
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

June 24, 2016

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

U.S. financial markets spent most of the week pricing in a greater likelihood that the United Kingdom would vote to remain in the European Union. Oops. The surprise "leave" victory in the U.K. referendum sent markets reeling. Global stock markets fell sharply. The pound plunged (to a 30-year low). Bond yields sank, reflecting a flight to safety. Still, this wasn't a Lehman-type event. Market participants were simply caught leaning the wrong way. Prime Minister Cameron resigned, effective October, leaving his predecessor a lengthy negotiation with the EU on exit terms. The EU exit will have a negative impact on economic growth in the U.K., and there's a good chance of a recession. However, financial markets should begin to settle down soon.

In her semiannual monetary policy testimony to Congress, Fed Chair Yellen indicated that the central bank will maintain a cautious approach to raising short-term interest rates. Yellen's comments and the various economic reports were overshadowed by the Brexit vote.

Next week, the economic calendar is relatively quiet. First quarter growth is expected to be revised higher in the third estimate of 1Q16 GDP (note annual benchmark revisions are due, along with the advance estimate for 2Q16, on July 29). Personal income and spending figures will help fill in the consumer picture for the second quarter. The ISM Manufacturing Index would normally get the most attention, but it shows up on Friday, when many market participants are likely to be out ahead of the three-day weekend. Markets will close early on Friday.

Indices

	Last	Last Week	YTD return %
DJIA	18011.07	17733.10	3.36%
NASDAQ	4910.04	4844.91	-1.94%
S&P 500	2113.32	2077.99	3.39%
MSCI EAFE	1687.04	1568.83	-1.70%
Russell 2000	1172.22	1148.19	3.20%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.40	0.13
30-year mortgage	3.60	4.02

Currencies

	Last	1 year ago
Dollars per British Pound	1.488	1.571
Dollars per Euro	1.139	1.121
Japanese Yen per Dollar	106.16	123.85
Canadian Dollars per Dollar	1.275	1.238
Mexican Peso per Dollar	18.227	15.499

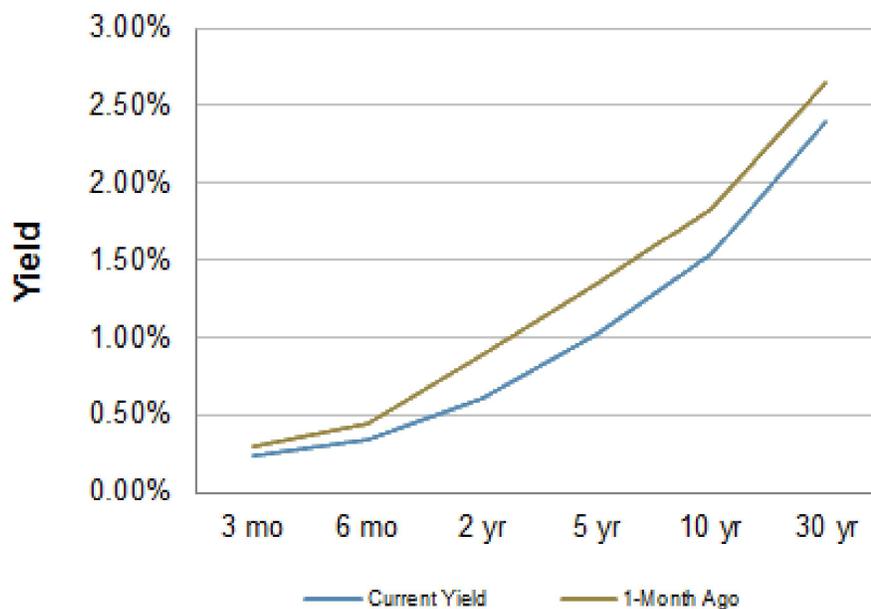
Commodities

	Last	1 year ago
Crude Oil	50.11	60.27
Gold	1263.10	1172.90

Bond Rates

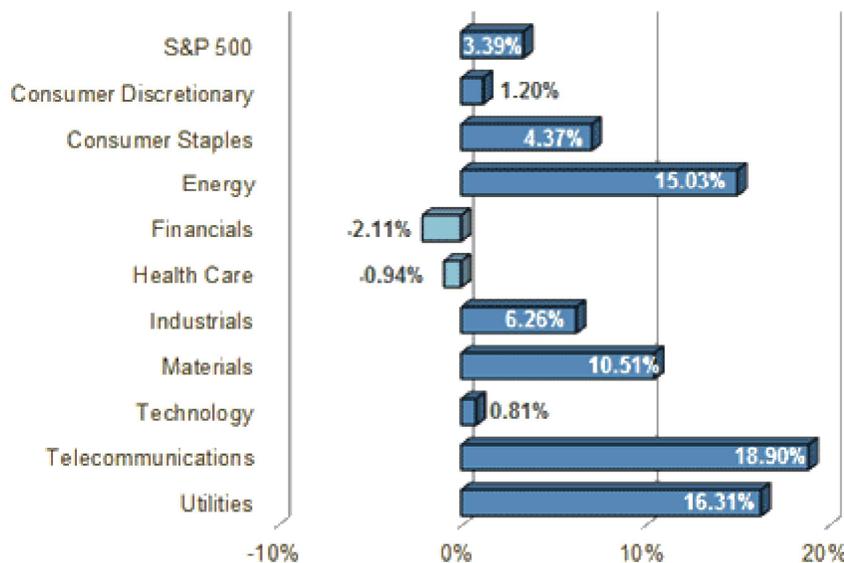
	Last	1 month ago
2-year treasury	0.60	0.88
10-year treasury	1.54	1.83
10-year municipal (TEY)	2.35	2.51

Treasury Yield Curve – 06/24/2016



As of close of business 06/23/2016

S&P Sector Performance (YTD) – 06/24/2016



As of close of business 06/23/2016

Economic Calendar

June 27	—	Trade Balance in Goods (May)
June 28	—	Real GDP (1Q16, third estimate) Consumer Confidence (June)
June 29	—	

		Personal Income and Spending (May)
		Pending Home Sales Index (May)
June 30	—	Jobless Claims (week ending June 25)
		Chicago Purchasing Managers Index (June)
July 1	—	ISM Manufacturing Index (June)
July 4	—	Independence Day Holiday (markets closed)

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. All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc. and are subject to change. There is no assurance any of the forecasts mentioned will occur. Investing involves risks including the possible loss of capital.

Data source: Bloomberg, as of close of business June 23, 2016.

RAYMOND JAMES®

John McRae

Branch Manager

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

john.mcrae@raymondjames.com

If you would prefer not to receive this newsletter, please [e-mail](#) our office.

The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee that the foregoing material is accurate or complete.

©2016 Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#). Securities offered through Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#), and are not insured by any financial institution insurance, the FDIC/NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal. Raymond James is not affiliated with the financial institution or the investment center.