

CAPITAL MARKETS REPORT - DECEMBER 17, 2018



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SERVICE BEYOND COMPARISON

Market Movers:

- **Global growth concerns**
 - **Federal Reserve final 2018 policy meeting**
 - **Partial U.S. Government shutdown possible**
- Concerns over the slowing global economy overshadowed positive trade developments and continued robust spending signs from the American consumer.
 - U.S. stocks closed on Friday at their lowest levels since April and U.S. Treasury prices continued to show strength. The S&P 500 fell 1.9% and the Dow sank almost 500 points. Retailers retreated even though monthly data results continue to show U.S. consumers are continuing to spend. Stocks opened down this morning, with the S&P 500 down 50 points and Dow Jones Industrial Average down 170 points. U.S. Treasuries are rallying, with the 10 year currently trading at 2.87%
 - British Prime Minister, Theresa May, survived a vote of no confidence on Wednesday. She will continue to negotiate a deal between the Britain and the European Union. Britain is planning to leave the EU on March 29, 2019.
 - The Federal Reserve will hold it's final policy meeting of 2018 this Tuesday and Wednesday. The rate decision will be announced on Wednesday at 2:00PM EST with consensus expecting a 4th rate increase this year. Chairman Jerome Powell will hold a press conference following the release. His comments will be closely studied for any clues for policy in 2019.
 - A partial U.S. Government shutdown could begin on Friday if Congress and President Trump do not reach a budget agreement. Money allocations for the border wall is the key issue for both sides.

Market Last Week

	12/7/18 Close	12/14/18 Close	Weekly Change
2 yr. note	2.71%	2.73%	+2bps
5 yr. note	2.68%	2.73%	+5bps
10 yr. note	2.84%	2.88%	+4bps
30 yr. bond	3.14%	3.14%	Unch.
1 Mo. LIBOR	2.40019	2.45500	+0.05481

Data This Week

Date/Time (EST)	Economic Data	Market Estimate	Prior Report
12/17/18 8:30 AM	Empire Manufacturing (Dec)	20.0	23.3
12/18/18 8:30 AM	Housing Starts (Nov)	1226k	1228k
12/19/18 10:00AM	Existing Home Sales (Nov)	5.20m	5.22m
12/19/18 2:00 PM	FOMC Rate Dec. Upper Bound	2.50%	2.25%
12/19/18 2:00 PM	FOMC Rate Dec. Lower Bound	2.25%	2.00%
12/20/18 8:30 AM	Initial Jobless Claims (Dec 15)	217k	206k
12/20/18 8:30 AM	Continuing Claims (Dec 8)	1665k	1661k
12/21/18 8:30 AM	GDP Annualized QoQ (3Q)	3.5%	3.5%
12/21/18 8:30 AM	Durable Goods Orders (Nov)	1.6%	-4.3%
12/21/18 10:00 AM	Personal Income (Nov)	0.3%	0.5%
12/21/18 10:00 AM	Personal Spending (Nov)	0.3%	0.6%
12/21/18 10:00 AM	U. of Mich. Sentiment (Dec)	97.5	97.5

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