WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

December 18, 2015

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

As expected, the Federal Open Market Committee raised the target range for the federal funds rate by a quarter percent (to 0.25-0.50%), citing improvement in the labor market, an expectation that inflation will move back to the 2% goal, and recognition that it takes time for monetary policy actions to affect the economy. Fed officials revised their forecasts for growth, unemployment, and inflation for the next few years, but these changed only slightly.

The dots on the dot plot (senior Fed officials' forecast of the appropriate federal funds rate for the end of each of the next few years) drifted a bit lower. However, while the dots varied widely in recent quarters, they are now more tightly bunched for 2016. Of the 17 senior Fed officials, seven expect to raise short-term interest rates by 100 basis points over the course of 2016 (or a quarter percent at every other Fed policy meeting, most likely in March, June, September, and December). That is the median forecast. However, three Fed officials saw three rate hikes in 2016 and four expected just two. Thus, 100-basis-points-per-year appears to be the base-case scenario, but the risk is that the Fed will be less aggressive.

While the financial markets have been exceedingly anxious about the timing of the Fed's initial hike, the response to the actual move was relief. Stocks rallied sharply. However, that response was short-lived. Oil prices, which the stock market takes as a signal of the overall strength in the global economy, fell the next day. Argentina devalued sharply against the U.S. dollar, fueling concerns about Latin American and emerging economies in general.

Next week, the U.S. economic data are unlikely to rock the boat too much, although investors are likely to remain focused on the rest of the world. The third estimate of 3Q15 GDP growth will solidify that quarter's picture, while November personal income and spending data will help fill in the picture for 4Q15.

Indices

	Last	Last Week	YTD return %
DJIA	17495.84	17574.75	-1.84%
NASDAQ	5002.55	5045.17	5.63%

S&P 500	2041.89	2052.23	-0.83%
MSCI EAFE	1699.97	1705.53	-4.22%
Russell 2000	1135.36	1149.02	-5.76%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.35	0.13
30-year mortgage	4.06	3.80

Currencies

	Last	1 year ago
Dollars per British Pound	1.493	1.571
Dollars per Euro	1.085	1.245
Japanese Yen per Dollar	122.430	117.190
Canadian Dollars per Dollar	1.383	1.116
Mexican Peso per Dollar	17.003	14.791

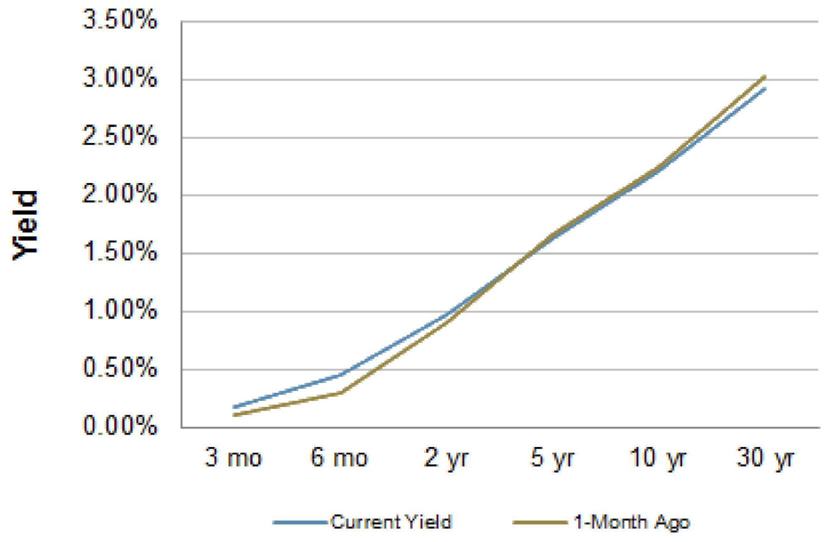
Commodities

	Last	1 year ago
Crude Oil	34.95	56.47
Gold	1065.80	1197.54

Bond Rates

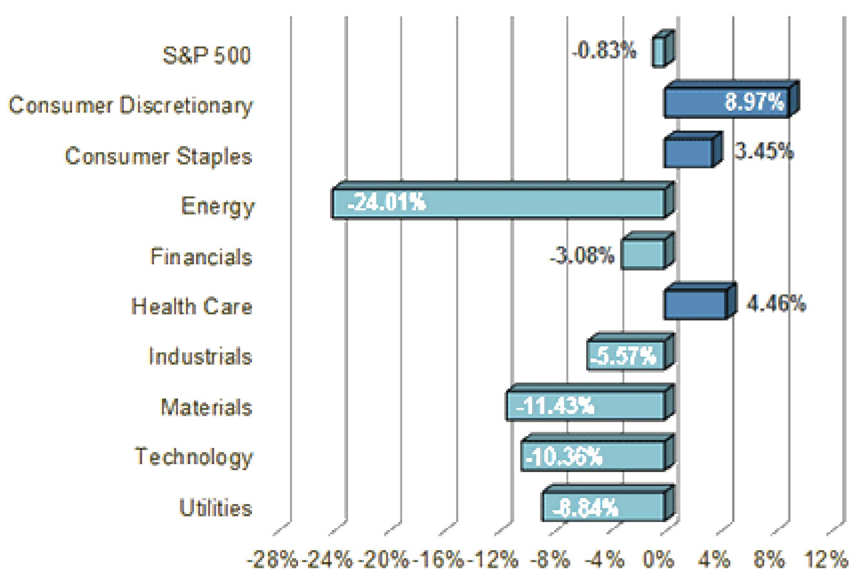
	Last	1 month ago
2-year treasury	0.88	0.49
10-year treasury	2.25	2.13
10-year municipal (TEY)	3.14	3.28

Treasury Yield Curve – 12/18/2015



As of close of business 12/17/2015

S&P Sector Performance (YTD) – 12/18/2015



As of close of business 12/17/2015

Economic Calendar

Dec 22	—	Real GDP (3Q15, 3rd estimate) Existing Home Sales (November)

Dec 23	—	Durable Goods Orders (November) Personal Income and Spending (November) New Home Sales (November)
Dec 25	—	Christmas Holiday (markets closed)
Jan 4	—	ISM Manufacturing Index (December)
Jan 6	—	ADP Payroll Estimate (December) ISM Non-Manufacturing Index (December) FOMC Minutes (December 15-16)
Jan 8	—	Employment Report (December)

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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RAYMOND JAMES®

John McRae

Branch Manager

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

john.mcrae@raymondjames.com