
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

August 14, 2015

MARKET COMMENTARY BY SCOTT J. BROWN, PH.D., CHIEF ECONOMIST

China's leadership wants the yuan to become an important reserve currency, but that means that the country would have to let the currency float freely and be set by market forces. The People's Bank of China, the country's central bank, decided to alter its exchange rate regime. The currency is allowed to trade in a 2% band around a level announced before the markets open. The PBOC said that this base level would simply be set at the previous session's close (rather than taken out of the air). Traders took the currency down 1.9% on Tuesday. It fell further on Wednesday, before the PBOC apparently decided it had had enough of the free market, intervened, and that the forex adjustment was "basically completed." Confusion about China's intentions generated volatility in the global markets, sending U.S. share prices sharply lower. Bond yields dropped. Crude oil prices continued to fall, reflecting concerns about the pace of global economic growth.

The U.S. economic data were mixed. Retail sales rose a bit more than expected in July, but with upward revisions to May and June (suggesting a likely upward revision to second quarter GDP growth). Industrial production was stronger than anticipated in July, but improvement was concentrated in autos. While auto production is no doubt strong, seasonal adjustment almost certainly exaggerated the increase in July. Excluding autos, factory output edged up 0.1%, a meager 0.8% increase from a year ago. Reports on import prices and producer prices continued to show disinflation pressures.

Next week, the focus will be on the FOMC minutes from the July 28-29 policy meeting. The minutes should shed some light into the Fed's decision-making process and illustrate the range of views regarding the timing and pace of policy tightening. There is some chance that the financial markets will take something out of context.

Indices

	Last	Last Week	YTD return %
DJIA	17408.25	17419.75	-2.33%
NASDAQ	5033.56	5056.44	6.28%
S&P 500	2083.39	2083.56	1.19%
MSCI EAFE	1845.58	1875.28	3.98%

Russell 2000	1204.74	1215.85	0.00%
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Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.14	0.09
30-year mortgage	3.99	4.12

Currencies

	Last	1 year ago
Dollars per British Pound	1.563	1.672
Dollars per Euro	1.111	1.336
Japanese Yen per Dollar	124.520	102.480
Canadian Dollars per Dollar	1.300	1.093
Mexican Peso per Dollar	16.294	13.128

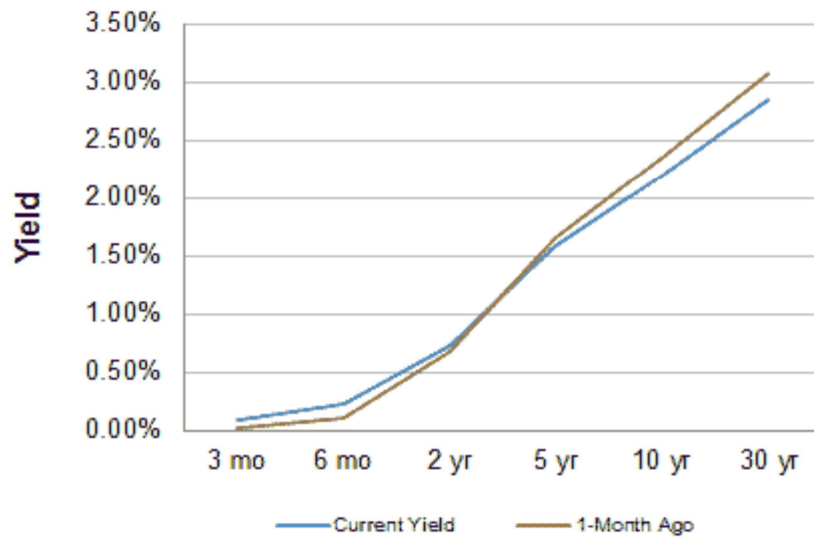
Commodities

	Last	1 year ago
Crude Oil	42.23	97.59
Gold	1117.76	1307.90

Bond Rates

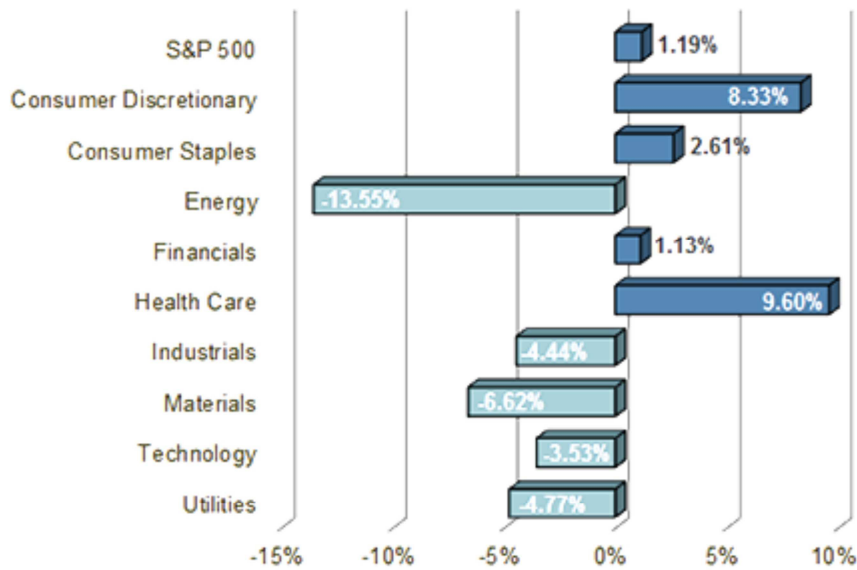
	Last	1 month ago
2-year treasury	0.72	0.67
10-year treasury	2.19	2.35
10-year municipal (TEY)	3.47	3.56

Treasury Yield Curve – 08/14/2015



As of close of business 8/13/2015

S&P Sector Performance (YTD) – 08/14/2015



As of close of business 8/13/2015

Economic Calendar

Aug 17	—	Empire State Manufacturing Index (August) Housing Market Index (August)
Aug 18	—	Building Permits, Housing Starts (July)

Aug 19	—	Consumer Price Index (July) FOMC Minutes (July 28-29)
Aug 20	—	Jobless Claims (week ending August 15) Existing Home Sales (July) Leading Economic Indicators (July)
Aug 27	—	Real GDP (2Q15, 2nd estimate)

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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 August 13, 2015.

RAYMOND JAMES®

John McRae

Branch Manager

512 22nd Avenue // Meridian, MS 39302 // 601-484-5273

john.mcrae@raymondjames.com

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