WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

September 23, 2016

MARKET COMMENTARY
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As expected, the Federal Open Market Committee did not raise interest rates following its two-day policy meeting: *"The Committee judges that the case for an increase in the federal funds rate has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives."* Three of the district bank presidents dissented in favor of an immediate rate hike. In its Summary of Economic Projections, Fed officials significantly lowered their expectations of the future path of the federal funds rate for 2017 and 2018. In her post-meeting press conference, Fed Chair Janet Yellen said: *"Conditions in the labor market are strengthening, and we expect that to continue, and while inflation remains low, we expect it to rise to our 2% objective over time - but with labor market slack being taken up at a somewhat slower pace than in previous years, scope for some further improvement in the labor market remaining, and inflation continuing to run below our 2% target, we chose to wait for further evidence of continued progress toward our objectives."*

The downward shift in the Fed's expectations of future rate hikes was taken well by the financial markets. However, the main reason that the Fed's interest rate outlook has drifted lower is that the outlook for economic growth has moderated (due to slower population growth and a weak trend in productivity growth).

Next week, financial markets will surely be interested in the first presidential debate between Trump and Clinton - however, more for the entertainment value than for the hope of gaining insight from the exchange of ideas. Many of the economic reports (consumer confidence, durable goods orders) have some potential to surprise, but are unlikely to significantly alter the overall economic picture. However, the monthly personal spending figures represent 70% of Gross Domestic Product (although are often ignored by the markets). A number of senior Fed officials will be speaking, but not about monetary policy (but you never know).

Indices

	Last	Last Week	YTD return %
DJIA	18392.46	18212.48	5.55%
NASDAQ	5339.52	5249.69	6.63%

S&P 500	2177.18	2147.26	6.52%
MSCI EAFE	1728.08	1676.17	0.69%
Russell 2000	1263.44	1227.02	11.23%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.40	0.13
30-year mortgage	3.43	3.86

Currencies

	Last	1 year ago
Dollars per British Pound	1.308	1.525
Dollars per Euro	1.121	1.119
Japanese Yen per Dollar	100.76	120.28
Canadian Dollars per Dollar	1.304	1.332
Mexican Peso per Dollar	19.615	17.118

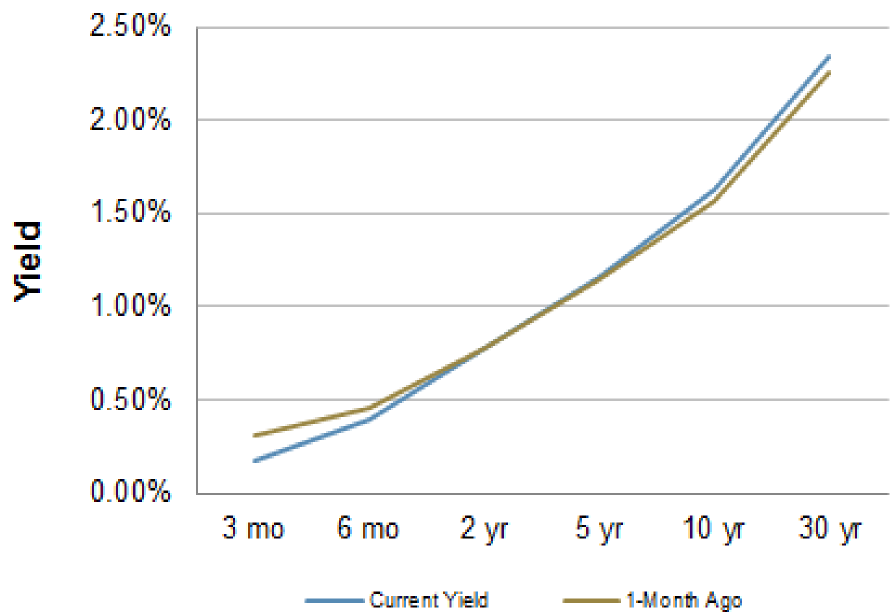
Commodities

	Last	1 year ago
Crude Oil	46.07	44.48
Gold	1344.70	1131.50

Bond Rates

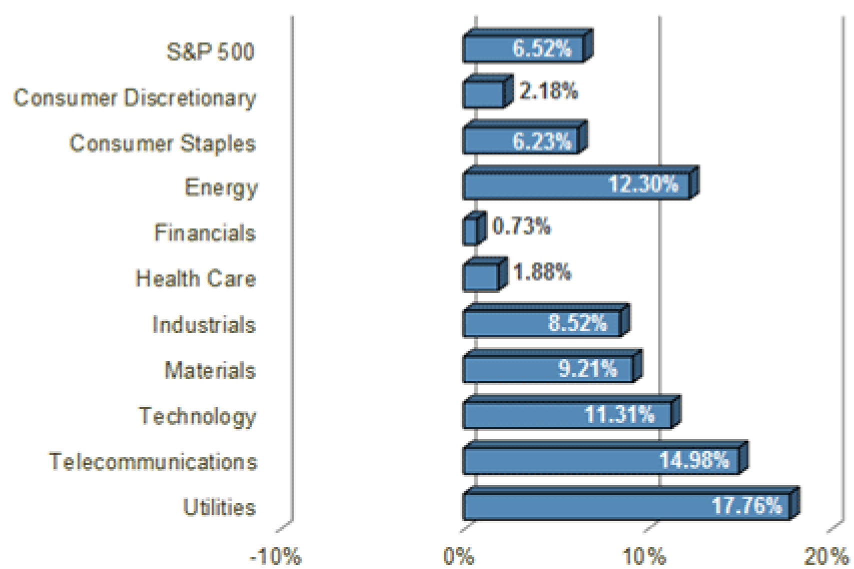
	Last	1 month ago
2-year treasury	0.77	0.78
10-year treasury	1.69	1.56
10-year municipal (TEY)	2.36	2.18

Treasury Yield Curve – 09/23/2016



As of close of business 09/22/2016

S&P Sector Performance (YTD) – 09/23/2016



As of close of business 09/22/2016

Economic Calendar

September 26	—	New Home Sales (August) First Presidential Debate (Hempstead, NY)
September 27	—	Conference Board Consumer Confidence (September)

September 28	—	Durable Goods Orders (August)
September 29	—	Jobless Claims (week ending September 24) Real GDP (2Q16, 3rd estimate)
September 30	—	Personal Income and Spending (August)

Data source: Bloomberg, as of close of business September 22, 2016.

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