

# WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

October 21, 2016

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The recent economic data reports have done little to alter the overall picture (moderate growth, low inflation). The Fed's Beige Book noted that economic activity has continued to expand, with most Fed districts describing growth as "modest" or "moderate." In mid-September, nine of the 12 district banks had requested an increase in the discount rate (the rate the Fed charges banks for short-term borrowing) – one more than in late July – suggesting internal pressures for higher short-term interest rates at the Fed.

Earnings have been the dominant concern for the stock market. However, the results have not pushed the major market indices out of their recent range. Bond yields are somewhat higher in recent weeks, partly reflecting the anticipation of the end of the European Central Bank's asset purchase program (the end is currently set for February, but likely to be extended, although there is much market debate about a possible tapering of asset purchases).

Next week, earnings are likely to remain an important factor, but the economic calendar is getting to be important. The government reports its initial estimate of 3Q16 GDP growth on Thursday. There's always uncertainty in the advance estimate, but the underlying story isn't expected to surprise. Consumer spending growth should be moderate. Business fixed investment and residential homebuilding should be soft. A slower trend in inventories subtracted significantly for GDP growth in recent quarters, making the economy look weaker than it really is. An inventory rebuild was expected to drive GDP growth higher in 3Q16, but it now looks as if that contribution will be much more modest. Foreign trade ought to add to third quarter growth, largely reflecting a pickup in agricultural exports.

### Indices

	Last	Last Week	YTD return %
DJIA	18162.35	18098.94	4.23%
NASDAQ	5241.83	5213.33	4.68%
S&P 500	2132.55	2132.55	4.77%
MSCI EAFE	1679.83	1654.37	-2.12%
Russell 2000	1219.79	1215.75	7.39%

**Consumer Money Rates**

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.41	0.12
30-year mortgage	3.54	3.79

**Currencies**

	Last	1 year ago
Dollars per British Pound	1.225	1.542
Dollars per Euro	1.093	1.134
Japanese Yen per Dollar	103.95	119.93
Canadian Dollars per Dollar	1.323	1.314
Mexican Peso per Dollar	18.621	16.656

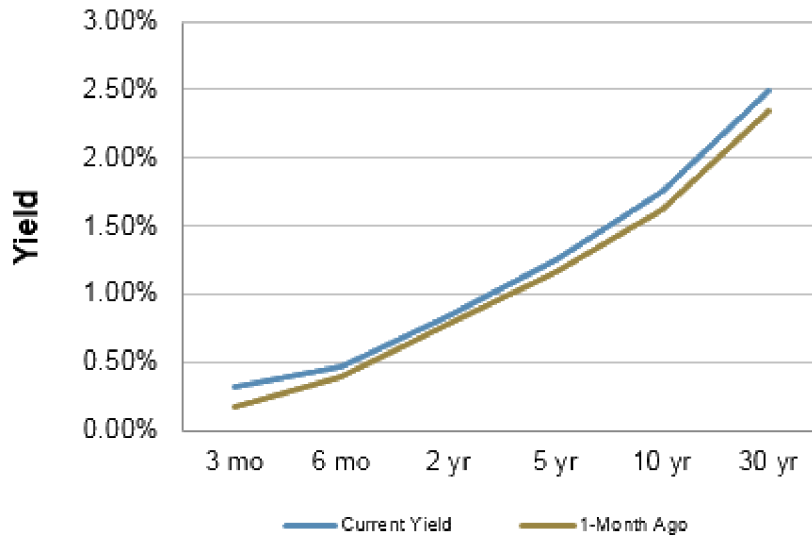
**Commodities**

	Last	1 year ago
Crude Oil	50.63	45.20
Gold	1267.50	1167.10

**Bond Rates**

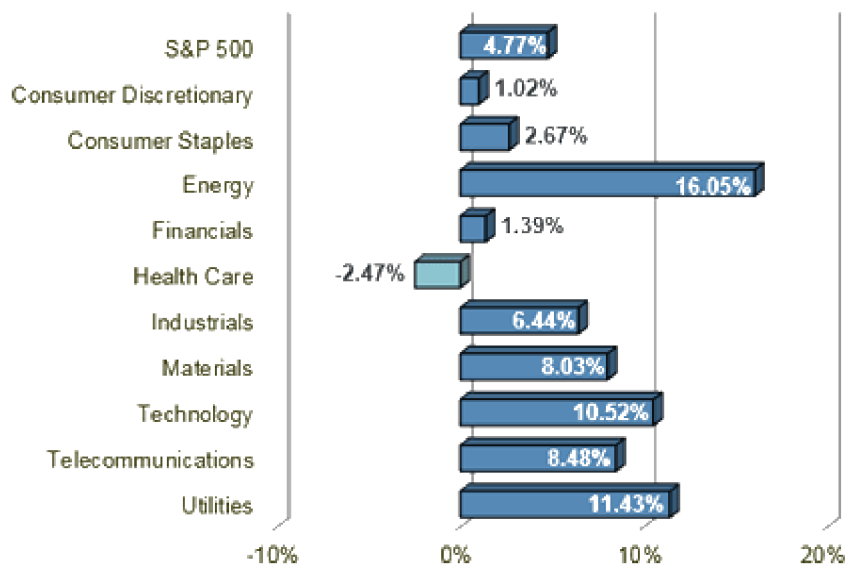
	Last	1 month ago
2-year treasury	0.83	0.77
10-year treasury	1.75	1.69
10-year municipal (TEY)	2.65	2.36

**Treasury Yield Curve – 10/21/2016**



As of close of business 10/20/2016

**S&P Sector Performance (YTD) – 10/21/2016**



As of close of business 10/20/2016

**Economic Calendar**

<b>October 25</b>	—	CB Consumer Confidence Index (October)
<b>October 26</b>	—	New Home Sales (September)
<b>October 27</b>	—	Jobless Claims (week ending October 22)
	—	Durable Goods Orders (September)
	—	Pending Home Sales Index (September)
<b>October 28</b>	—	Real GDP (3Q16, advance estimate)
	—	Employment Cost Index (3Q16)

<b>November 1</b>	—	ISM Manufacturing Index (October)
<b>November 2</b>	—	FOMC Policy Decision (no press conference)
<b>November 4</b>	—	Employment Report (October)
<b>November 8</b>	—	Election Day
<b>November 11</b>	—	Veterans Day Holiday (bond market closed)
<b>November 24</b>	—	Thanksgiving Holiday (markets closed)
<b>December 2</b>	—	Employment Report (November)
<b>December 14</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 October 13, 2016.

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