
WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

January 9, 2015

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The December Employment Report was strong, but with some conflicting details. Nonfarm payrolls rose by a greater-than-expected 252,000 (median forecast: +240,000), with a net revision to October and November of +50,000. It was the strongest year for job growth since 1999 (and the strongest private-sector job growth since 1997). The unemployment rate fell to 5.6% (median forecast: 5.7%), with annual benchmark revisions making little difference – however, the drop in the unemployment rate was due entirely to a decrease in labor force participation (don't read too much into that, seasonal adjustment is tricky in December). Average hourly earnings fell 0.2% (median forecast: +0.2%), while November's gain was revised to +0.2% (from +0.4%) – up 1.7% y/y (weak, but lower gasoline prices will help to push real earnings somewhat higher).

Stock market volatility continued, as investors tried to gauge the U.S. economic outlook and evaluate the risks from the rest of the world. The December Fed policy meeting minutes showed that officials believe they can be patient, but also noted that rates could be raised even if inflation is low (as long as there are strong expectations that it will move up to the Fed's 2% goal).

Next week, the focus will be on the European Court of Justice ruling on the legality of European Central Bank bond purchases (the German Constitutional Court expressed serious concerns, but punted the case to the ECJ, which heard the case in October). This ruling will be preliminary – hence, non-binding for the ECB. However, if sovereign bond purchases are deemed illegal, it would make it much more difficult for the ECB to embark on quantitative easing – that would be bad. So, global financial markets will hinge on the ruling.

Indices

	Last	Last Week	YTD return %
DJIA	17584.52	17823.07	6.08%
NASDAQ	4650.47	4736.05	11.35%
S&P 500	2025.90	2058.90	9.61%
MSCI EAFE	1697.01	1774.89	-11.41%

Russell 2000	1175.97	1204.70	1.06%
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Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.13	0.07
30-year mortgage	3.74	4.51

Currencies

	Last	1 year ago
Dollars per British Pound	1.514	1.642
Dollars per Euro	1.185	1.364
Japanese Yen per Dollar	119.160	104.440
Canadian Dollars per Dollar	1.183	1.069
Mexican Peso per Dollar	14.813	13.104

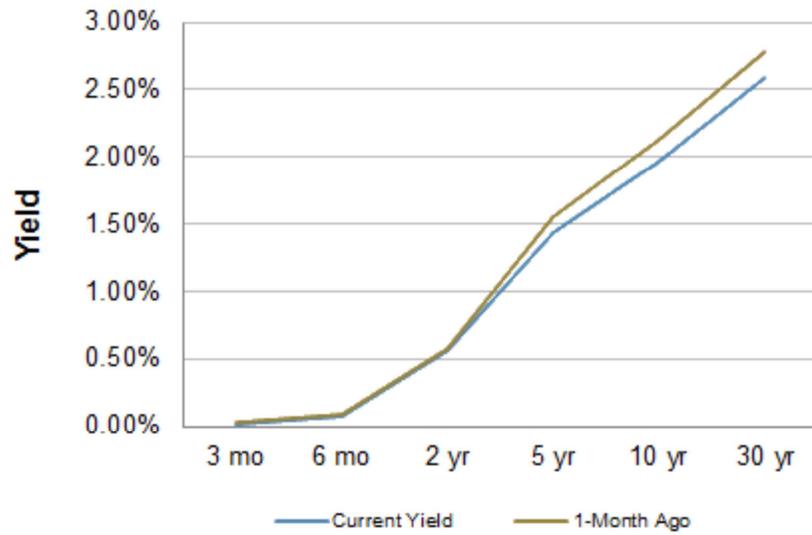
Commodities

	Last	1 year ago
Crude Oil	48.65	93.67
Gold	1213.34	1239.21

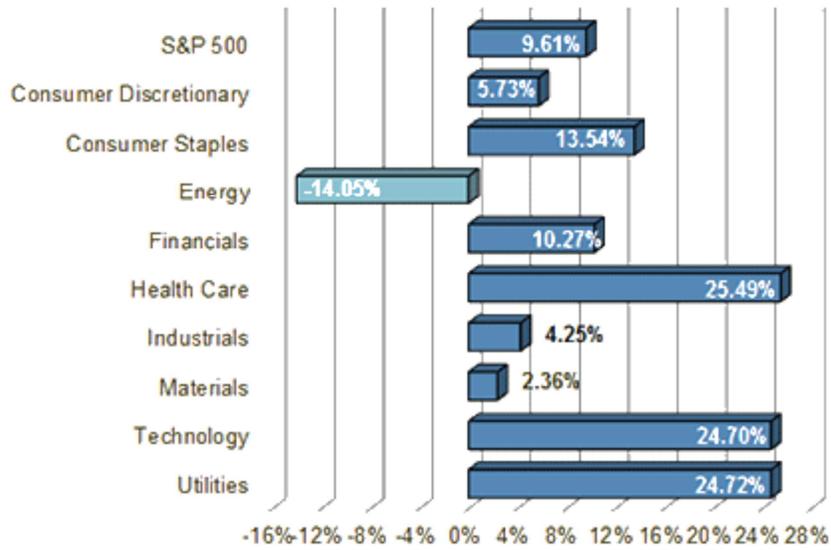
Bond Rates

	Last	1 month ago
2-year treasury	0.56	0.57
10-year treasury	1.97	2.13
10-year municipal (TEY)	3.02	3.30

Treasury Yield Curve – 01/09/2015



S&P Sector Performance (YTD) – 01/09/2015



Economic Calendar

January 12	—	CFP National Championship (Oregon vs. Ohio State)
January 13	—	Small Business Optimism Index (December)
January 14	—	

		ECJ Rules on ECB bond purchases Retail Sales (December) Fed Beige Book
January 15	—	Jobless Claims (week ending January 10) Producer Price Index (December) Empire State Manufacturing Index (January) Philadelphia Fed Index (January)
January 16	—	Consumer Price Index (December) Industrial Production (December) Consumer Sentiment (mid-January)
January 19	—	MLK, Jr. Holiday (markets closed)
January 22	—	ECB Policy Meeting

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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