

CAPITAL MARKETS REPORT - MAY 13, 2019



Birmingham (866) 405-6864
 Baton Rouge (800) 421-6182
 Shreveport (866) 453-5150
 Little Rock (800) 737-0535
 Memphis (901) 761-9660

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Market Movers:

- CPI (April) came in below consensus
- Current tariffs on Chinese imports raised to 25%
- More data was released last week suggesting low inflation. CPI for April was below consensus at 0.3%, lower than 0.4% in March.
- The biggest news last week is concerning the trade negotiations between the U.S. and China.
- U.S. tariffs on \$200 billion of Chinese imports increased from 10% to 25% on Friday. Trade negotiations between China and the U.S. have come to an impasse. The stalemate indicates a breakdown in trust and widening differences that will not be resolved anytime soon.
- During the meeting with Chinese officials in Washington, D.C., last week, the U.S. gave China its bottom line saying Beijing has 3-4 weeks more to reach an agreement before additional tariffs are placed on \$325 billion more Chinese imported goods. Details of the expected new tariffs will be released today, May 13.
- The Ministry of Finance in Beijing announced retaliatory measures to the increase in U.S. tariffs. China announced plans to raise duties on some American imports starting on June 1. The new rate of 25% will apply to 2,493 U.S. products, with other U.S. goods subject to duties ranging from 5%-20%.
- The Dow has opened over 440 points lower this morning while U.S. Treasuries rallied as investors flee to safer assets. The U.S. 10 year is currently yielding 2.41%, the lowest yield in more than 6 weeks.

Market Last Week

	5/3/19 Close	5/10/19 Close	Weekly Change
2 yr. note	2.33%	2.26%	-7bps
5 yr. note	2.32%	2.26%	-6bps
10 yr. note	2.52%	2.46%	-6bps
30 yr. bond	2.91%	2.88%	-3bps
1 Mo. LIBOR	2.46663	2.44900	-0.01763

Data This Week

Date/Time (EDT)	Economic Data	Market Estimate	Prior Report
5/14/19 6:00 AM	NFIB Small Business Optimism	102.0	101.8
5/14/19 8:30 AM	Import Price Index MoM (Apr)	0.7%	0.6%
5/14/19 8:30 AM	Import Price Index YoY	0.3%	0.0%
5/15/19 8:30 AM	Empire Manufacturing (May)	8.0	10.1
5/15/19 8:30 AM	Retail Sales Advance MoM (Apr)	0.2%	1.6%
5/15/19 9:15 AM	Industrial Prod. MoM (Apr)	0.0%	-0.1%
5/16/19 8:30 AM	Housing Starts (Apr)	1207k	1139k
5/16/19 8:30 AM	Building Permits (Apr)	1290k	1269k
5/16/19 8:30 AM	Initial Jobless Claims (May 11)	220k	228k
5/16/19 8:30 AM	Continuing Claims (May 4)	1680k	1684k
5/17/19 10:00 AM	Leading Index (Apr)	0.2%	0.4%
5/17/19 10:00 AM	U. of Mich. Sentiment (May)	97.5	97.2

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