
WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

May 27, 2016

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

The economic data remained consistent with a pickup in economic growth in 2Q16, partly reflecting a rebound from Easter-related restraint in 1Q16. New home sales rocketed higher in April, and while seasonal adjustment may have exaggerated the strength, unadjusted figures were also substantially higher (much of that is likely statistical noise). Durable goods orders surged in April, reflecting a sharp rise in civilian aircraft orders. Ex-transportation, orders remained consistent with a weak trend in business fixed investment. Real GDP rose at a 0.8% annual rate in the 2nd estimate of first quarter growth (vs. +0.5% in the advance estimate). Chair Janet Yellen suggested that the Fed was getting closer to raising rates in the months ahead, based on improving economic conditions (although June still appears unlikely).

In the last two weeks, the markets have been reappraising the likely path of Fed rate hikes. Yet, that hasn't been a significant negative for the stock market. Bond yields have crept somewhat higher, but remain relatively low. The dollar has strengthened.

Next week, fresh May figures will help shape the near term economic outlook. While a number of releases have market-moving potential, the focus is expected to be on the employment report. Nonfarm payrolls are likely to have risen at a moderately strong pace, but there is a fair amount of statistical uncertainty (one should really focus on the three-month average). Note that job growth is expected to slow in the months ahead as the labor market tightens (100,000 per month would be consistent with the growth in the working-age population, we've been running close to twice that pace). The unemployment rate should hold about steady (5.0% in April) as labor force participation picks up (it was down in April, but the trend is higher).

Indices

	Last	Last Week	YTD return %
DJIA	17847.30	17435.40	2.42%
NASDAQ	4910.33	4712.53	-1.94%
S&P 500	2090.10	2040.04	2.26%
MSCI EAFE	1669.84	1619.49	-2.71%

Russell 2000	1139.75	1094.78	0.34%
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Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.38	0.13
30-year mortgage	3.73	3.87

Currencies

	Last	1 year ago
Dollars per British Pound	1.467	1.535
Dollars per Euro	1.119	1.090
Japanese Yen per Dollar	109.76	123.66
Canadian Dollars per Dollar	1.300	1.245
Mexican Peso per Dollar	18.454	15.283

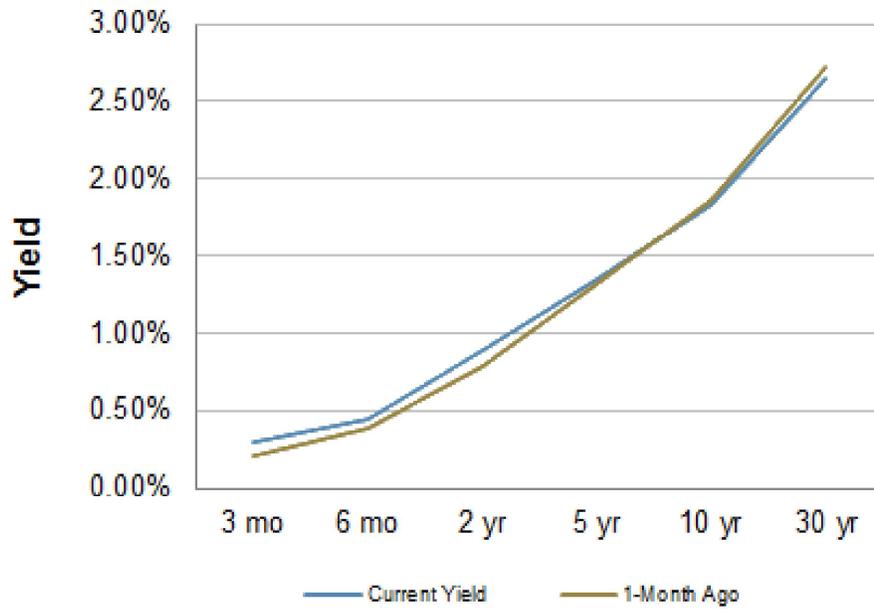
Commodities

	Last	1 year ago
Crude Oil	49.48	57.51
Gold	1220.40	1186.50

Bond Rates

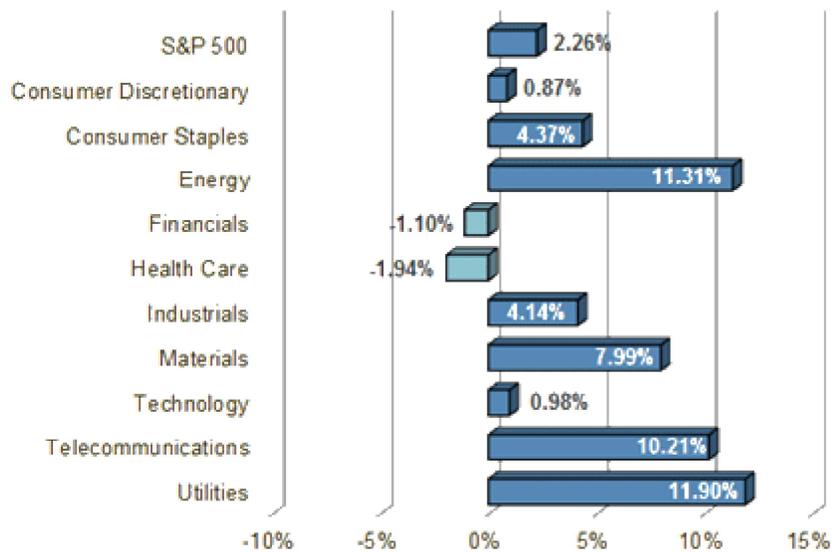
	Last	1 month ago
2-year treasury	0.88	0.79
10-year treasury	1.83	1.85
10-year municipal (TEY)	2.51	2.57

Treasury Yield Curve – 05/27/2016



As of close of business 05/26/2016

S&P Sector Performance (YTD) – 05/27/2016



As of close of business 05/26/2016

Economic Calendar

May 30	—	Memorial Day Holiday (markets closed)
May 31	—	Personal Income and Spending (April) Chicago Purchasing Managers Index (May) CB Consumer Confidence (May)

June 1	—	ISM Manufacturing Index (May) Fed Beige Book Auto Sales (May)
June 2	—	ADP Payroll Estimate Jobless Claims (week ending May 28)
June 3	—	Employment Report (May) Trade Balance (April) Factory Orders (April) ISM Non-Manufacturing Index (May)
June 6	—	Yellen speaks
June 15	—	FOMC Policy Decision (Yellen press conference)

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

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