
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

February 20, 2015

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The minutes of the January 27-28 Federal Open Market Committee meeting showed officials continuing to make preparations for policy normalization. There was some debate about the risks of moving either too late or too soon. "Several" Fed officials feared that waiting too long to raise rates would risk higher inflation, but "many" (which in Fedspeak, is more than "several") worried that a premature increase in rates could dampen the economic recovery and leave the Fed with limited options to correct course. Many wanted to see signs that the economic recovery remained well-grounded after the transitory effects of lower gasoline prices and other factors dissipate. Several wanted to see a pickup in labor compensation. There remained a lot of anxiety regarding possible changes to the language in the policy statement (specifically, the "patient" phrase), with worries that the financial markets might overreact to a shift in the wording.

Economic data were mixed, but in the case of residential construction and industrial production, it's hard to get excited about January figures (the bigger test of the economy's strength will come in the spring). The Producer Price Index surprised to the downside. Core inflation at the wholesale level fell, while the price gauges for the earlier stages of production exhibited disinflationary pipeline pressures.

Germany rejected Greece's proposal to extend its debt. There was hope that the other members of the Eurogroup of finance ministers would be more agreeable, but talks were extended into the weekend.

Next week, financial market participants will likely react to news on Greece (even if the result is to kick the can down the road awhile longer). The U.S. economic data calendar is heavy, but the focus is expected to be on Fed Chair Janet Yellen's monetary policy testimony to Congress. Yellen, who will be speaking on behalf of all Fed officials, not just herself, is likely to echo what was included in the FOMC minutes. Later in the week, the CPI is expected to be reported as roughly flat year-over-year and the 4Q14 GDP estimate is likely to be revised lower (that's not necessarily bad, as it should partly reflect slower inventory growth and a wider trade deficit).

Indices

	Last	Last Week	YTD return %
DJIA	17985.77	17972.38	0.91%

NASDAQ	4924.70	4857.61	3.98%
S&P 500	2097.45	2088.48	1.87%
MSCI EAFE	1863.88	1822.82	5.01%
Russell 2000	1227.91	1216.25	1.93%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.12	0.07
30-year mortgage	3.76	4.33

Currencies

	Last	1 year ago
Dollars per British Pound	1.544	1.668
Dollars per Euro	1.140	1.375
Japanese Yen per Dollar	118.890	102.020
Canadian Dollars per Dollar	1.248	1.092
Mexican Peso per Dollar	14.918	13.267

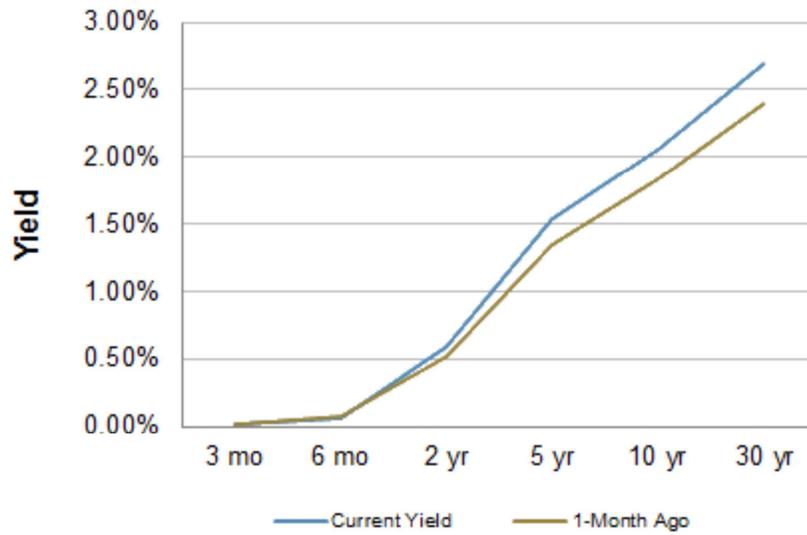
Commodities

	Last	1 year ago
Crude Oil	51.16	103.31
Gold	1219.39	1319.31

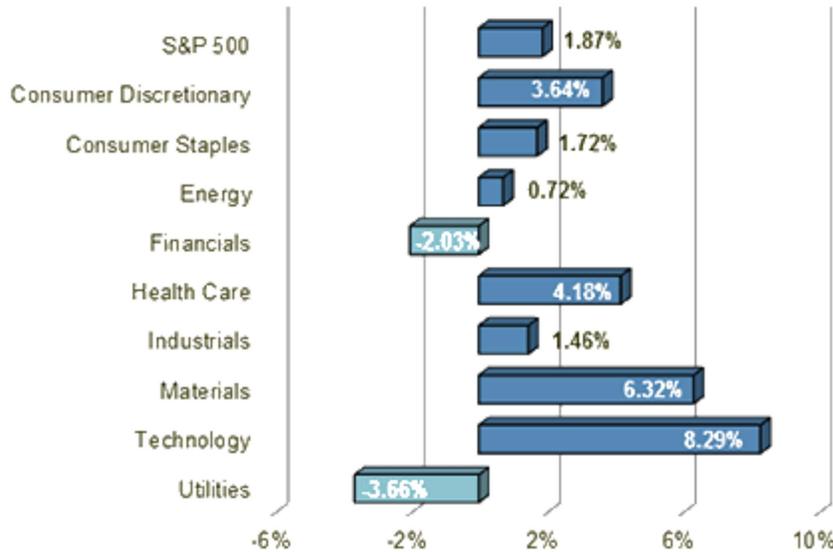
Bond Rates

	Last	1 month ago
2-year treasury	0.59	0.51
10-year treasury	2.06	1.83
10-year municipal (TEY)	3.23	2.79

Treasury Yield Curve – 02/20/2015



S&P Sector Performance (YTD) – 02/20/2015



Economic Calendar

February 23	—	Existing Home Sales (January)
February 24	—	Consumer Confidence (February) Yellen Monetary Policy Testimony (tentative)
February 25	—	New Home Sales (January) Yellen Monetary Policy (House)

February 26	—	Jobless Claims (week ending February 21) Consumer Price Index (January) Durable Goods Orders (January)
March 2	—	ISM Manufacturing Index (January)
March 6	—	Employment Report (February)
March 18	—	FOMC Policy Decision, Yellen Press Conference

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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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