

# WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

December 2, 2016

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There was a ton of economic data, most of it consistent with moderately strong growth in the near term. Nonfarm payrolls rose in line with expectations in November. The unemployment rate fell to 4.6% (the lowest since August 2007), but that was partly due to a drop in labor force participation. Average hourly earnings fell 0.1%, following a 0.4% rise in October, up 2.5% y/y (still trending higher, but more moderately than it appeared a month ago). Real GDP rose at a 3.2% annual rate in the second estimate for 3Q16 (vs. +2.9% in the advance estimate), reflecting an upward revision to consumer spending growth (note that a third of 3Q16 GDP growth was due to a surge in soybean exports). The ISM Manufacturing Index was a bit stronger than anticipated (still relatively lackluster). The Conference Board's Consumer Confidence Index improved.

The financial markets continued to look beyond the economic data to the outlook for 2017 (the Trump trade – lower tax rates, reduced regulation, higher bond yields). However, investors struggled to assess how much is already factored in.

Next week, the economic calendar thins out. The ISM Non-Manufacturing Index has some potential to surprise. The October trade data should show a pullback in soybean exports (which added nearly a full percentage point to 3Q16 GDP growth – hence, an expected drag on 4Q16 GDP growth). Italy votes on its constitutional referendum on Sunday. Some see this as a possible step in the breakup of the European Union, but that may be a stretch. Prime Minister Renzi has indicated that he will resign if the “no” campaign wins. A “yes” vote would streamline the government, making it easier to get things done, such as dealing with the country's banking crisis. “No” had been leading in the polls, but for the most part, a “no” victory should be factored into the markets.

### Indices

	Last	Last Week	YTD return %
DJIA	19191.93	19083.18	10.14%
NASDAQ	5251.11	5380.68	4.87%
S&P 500	2191.08	2204.72	7.20%
MSCI EAFE	1630.994	1625.20	-4.97%

Russell 2000	1313.803	1342.09	15.66%
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### Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.41	0.13
30-year mortgage	4.24	3.93

### Currencies

	Last	1 year ago
Dollars per British Pound	1.2591	1.495
Dollars per Euro	1.066	1.062
Japanese Yen per Dollar	114.10	123.24
Canadian Dollars per Dollar	1.332	1.334
Mexican Peso per Dollar	20.779	16.565

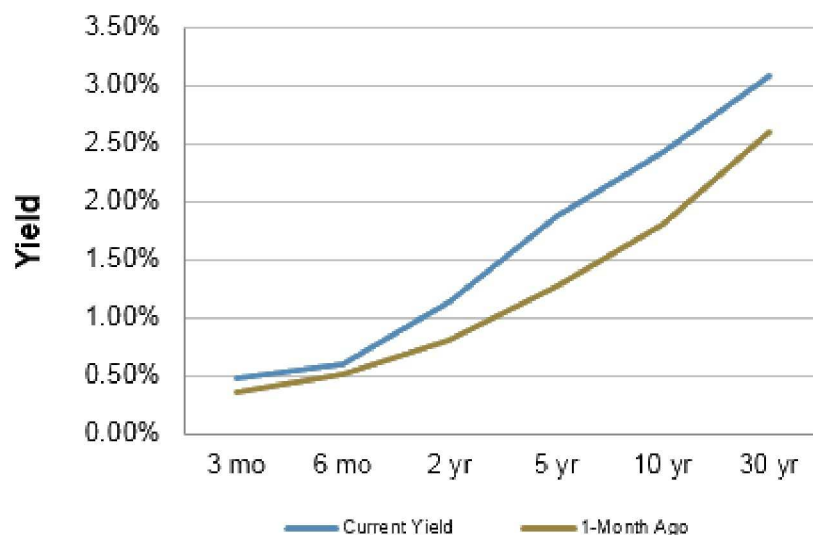
### Commodities

	Last	1 year ago
Crude Oil	51.06	39.94
Gold	1169.40	1053.80

### Bond Rates

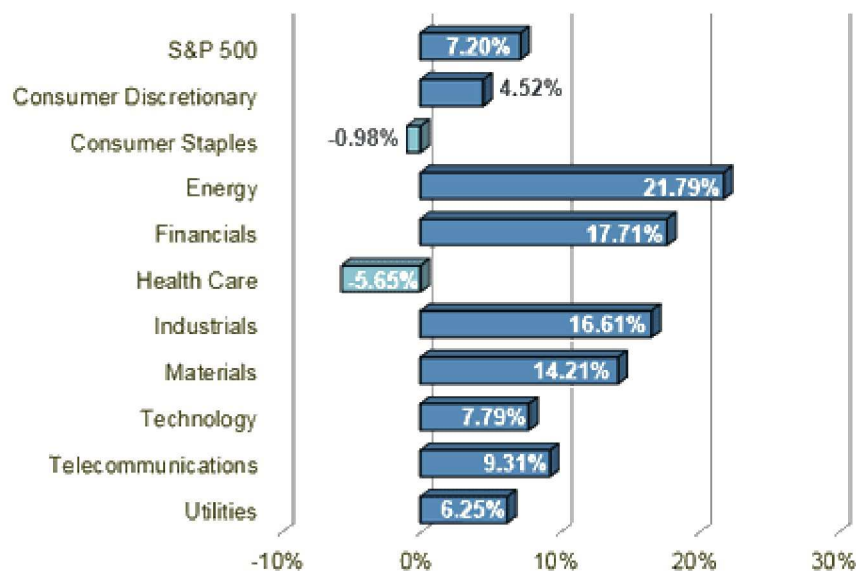
	Last	1 month ago
2-year treasury	1.13	0.81
10-year treasury	2.42	1.80
10-year municipal (TEY)	3.95	2.66

### Treasury Yield Curve – 12/02/2016



As of close of business 12/01/2016

**S&P Sector Performance (YTD) – 12/02/2016**



As of close of business 12/01/2016

**Economic Calendar**

<b>December 4</b>	—	Italian Constitutional Referendum
<b>December 5</b>	—	ISM Non-Manufacturing Index (November)
<b>December 6</b>	—	Trade Balance (October)
<b>December 8</b>	—	ECB Policy Decision
<b>December 14</b>	—	FOMC Policy Decision (Yellen press conference)

	—	Producer Price Index (November)
	—	Industrial Production (November)
	—	FOMC Policy Decision
	—	Fed Revised Economic Projections
	—	Yellen press conference
<b>January 2</b>	—	New Year's Holiday (markets closed)
<b>January 6</b>	—	Employment Report (December)
<b>January 20</b>	—	Inauguration Day
<b>February 1</b>	—	FOMC Policy Decision (no press conference)
<b>March 15</b>	—	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.

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Data source: Bloomberg, as of close of business December 01, 2016.

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