WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

July 31, 2015

MARKET COMMENTARY
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The week began with an 8.5% drop in the Shanghai Composite Index, which sent markets down worldwide (but the Chinese market appeared to stabilize later). The Fed made only slight alterations to the wording of the monetary policy statement, and did not provide a strong signal that a September move is coming. Real GDP rose at a 2.3% annual rate in the advance estimate for 2Q15, a bit shy of expectations, but the first quarter was revised to +0.6% (from -0.2%). Annual benchmark revisions showed a somewhat slower rate of growth in the past few years (mostly in 2013), which implies that the output gap (the difference between GDP and potential GDP) is higher than it was thought to be earlier (an important consideration for the Fed).

It's no secret that the Fed is focused on slack in the labor market, and that slack is reflecting in labor compensation. The Employment Cost Index picked up in the first quarter, but it slowed sharply in the second quarter, bringing the year-over-year pace back below 2%. A year ago, Fed Chair Janet Yellen highlighted the "lackluster" pace of labor compensation (a 3.5–4.0% is more indicative of a healthy job market). It's still lackluster. So, the 2Q15 ECI (along with the wider output gap estimate) reduces the odds of a September 17 rate hike considerably.

Next week, fresh July economic data will begin to roll in. The ISM surveys and unit auto sales data will help define the economic picture. However, the focus will be on the employment report. Seasonal adjustment is large in July. Prior to adjustment, we can expect to lose about 1.4 million educations jobs (reflecting the end of the school year) and add about 200,000 non-education jobs. There is a good chance for a surprise, which is why one should concentrate on the three-month average (which is likely to remain relatively strong). The unemployment rate should hold steady (at 5.3%), while wage pressures are likely to appear modest.

Indices

	Last	Last Week	YTD return %
DJIA	17745.98	17731.92	-0.43%
NASDAQ	5128.79	5146.41	8.29%
S&P 500	2108.63	2102.15	2.42%

MSCI EAFE	1858.97	1877.14	4.74%
Russell 2000	1232.07	1244.97	2.27%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.08	0.06
30-year mortgage	4.03	4.12

Currencies

	Last	1 year ago
Dollars per British Pound	1.562	1.693
Dollars per Euro	1.096	1.340
Japanese Yen per Dollar	124.340	102.250
Canadian Dollars per Dollar	1.297	1.087
Mexican Peso per Dollar	16.390	13.071

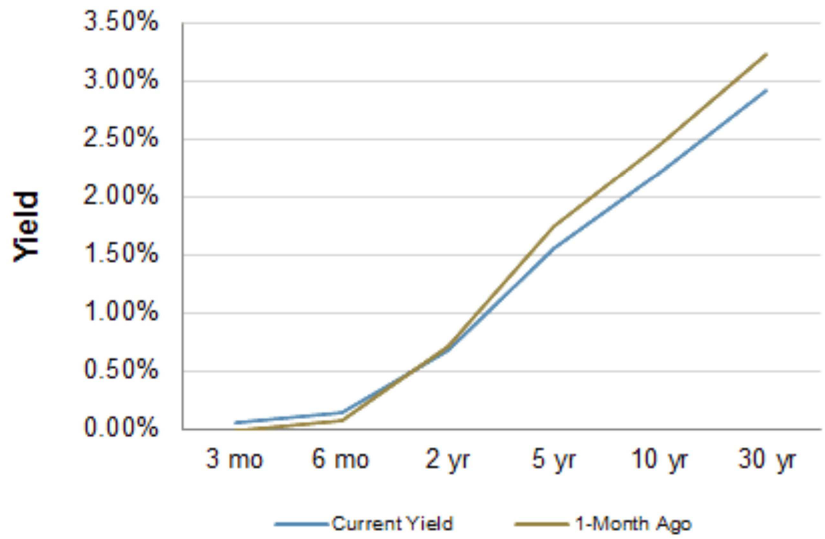
Commodities

	Last	1 year ago
Crude Oil	48.52	100.27
Gold	1087.10	1298.64

Bond Rates

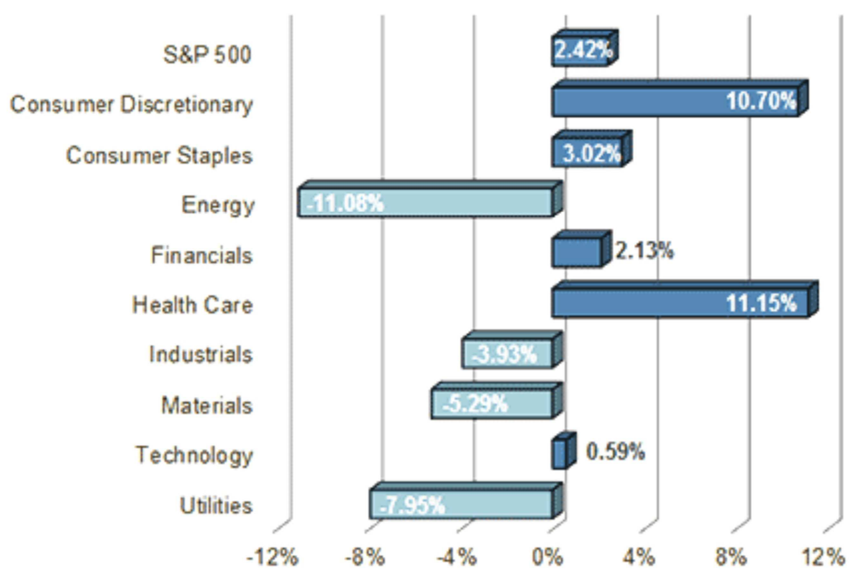
	Last	1 month ago
2-year treasury	0.67	0.71
10-year treasury	2.20	2.45
10-year municipal (TEY)	3.51	3.66

Treasury Yield Curve – 07/31/2015



As of close of business 7/30/2015

S&P Sector Performance (YTD) – 07/31/2015



As of close of business 7/30/2015

Economic Calendar

August 1	—	ISM Manufacturing Index (July) Motor Vehicle Sales (July)

August 5	—	ADP Payroll Estimate (July) Trade Balance (June) ISM Non-Manufacturing Index (July)
August 6	—	Bank of England Policy Decision Jobless Claims (week ending August 1)
Aug 7	—	Employment Report (July)
Aug 13	—	Retail Sales (July)
Aug 14	—	Producer Price Index (July) Industrial Production (July)

Past performance is not a guarantee of future results. There are special risks involved with global investing related to market and currency fluctuations, economic and political instability, and different financial accounting standards. There is no assurance that any trends mentioned will continue in the future. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Also municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Investing involves risk and investors may incur a profit or a loss.

US government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one year) obligations of the US government.

Commodities trading is generally considered speculative because of the significant potential for investment loss. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Specific sector investing can be subject to different and greater risks than more diversified investments.

Tax Equiv Muni yields (TEY) assumes a 35% tax rate. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change.

Material prepared by Raymond James for use by its financial advisors.

Data source: Bloomberg, as of close of business July 30, 2015.

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