

## Weekly Bond Commentary:

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### Return of the consumer?

Spenders can't make up their minds this year. Or maybe it is the metrics. In any case, January retail sales came in better than expected, especially the core figure (which excludes auto and gas sales). If you remember, core sales plummeted in December, but it may be that temporary issues such as the stock market's plunge skewed numbers. The question is, of course, which month's results are more likely to be the trend. That surveys of consumer confidence have been strong of late pushes the likelihood of the optimistic reading.

Speaking of spending, the housing market may be rebounding, with household formation increasing, mortgage rates moderating, builder confidence rising and sales trending up even before the crucial spring selling season begins.

Industrial production didn't rise as much as analysts and economists had thought they would in February, with manufacturing actually contracting, although capital expenditures (capex) increased in January.

For the week, Treasury yields fell across the curve, as 2-year yields fell from 2.46% to 2.44%, 3-year yields fell from 2.43% to 2.39% and 5-year yields fell from 2.42% to 2.39%.