

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

November 4, 2016

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The Federal Open Market Committee left short-term interest rates unchanged, as expected, and the policy statement was a near photocopy of the one in September. The FOMC noted that *“the case for an increase in the federal funds rate has continued to strengthen,”* but for the time being, officials decided *“to wait for some further evidence of continued progress towards our objectives.”*

The October Employment Report was largely in line with expectations. Nonfarm payrolls rose by 161,000 (median forecast: +175,000), but the two previous months were revised a net 44,000 higher. The unemployment rate edged down, reflecting lower labor force participation (don't make too much of that, it's consistent with the usual monthly noise). The surprise was a 0.4% rise in average hourly earnings, bringing the year-over-year pace to 2.8%, reflecting tighter job market conditions. Other data were consistent with moderate economic growth in the near term.

While the financial markets had a lot of data to digest, the focus was centered on the election. Hillary still leads in Electoral College projections, but her advantage has decreased in the last several days, leaving Trump a possible path to victory. The added uncertainty seemed to weigh against stock market sentiment, but anxiety ebbed somewhat as the polls stabilized later in the week.

Next week, our long national nightmare is nearly over (and new ones can begin). While much of the focus has been on the presidential contest, control of the Senate is also at stake. Republicans are defending 24 seats (to the Democrat's 10), with six of those likely to flip (the Ds need to pick up four seats for a majority if Hillary wins).

Indices

	Last	Last Week	YTD return %
DJIA	17930.67	18169.68	2.90%
NASDAQ	5058.41	5215.98	1.02%
S&P 500	2088.66	2133.04	2.19%
MSCI EAFE	1652.61	1667.18	-3.71%
Russell 2000	1156.89	1189.95	1.85%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.41	0.10
30-year mortgage	3.60	3.87

Currencies

	Last	1 year ago
Dollars per British Pound	1.246	1.539
Dollars per Euro	1.111	1.087
Japanese Yen per Dollar	102.98	121.57
Canadian Dollars per Dollar	1.340	1.315
Mexican Peso per Dollar	19.175	16.536

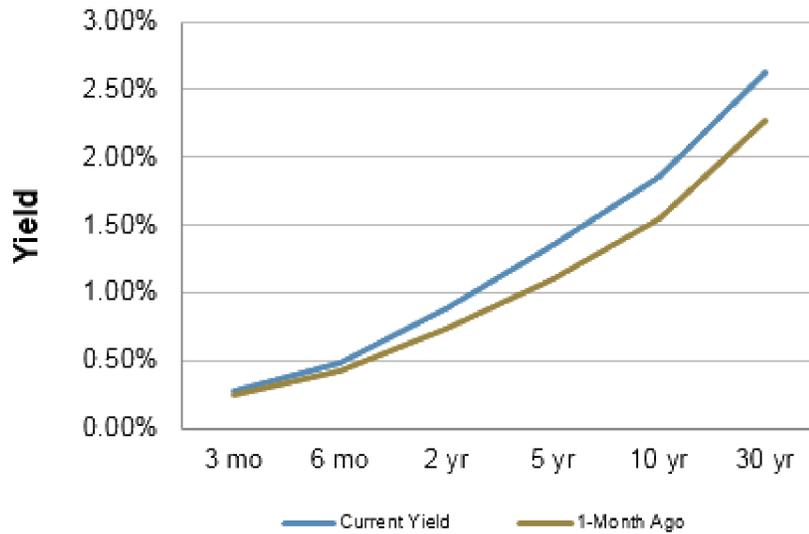
Commodities

	Last	1 year ago
Crude Oil	44.66	46.32
Gold	1303.30	1106.20

Bond Rates

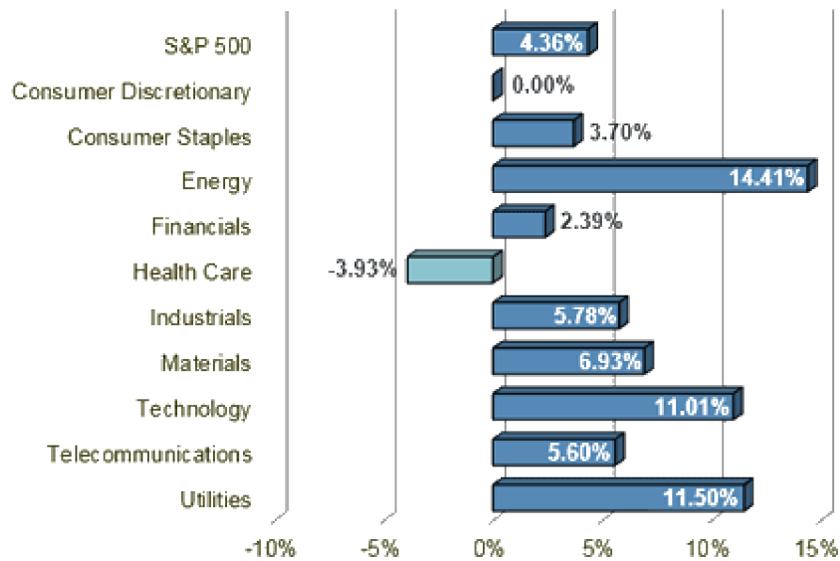
	Last	1 month ago
2-year treasury	0.81	0.85
10-year treasury	1.80	1.76
10-year municipal (TEY)	2.66	2.49

Treasury Yield Curve – 11/04/2016



As of close of business 11/03/2016

S&P Sector Performance (YTD) – 11/04/2016



As of close of business 11/03/2016

Economic Calendar

November 8	—	Election Day
November 10	—	Jobless Claims (week ending November 5)
November 11	—	Veterans Day Holiday (bond market closed)
November 15	—	Retail Sales (October)
November 16	—	Industrial Production (October)
November 17	—	Consumer Price Index (October)
	—	Building Permits, Housing Starts (October)

November 24	—	Thanksgiving Holiday (markets closed)
December 2	—	Employment Report (November)
December 14	—	FOMC Policy Decision (Yellen press conference)

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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 November 03, 2016.

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