

MORNING MARKET COMMENTARY

Friday, March 23, 2018

	Last end of day	Previous end of day
Fed Funds (open)	1.68%	1.43%
3- Month T-Bill	1.70%	1.71%
6-Month T-Bill	1.89%	1.90%
1-Year T-Bill	1.98%	1.99%
2-Year T-Note	2.283%	2.312%
10-Year T-Note	2.841%	2.859%
30-Year T-Bond	3.093%	3.083%
1-Month LIBOR	1.86125%	1.85382%
DJIA ↓ 724.42	23,957.89	24,682.31
Japanese Yen/USD	105.28	105.66
Canadian Dollar/USD	1.29	1.28
USD/Euro	1.23	1.23
Gold-London Fix	1,329.01	1,332.45
Crude Oil	64.30	65.14

March 23, 2018: U.S. Capital-Equipment Orders Rebound After Declines (Bloomberg)

Orders placed with U.S. factories for business equipment snapped back in February after two months of declines, consistent with steady manufacturing growth, a Commerce Department report showed Friday.

Non-military capital goods orders excluding aircraft rose 1.8% (est. up 0.9%), the biggest advance since September, after falling a downwardly revised 0.4% in January. Shipments of those goods, which are used to calculate gross domestic product, increased 1.4% (est. up 0.5%); Jan. revised up to a 0.1% increase (prev. down 0.1%). Bookings for all durable goods, items meant to last at least three years, rose 3.1% (est. 1.6% gain) following a 3.5% decrease.

Even with the February rebound, corporate outlays for equipment are likely settling back in the first three months of 2018 after accelerating for five straight quarters. The slowdown probably reflects little more than a tempering in the pace of investment, which continues to be supported by firmer global economic growth and lower tax rates.

That was also the message from Federal Reserve policy makers this week. In their statement accompanying a quarter- point increase in interest rates, officials said “recent data suggest that growth rates of household spending and business fixed investment have moderated from their strong fourth-quarter readings.” Still, they posited that the “economic outlook has strengthened in recent months.”

The sizable jump in February’s figures reflected increases in categories including primary metals, fabricated metal products, machinery and electrical equipment and appliances. That could also reflect possible efforts by businesses to place orders before Trump administration tariffs on imported steel and aluminum took effect. Investors and economists will watch data including durable goods and trade closely in coming months for any indications of an impact from the tariffs and other trade and retaliatory measures.