Brokered CDs			
Maturity	Yield	Change	1 Week Ago
1	2.80	0.10	2.70
2	2.90	0.00	2.90
5	3.15	0.00	3.15

Corporate Index (AA)			
Maturity	Yield	Change	1 Week Ago
3	3.30	(0.01)	3.31
5	3.48	(0.04)	3.52
10	3.85	(0.08)	3.93
15	4.07	(0.10)	4.17
30	4.28	(0.12)	4.40

MBS - Current Coupon			
FNMA	Yield	Change	1 Week Ago
15yr	3.27	(0.11)	3.38
30yr	3.76	(0.12)	3.88
FHLMC	Yield	Change	1 Week Ago
15yr	3.31	(0.11)	3.42
30yr	3.78	(0.12)	3.90

Equities			
Index	Current	Change	1 Week Ago
DJIA	24,292	(1216.54)	25,509
S&P 500	2,633	(121.91)	2,755
Nasdaq	6,969	(361.75)	7,331


Fixed Income Sector Performance






Economy

Private Sector Jobs Gain 179,000 in November:

 The labor market is continuing on a strong year. Automatic Data Processing (ADP) released their private-sector employment numbers for November on Thursday, posting a 179,000 gain. The gain in October was revised slightly downward to show 225,000 jobs added instead of a previously reported 227,000.

- Small companies added 46,000 new jobs in November, medium-sized firms added 119,000 and large businesses added 13,000.
- The service sector led job growth with 59,000 jobs, education and health posted a 49,000 job advance which leisure and hospitality added 26,000 new jobs.

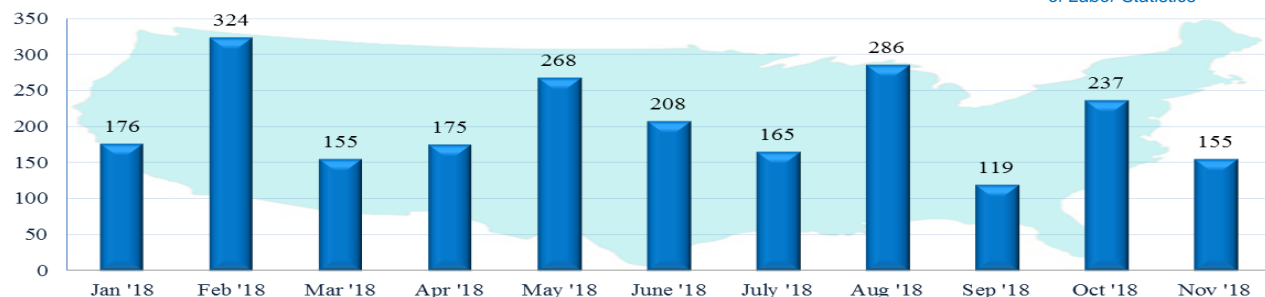
Non-Farm Payrolls Disappoint:

 Non-Farm Payrolls released by the Labor Department Friday came in lower than expected, posting a 155,000 gain versus the 198,000 consensus expectation. October's report was revised down to 237,000 new jobs added from a preliminary 250,000 estimate.

- The unemployment rate held steady at 3.7 percent, matching expectations. The labor force participation rate also remained stable at 62.9 percent.
- Average hourly earnings increased 0.2 percent month over month, however forecasts projected a 0.3 percent gain. On an annualized basis, hourly earning remained constant, up 3.1 percent.

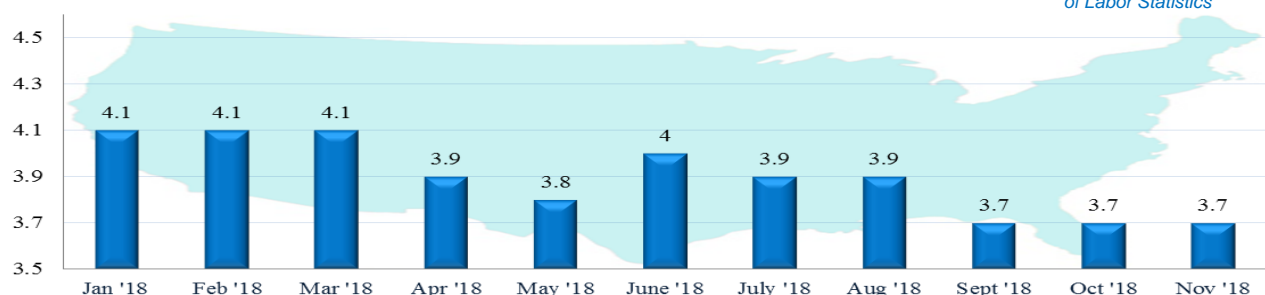
United States Non-Farm Payrolls
Thousands of Jobs

