
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

March 13, 2015

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Retail sales results for February continued to disappoint and consumer sentiment slipped unexpectedly, but weather may have been a factor. The reports on import prices and producer prices both showed significant disinflationary pressure (which may be seen as delaying the Fed's initial hike in short-term interest rates). Stock market volatility was elevated, with sharp moves day by day.

Market participants have grown increasingly worried about exchange rates. Around the world, exchange rates mostly fall under the jurisdiction of finance ministers (the Treasury in the U.S.), not the central banks. However, monetary policymakers have to be aware of the impact of currency movements on the outlooks for growth and inflation. The level of the exchange rate is usually not of much concern. It's the speed of adjustment that matters. Sharp currency moves tend to destabilize trade activity and international finance. There's not much finance ministers can do to stem the tide, but verbal comments can help prevent exchange rates from moving too rapidly. For the U.S., the strong dollar has helped push commodity prices lower, but it's a big negative for exporters.

Next week, the focus will be squarely on the Fed, but the end result should not be a surprise. The *"patient"* language will likely be taken out of the monetary policy statement, but as Chair Janet Yellen testified last month, that doesn't mean the Fed will necessarily begin to raise short-term interest rates *"in a couple of meetings."* The Summary of Economic Projections should show a bit less dispersion in the dot plot but no clear consensus on the future path of the federal funds target. In her post-meeting press conference, Yellen will likely repeat the key concepts she shared in last month's congressional testimony. Future policy moves will depend primarily on the job market outlook. However, officials must be "reasonably confident" that inflation (1.3% y/y in January) will move toward the 2% goal.

Indices

	Last	Last Week	YTD return %
DJIA	17895.22	18135.72	0.40%
NASDAQ	4893.29	4982.81	3.32%

S&P 500	2065.95	2101.04	0.34%
MSCI EAFE	1821.87	1865.56	2.65%
Russell 2000	1236.64	1234.31	2.65%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.12	0.08
30-year mortgage	3.86	4.37

Currencies

	Last	1 year ago
Dollars per British Pound	1.501	1.658
Dollars per Euro	1.062	1.386
Japanese Yen per Dollar	121.060	102.680
Canadian Dollars per Dollar	1.267	1.112
Mexican Peso per Dollar	15.391	13.307

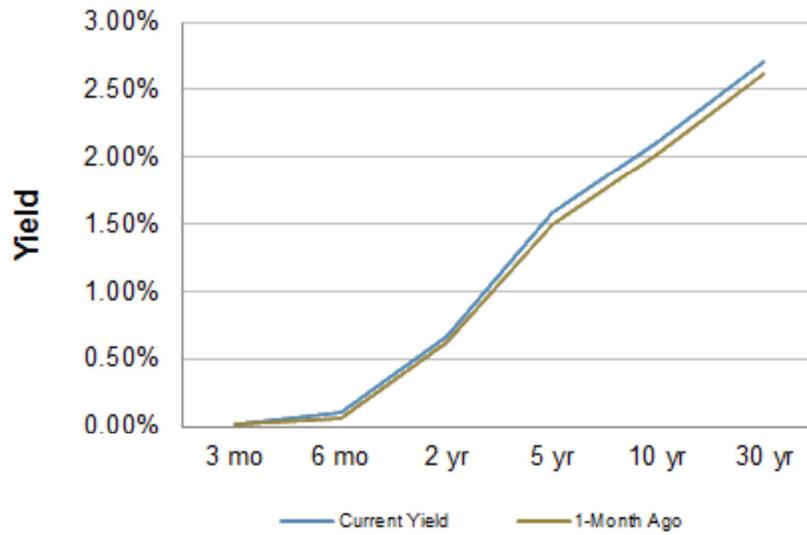
Commodities

	Last	1 year ago
Crude Oil	47.05	97.99
Gold	1160.52	1357.86

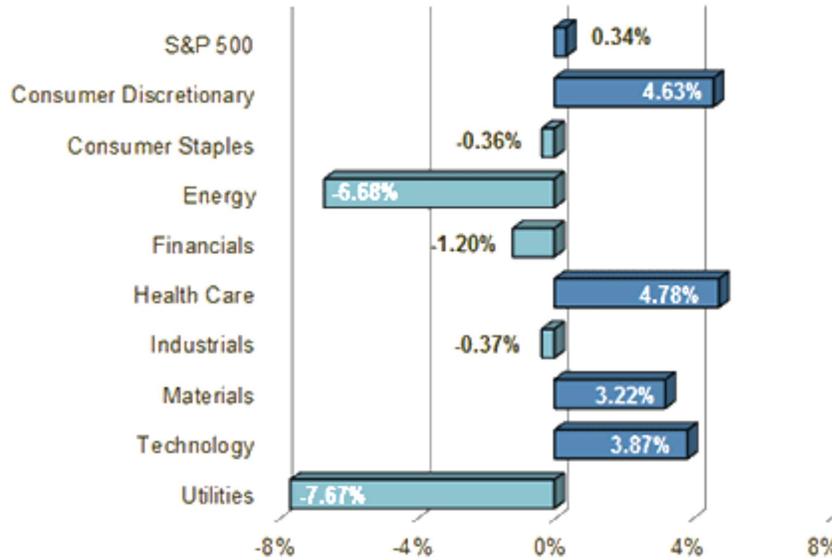
Bond Rates

	Last	1 month ago
2-year treasury	0.66	0.62
10-year treasury	2.11	2.02
10-year municipal (TEY)	3.40	2.80

Treasury Yield Curve – 03/13/2015



S&P Sector Performance (YTD) – 03/13/2015



Economic Calendar

March 16	—	Industrial Production (February) Homebuilder Sentiment (March)
March 17	—	Building Permits, Housing Starts (February)
March 18	—	

		FOMC Policy Decision
		Summary of Economic Projections
		Yellen Press Conference
March 19	—	Jobless Claims (week ending March 14)
March 23	—	Existing Home Sales (February)
March 24	—	Consumer Price Index (February)
		New Home Sales (February)

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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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