
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

May 22, 2015

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The economic data reports were mixed. Homebuilder sentiment declined in May, but residential homebuilding was stronger than expected in April. Some of that reflects a rebound from bad weather, but it's also a consequence of the high level of volatility in the multifamily sector (single-family permits were higher, but not exactly booming). Consumer price inflation remained negative on a year-over-year basis (-0.2%), but core inflation rose slightly more than anticipated.

Investors remained sensitive to minor changes in the Fed outlook. Minutes of the April 28-29 policy meeting show that a few officials thought that conditions might warrant an initial rate hike at the June meeting. However, that was very much a minority view and subsequent economic data suggest that such a move is very unlikely.

Fed Chair Janet Yellen said that the first quarter slowdown was due to *"transitory"* restraints and possibly statistical noise. If growth picks up, as expected, it should be appropriate for the Fed to begin raising rates later this year. Importantly, she said that *"if conditions develop as my colleagues and I expect, then the FOMC's objectives of maximum employment and price stability would best be achieved by proceeding cautiously, which I expect would mean that it will be several years before the federal funds rate would be back to its normal, longer-run level."*

Next week, the holiday-shortened week will be bookended by important economic reports. Durable goods orders are likely to have fallen in April, reflecting a pullback in aircraft orders (which spiked sharply higher in March). Keep an eye on capital goods orders, which have been weakening in recent months. New home sales are erratic, which means that there is a good chance for a surprise. Consumer spending dipped in April, but we should see a bounce in May (watch for revisions). The estimate of 1Q15 GDP growth (a +0.2% annual rate in the advance estimate) is expected to be revised down into negative territory.

Indices

	Last	Last Week	YTD return %
DJIA	18285.74	18252.24	2.60%
NASDAQ	5090.79	5050.80	7.49%

S&P 500	2130.82	2121.10	3.49%
MSCI EAFE	1948.41	1942.47	9.78%
Russell 2000	1256.74	1245.11	4.32%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.12	0.08
30-year mortgage	3.84	4.14

Currencies

	Last	1 year ago
Dollars per British Pound	1.569	1.689
Dollars per Euro	1.117	1.368
Japanese Yen per Dollar	120.990	101.060
Canadian Dollars per Dollar	1.220	1.091
Mexican Peso per Dollar	15.144	12.908

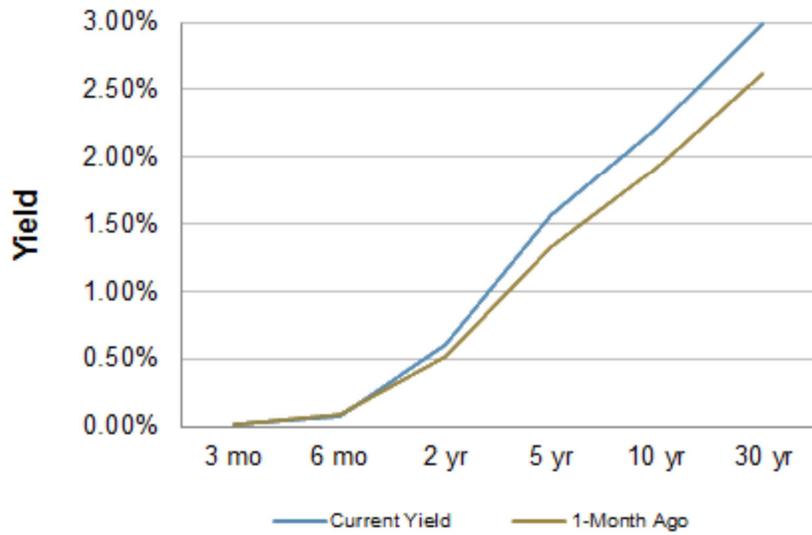
Commodities

	Last	1 year ago
Crude Oil	59.97	104.52
Gold	1210.24	1290.81

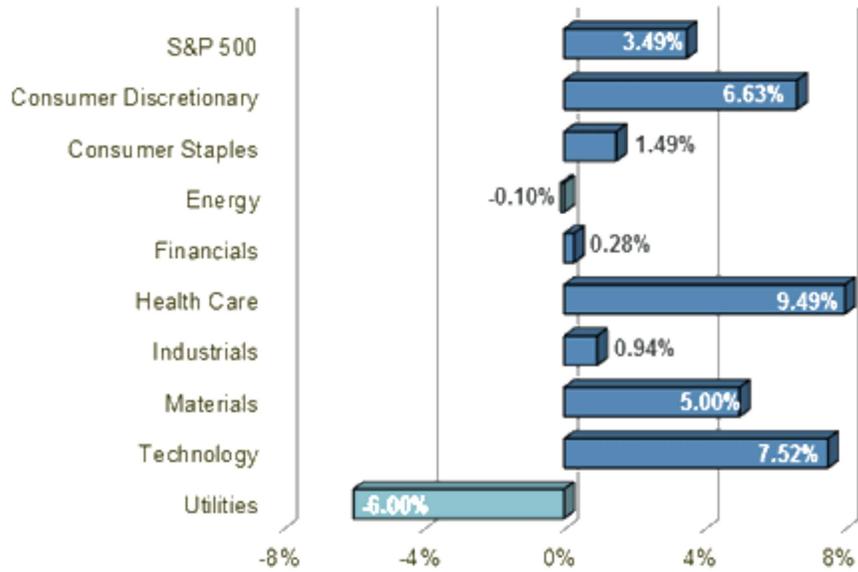
Bond Rates

	Last	1 month ago
2-year treasury	0.61	0.51
10-year treasury	2.21	1.92
10-year municipal (TEY)	3.58	3.09

Treasury Yield Curve – 05/22/2015



S&P Sector Performance (YTD) – 05/22/2015



Economic Calendar

May 25	—	Memorial Day Holiday (markets closed)
May 26	—	Durable Goods Orders (April) New Home Sales (April) Consumer Confidence (May)
May 28	—	

		Jobless Claims (week ending May 23)
		Pending Home Sales Index (April)
May 29	—	Real GDP (1Q15, 2nd estimate)
		Chicago Purchasing Managers Index (May)
		Consumer Sentiment (May)
June 1	—	ISM Manufacturing Index (May)
June 2	—	Motor Vehicle Sales (May)

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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.

Data source: Bloomberg, as of close of business May 21, 2015.

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