Source: U.S. Bureau of Labor Statistics



United States Unemployment Rate
Percentage of the Labor Force

Source: U.S. Bureau of Labor Statistics



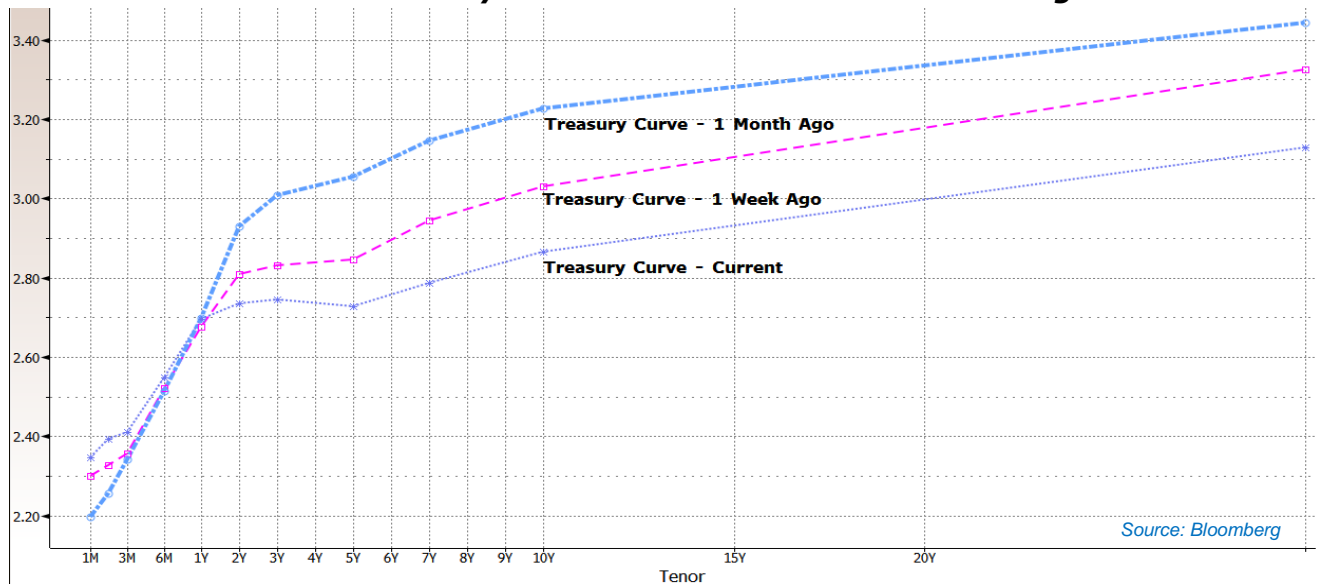


Fixed Income

Treasury Yield Curve Inverts:

- 🌐 The benchmark 10-Year U.S. Treasury yield continued its rally into the end of last week, inverting along the way. The 2- to 5-year portion of the curve has inverted with the current 2-year U.S. Treasury note yielding 2.734 percent and the 5-year U.S. Treasury note yielding 2.726 percent.
 - ➡ The Treasury yield curve also continues to flatten with the spread between 3-month and 10-year yields down to 55 basis points from 107 basis points at the beginning of October.

Current U.S. Treasury Curve versus 1-Week and 1-Month Ago



Long-Term Municipals Showing Relative Value:

- 🏠 The nominal yield on 30-Year Tax-Exempt Municipals are now providing 100.756 percent of 30-year U.S. Treasuries.
 - ➡ The rally in fixed-income has not negatively affected the long end of the municipal yield curve as much as other debt sectors.

AAA Municipal Yield as Percent of 30-Year Treasuries





Equities

Stocks Plunge Amid Trade Tensions and Growth:

📉 Stocks sold off in significant fashion Friday marking the worst weekly loss for the Standard and Poor's 500 Index since March. Top news related to the volatility were President Trump and his administration continuing the trade war with China and recently released lower economic data. Also of note was the arrest of Huawei Technology's chief financial officer, causing international market volatility.

- ➡ The Dow Jones Industrial Average lost over 500 points Friday, ending the week over 1200 points lower than the previous week's close.
- ➡ Ulta Beauty Inc. (ticker ULTA) led S&P 500 shares lower with a -13.13 percent lost Friday after earnings reflected a light holiday forecast.
- ➡ American Airlines (ticker AAL) lead airline stocks lower Friday losing -9.12 percent amid a sector downgrade resulting from economic growth and oil price concerns.

Global Market United States Index

Sector	Performance			Price per Earnings	Price to Sales	Dividend Yield
	1 Month	3 Month	YTD			
Communication Services 3 Industries	-2.54%	-5.17%	-10.58%	22.6x	1.3x	4.83%
Consumer Discretionary 17 Industries	-1.89%	-8.35%	+4.52%	16.5x	1.0x	1.27%
Consumer Staples 9 Industries	-2.30%	+0.79%	-3.57%	15.1x	1.0x	2.86%
Energy 3 Industries	-8.38%	-12.98%	-12.40%	14.0x	1.2x	1.74%
Financials 12 Industries	-4.88%	-10.26%	-8.54%	15.2x	2.1x	1.91%
Health Care 8 Industries	+1.54%	-1.54%	+11.98%	18.2x	1.2x	1.86%
Industrials 17 Industries	-3.96%	-11.43%	-8.81%	15.7x	1.1x	1.85%
Information Technology 10 Industries	-2.89%	-9.64%	+6.64%	14.8x	2.1x	0.90%
Materials 6 Industries	-4.52%	-12.50%	-14.34%	13.2x	1.1x	1.79%
Utilities 6 Industries	+2.91%	+2.63%	+6.56%	17.1x	1.3x	3.78%

Source: Bloomberg

Important Information Regarding This Report

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