
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

March 20, 2015

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As was widely anticipated, the Federal Open Market Committee removed the *"patient"* language from the policy statement, but indicated that *"an increase in the target range for the federal funds rate remains unlikely at the April FOMC meeting."* The FOMC noted that *"economic growth has moderated somewhat"* (vs. January's "expanding at a solid pace"). In its Summary of Economic Projections, Fed officials lowered their forecasts for GDP growth and inflation. The dots in the dot plot (expectations of the appropriate year-end level of the federal funds rate) generally moved lower, implying a lower expected path of short-term interest rates in the months ahead. In her post-meeting press conference, Fed Chair Janet Yellen indicated that the FOMC will begin to consider rate increases on a meeting-by-meeting basis beginning in June, but that does not mean that it *will* move at the time. Future policy decisions will be data-dependent. She repeated that the Fed wants to see further improvement in the job market and be *"reasonably confident"* that inflation will move back toward the 2% target. She could not give a definition of *"reasonably confident"*, but said that the Fed will be watching job market conditions, wages, and inflation expectations.

The Financial Times described the Fed policy meeting result as "moonwalking" - appearing to move toward tightening, but actually expecting a much less aggressive path on short-term interest rates. The stock market rallied on the Fed news, but that merely fit into the pattern of large day-to-day swings in the major stock market averages. Bond yields dropped and the dollar gave back some ground.

Next week, Greece is still ticking and may blow up soon. The economic data releases could contain a surprise or two. The Consumer Price Index is expected to reflect a rebound in gasoline prices, but core inflation should remain low. Note that the week will be bookended by two important Fed speeches. Vice Chair Stanley Fischer, who taught former Fed Chair Ben Bernanke, current European Central Bank President Mario Draghi, and former Treasury Secretary Larry Summers, will speak Monday. Yellen speaks at the end of the week (the last 15 minutes of stock trading). Both will talk about monetary policy.

Indices

	Last	Last Week	YTD return %

DJIA	17959.03	17895.22	0.76%
NASDAQ	4992.38	4893.29	5.41%
S&P 500	2089.27	2065.95	1.48%
MSCI EAFE	1851.01	1821.87	4.29%
Russell 2000	1236.64	1236.64	4.16%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.12	0.07
30-year mortgage	3.75	4.32

Currencies

	Last	1 year ago
Dollars per British Pound	1.490	1.664
Dollars per Euro	1.069	1.393
Japanese Yen per Dollar	120.610	101.550
Canadian Dollars per Dollar	1.266	1.118
Mexican Peso per Dollar	15.199	13.167

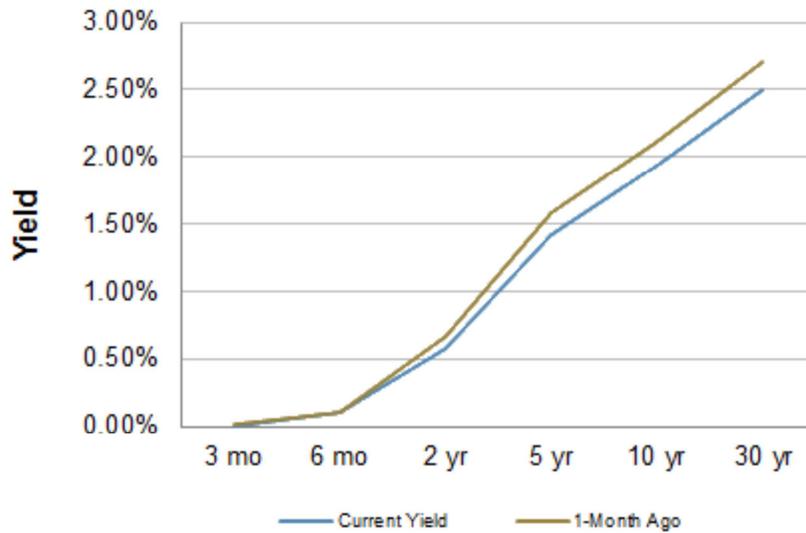
Commodities

	Last	1 year ago
Crude Oil	43.96	100.37
Gold	1164.75	1347.31

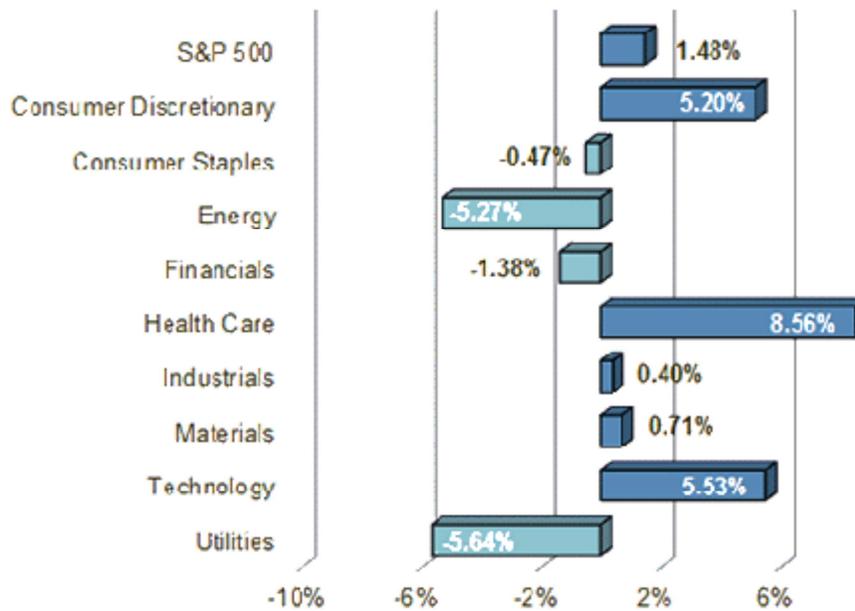
Bond Rates

	Last	1 month ago
2-year treasury	0.58	0.66
10-year treasury	1.94	2.11
10-year municipal (TEY)	3.20	2.80

Treasury Yield Curve – 03/20/2015



S&P Sector Performance (YTD) – 03/20/2015



Economic Calendar

March 23	—	Existing Home Sales (February) Fed Vice Chair Fischer Speaks (monetary policy)
March 24	—	Consumer Price Index (February) New Home Sales (February)
March 25	—	Durable Goods Orders (February)

March 26	—	Initial Claims (week ending March 21)
March 27	—	Real GDP (4Q14, 3rd estimate) Fed Chair Yellen Speaks (monetary policy)
April 1	—	ISM Manufacturing Index (March)
April 3	—	Good Friday Holiday (stock market closed) Employment Report (March) NCAA Final Four

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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