
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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As expected, Greece's election resulted in a turn to the left. The new leadership indicated that it intends to remain in the euro, but will seek a reduction in austerity and some restructuring of the country's debt. That sets up a conflict with other European countries that oppose such moves. This will likely take some time to resolve, with headlines expected to add to global financial market volatility in the weeks to come. Meanwhile, euro area inflation fell to -0.6% y/y.

Real GDP rose at a 2.6% annual rate in the advance estimate for 4Q14 (vs. a median forecast of +3.1%), but it was still a good report. As expected, it was a strong quarter for consumer spending (+4.3%), but a relatively soft quarter for business fixed investment (+1.9%). The surprise was a wider trade deficit (figures for October and November has suggested little change). Stronger growth in imports (+8.9%) is a sign of strength in the domestic economy, but imports have a negative sign in the GDP calculation. Domestic Final Sales (GDP less net exports and the change in inventories) rose at a 2.8% pace, but would have risen about 3.4% if not for a drop in defense spending (unwinding an unexpected jump in 3Q14). The PCE Price Index fell at a 0.5% annual rate in 4Q14, reflecting lower oil prices, but core inflation fell to 1.1% (vs. the Fed's goal of 2.0%).

The other economic data were mixed. Consumer confidence jumped, as labor market perceptions improved sharply. Durable goods orders disappointed by a wide margin. The Federal Open Market Committee repeated that it can be "*patient*" in deciding when to begin raising short-term interest rates. It added "*global developments*" to the list of what it will consider.

Next week, fresh economic data will arrive in bunches, bookended by ISM manufacturing data on Monday and the Employment Report on Friday. However, stock market participants are likely to be more influenced by earnings reports and news from abroad. The January jobs data will be subject to noise in the seasonal adjustment. Unadjusted nonfarm payrolls typically fall by more than 2.8 million each January (reflecting the end of the holiday shopping period).

Indices

	Last	Last Week	YTD return %
DJIA	17416.85	17813.98	-2.28%

NASDAQ	4683.41	4750.40	-1.11%
S&P 500	2021.25	2063.15	-1.83%
MSCI EAFE	1792.03	1780.11	0.97%
Russell 2000	1190.18	1190.37	-1.20%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.06	0.07
30-year mortgage	3.66	4.32

Currencies

	Last	1 year ago
Dollars per British Pound	1.514	1.658
Dollars per Euro	1.131	1.368
Japanese Yen per Dollar	117.870	102.770
Canadian Dollars per Dollar	1.254	1.116
Mexican Peso per Dollar	14.774	13.274

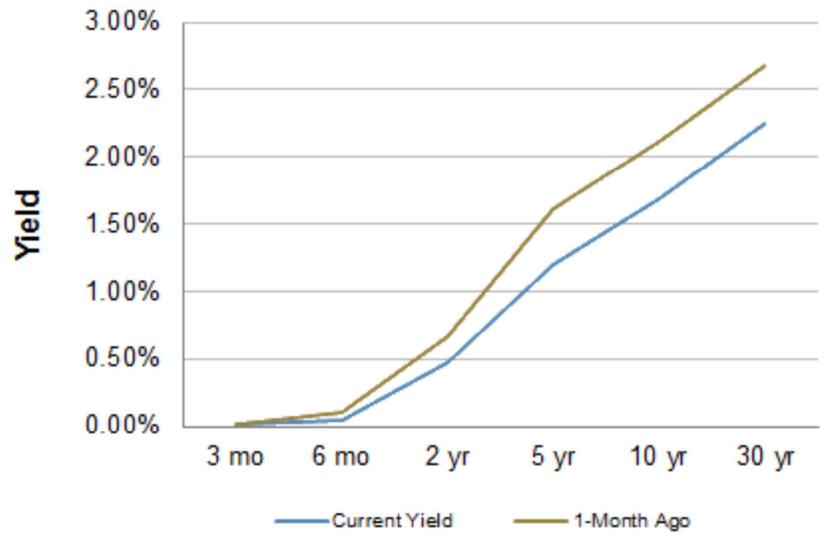
Commodities

	Last	1 year ago
Crude Oil	44.53	97.36
Gold	1275.65	1257.60

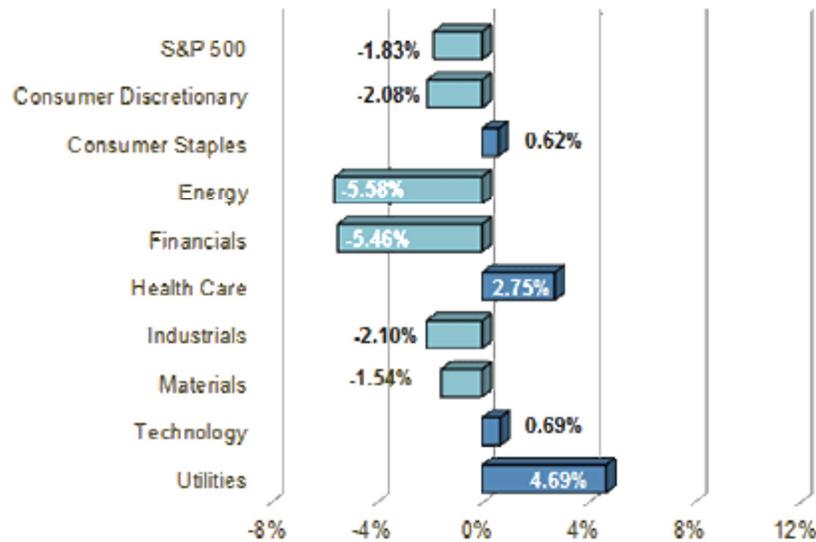
Bond Rates

	Last	1 month ago
2-year treasury	0.47	0.49
10-year treasury	1.68	2.34
10-year municipal (TEY)	2.82	3.31

Treasury Yield Curve – 01/30/2015



S&P Sector Performance (YTD) – 01/30/2015



Economic Calendar

February 2	—	Personal Income and Spending (December) ISM Manufacturing Index (January)
February 3	—	Factory Orders (December) Motor Vehicle Sales (January)
February 4	—	

		ADP Payroll Estimate (January)
		ISM Non-Manufacturing Index (January)
February 5	—	Jobless Claims (week ending January 31)
		Trade Balance (December)
February 6	—	Employment Report (January)
February 12	—	Retail Sales (January)

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.

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