

BANKING/ FINANCE

Bond Traders Enter Fed Blackout Betting Hike Won't Quash Rally



CHRIS GOODNEY/BLOOMBERG NEWS

"If the Fed is going to continue on a path of hiking rates when data is not necessarily eye-popping, it's going to be hard for back-end rates to go up," said Jim Caron of Morgan Stanley Investment Management, which oversees \$65 billion in fixed income.

by Brian Chappatta

Before heading into the darkness of the Federal Reserve's blackout period, bond traders loaded up on Treasuries.

U.S. government debt rallied Friday, driving longer-term yields to the lowest this year, after Labor Department figures showed payrolls and average hourly earnings rose in May by less than estimated. The report came on the heels of data earlier in the week showing the Fed's preferred inflation gauge slipped further below its 2 percent target.

The benchmark 10-year yield finished the week at 2.16 percent, the lowest close since November, while the 30-year yield also set a year-to-date low. The reaction shows that traders are growing skeptical of additional rate hikes beyond June as they lose confidence that economic growth and inflation will accelerate.

There's also a tinge of political risk. With former FBI Director James Comey slated to testify before the Senate Intelligence Committee on June 8, investigations into Russia's meddling in the 2016 elections may be about to escalate.

Yet traders still see a Fed hike in June as almost a certainty. The market is pricing in an 83 percent chance the central bank raises its benchmark rate by a quarter point, based on the current effective fed funds rate and the forward overnight index swap rate.

For bond traders, it's shaping up like a Goldilocks situation in terms of the economy: Everything is just right for the Fed to continue to normalize, while not hot enough to trigger major losses in Treasuries, said Lisa Hornby at Schroders and Jim Caron at Morgan Stanley Investment Management. The upshot is that yields may edge even lower.

"If the Fed is going to continue on a path of hiking rates when data is not necessarily eye-popping, it's going to be hard for back-end rates to go up," said Caron, a senior portfolio manager whose firm oversees \$65 billion in fixed income. "It supports a position in the belly of the curve," like five- and 10-year notes, he said.

With the 10-year yield breaking its 200-day moving average, the next target is 2.1 percent, according to Tom di Galoma, managing director of government trading and strategy at Seaport Global Holdings. It's more likely to touch 2 percent before it reaches 2.5 percent, Kathleen Gaffney at Eaton Vance Corp. and Michael Collins at PGIM Fixed Income said Friday on Bloomberg Television.

The aftermath of the jobs data was seen in a marked flattening of the Treasuries yield curve Friday. The spread between two- and 10-year yields shrank to 87 basis points, the least since October, while the difference between the two- and 30-year maturities collapsed to a nearly nine-month low.

"The two-year Treasury hasn't moved much, while the belly of the curve is outperforming, which to me signals that the equilibrium rate the Fed thinks about is maybe too high," said Thanos Bardas, a portfolio manager at Neuberger Berman Group, which oversees \$119 billion in fixed income. The median long-run target rate on the Fed's "dot plot," which represents policymakers' projections, is 3 percent.

Bardas said that while the Fed is still primed to hike in June, officials will have a hard time doing so again in September if economic data keep missing the mark. The Citigroup Economic Surprise Index, which measures whether data beat forecasts, fell Friday to the lowest since February 2016.

Others agree. Goldman Sachs Group Inc. strategists pushed back their call for a third 2017 rate hike on Friday, to December from September, saying officials need more clarity on the economic outlook.

The next week probably won't be all that illuminating. Fed speakers are silent, abiding by their self-imposed blackout period, and there's not much in the way of critical economic data to alter their outlook.

So, for now, traders may have to get used to the bottom of the 2017 yield range.

Brian Chappatta reports for Bloomberg News.



CITY OF DORAL NOTICE OF PUBLIC HEARING TO CONSIDER A TEXT AMENDMENT TO THE CITY'S LAND DEVELOPMENT CODE

All residents, property owners and other interested parties are hereby notified of a **City Council Zoning Hearing** on **Tuesday, June 20, 2017, beginning at 6:00 PM**, to consider text amendments to the City's Land Development Code. The City Council will consider this item for **FIRST READING**. This meeting will be held at the **City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida 33166**.

The City of Doral proposes to adopt the following Ordinance:

Ordinance No. 2017-12

AN ORDINANCE OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, APPROVING/DENYING AN AMENDMENT TO THE LAND DEVELOPMENT CODE CHAPTER 80, "SIGN REGULATIONS", ARTICLES I THROUGH V; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE

HEARING NO.: 17-06-DOR-03

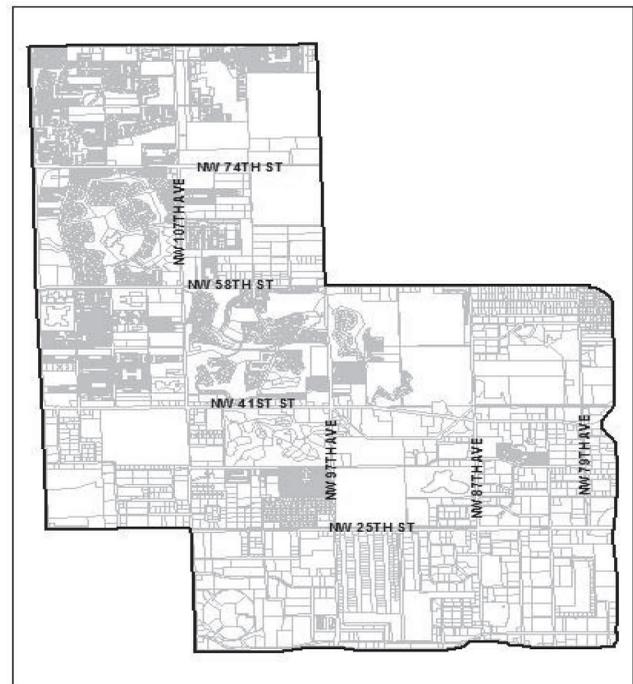
APPLICANT: City of Doral

PROJECT NAME: City of Doral Sign Regulations Update.

LOCATION: This is text amendment applies citywide.

REQUEST: The City is requesting an amendment to Chapter 80, Sign Regulations", Articles I through V, to update existing regulations applicable to all uses requiring the use of signs.

Location Map



Information relating to this request is on file and may be examined in the City of Doral, Planning and Zoning Department located at **8401 NW 53rd Terrace, Doral, FL 33166**. All persons are invited to appear at this meeting or be represented by an agent, or to express their views in writing addressed to the City Clerk, **8401 NW 53rd Terrace, Doral, FL 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Any persons wishing to speak at a public hearing should register with the City Clerk prior to that item being heard. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes If a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

NOTE: If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide translation services during the zoning application process or during any quasi-judicial proceeding.

NOTA: Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés, es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento o durante el proceso de solicitudes de zonificación.

Connie Diaz, CMC
City Clerk
City of Doral
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