
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

May 20, 2016

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The FOMC minutes from the April 26-27 policy meeting showed that *“most [meeting] participants judged that if incoming data were consistent with economic growth picking up in the second quarter, labor market conditions continuing to strengthen, and inflation making progress toward the Committee’s 2 percent objective, then it likely would be appropriate for the Committee to increase the target range for the federal funds rate in June.”* However, *“participants expressed a range of views about the likelihood that incoming information would make it appropriate to adjust the stance of policy at the time of the next meeting.”* In other words, a majority of Fed officials believe that a June rate hike would be appropriate under certain conditions, but officials differed in their views of whether those conditions would be met. The minutes served to jolt the financial markets out of their complacency, which held that the Fed might not raise rates at all this year.

As expected, the economic data reports remained consistent with a pickup in economic growth in 2Q16. Some of that likely reflects seasonal adjustment issues related to the early Easter. The Consumer Price Index reflected higher gasoline prices in April, while core inflation remained low. Industrial production figures reflected a return to more normal temperatures (higher output of utilities) and a rebound in auto production. Ex autos, manufacturing output appears to be trending about flat (mixed across industries).

Next week, the economic calendar thins out somewhat, with a number of second-tier reports for April. The focus may be on the GDP figure, which is expected to be revised higher (+0.5% in the advance estimate).

Indices

	Last	Last Week	YTD return %
DJIA	17435.40	17720.50	.06%
NASDAQ	44212.53	4737.34	-5.89%
S&P 500	2040.04	2064.11	-0.19%
MSCI EAFE	1619.49	1645.55	-3.62%
Russell 2000	1094.78	1108.60	-3.62%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.37	0.12
30-year mortgage	3.73	3.84

Currencies

	Last	1 year ago
Dollars per British Pound	1.461	1.551
Dollars per Euro	1.120	1.115
Japanese Yen per Dollar	109.96	120.69
Canadian Dollars per Dollar	1.309	1.223
Mexican Peso per Dollar	18.424	15.185

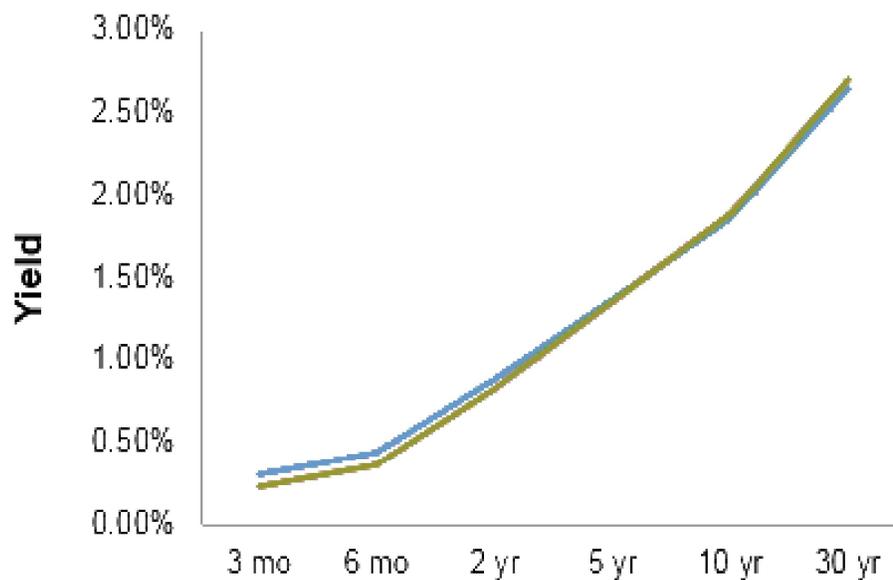
Commodities

	Last	1 year ago
Crude Oil	48.16	57.26
Gold	1254.80	1208.70

Bond Rates

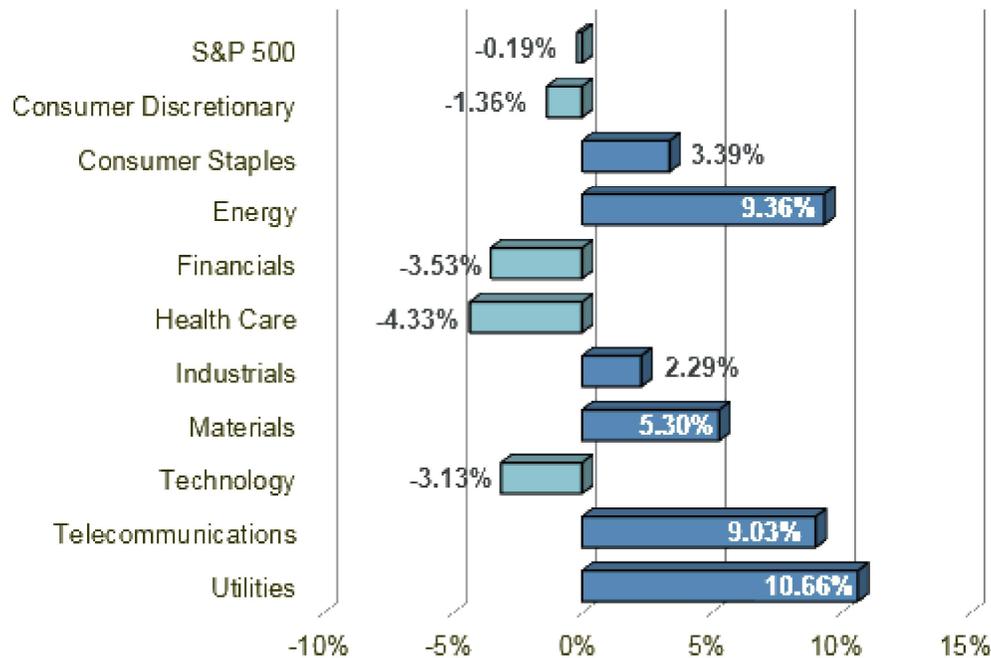
	Last	1 month ago
2-year treasury	0.88	0.82
10-year treasury	1.85	1.88
10-year municipal (TEY)	2.42	2.57

Treasury Yield Curve – 05/20/2016



As of close of business 05/19/2016

S&P Sector Performance (YTD) – 05/20/2016



As of close of business 05/19/2016

Economic Calendar

May 24	—	New Home Sales (April)
May 25	—	Advance Trade in Goods (April)

May 26	—	Jobless Claims (week ending May 21) Durable Goods Orders (April) Pending Home Sales Index (April)
May 27	—	Real GDP (1Q16 2 nd estimate) UM Consumer Sentiment (May)
May 30	—	Memorial Day Holiday (markets closed)
May 31	—	CB Consumer Confidence (May)
June 1	—	ISM Manufacturing Index (May) Fed Beige Book Auto Sales (May)
June 2	—	ADP Payroll Estimate
June 3	—	Employment Report (May) ISM Non-Manufacturing Index (May)
June 15	—	FOMC Policy Decision (Yellen press conference)
June 23	—	UK referendum vote on EU Membership
July 27	—	FOMC Policy Decision (no 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.

Material prepared by Raymond James for use by its financial advisors.

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