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# WEEKLY MARKET SNAPSHOT

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CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

February 5, 2016

## MARKET COMMENTARY BY SCOTT J. BROWN, PH.D., CHIEF ECONOMIST

The economic data were mixed. The ISM Manufacturing Index remained below the breakeven level in January, with a pickup in new orders and a softening in employment. The ISM's Non-Manufacturing Index slowed more than anticipated. The January Employment Report seemed to have something for everybody. Nonfarm payrolls rose less than forecast. However, the unemployment rate edged lower, hours moved higher and average hourly earnings advanced - all likely to catch the attention of Fed policymakers. Seasonal adjustment adds uncertainty in January (we lost nearly three million jobs before adjustment, reflecting the end of the holiday shopping season and school year issues), so one should take the adjusted figures with a grain of salt (reduced hiring in manufacturing and retail in 2015 led to fewer seasonal layoffs in January, which shows up as gains after seasonal adjustment).

The markets have written off further Fed rate hikes, but the reduction in slack suggests that officials should remain in tightening mode - looking to tighten further, but proceeding cautiously.

Next week, the People's Bank of China reports its currency reserves on Sunday (the Shanghai market will be closed for the week due to the Lunar New Year). The PBOC still has plenty of reserves, but it is burning through them rapidly. The focus in the U.S. is expected to be on Yellen's monetary policy (before the House Committee on Financial Services on Wednesday and before the Senate Banking Committee on Thursday), but anyone expecting the Fed chair to wave a white flag and apologize for raising rates in December will likely go away disappointed. Yellen should present an optimistic outlook for the economy, but will also concede that the balance of risks is weighted predominately to the downside. It's an election year and the House committee is huge - so expect some yellin' at Yellen.

### Indices

	Last	Last Week	YTD return %
DJIA	16336.66	16069.64	-5.79%
NASDAQ	4504.24	4506.68	-9.94%
S&P 500	1912.53	1893.36	-6.29%

MSCI EAFE	1584.256	1574.547	-7.69%
Russell 2000	1010.298	1003.273	-10.66%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.38	0.06
30-year mortgage	3.76	3.59

### Currencies

	Last	1 year ago
Dollars per British Pound	1.459	1.524
Dollars per Euro	1.121	1.148
Japanese Yen per Dollar	116.780	117.530
Canadian Dollars per Dollar	1.375	1.243
Mexican Peso per Dollar	18.281	14.788

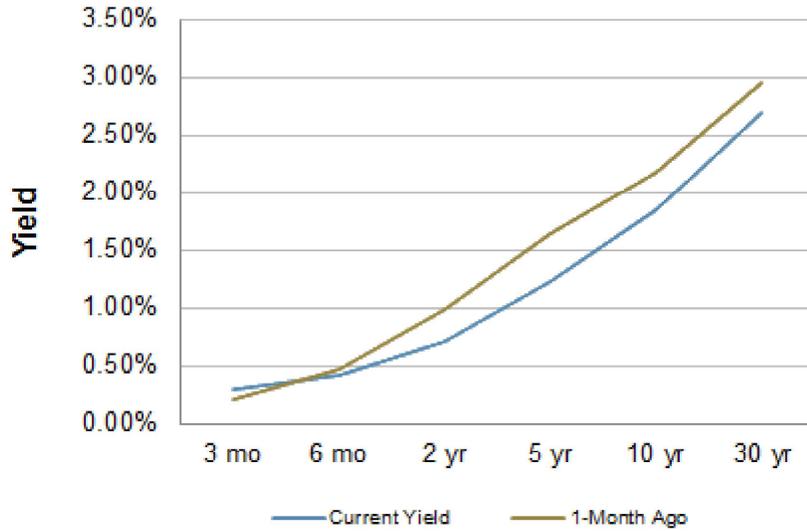
### Commodities

	Last	1 year ago
Crude Oil	31.72	50.48
Gold	1157.60	1262.70

### Bond Rates

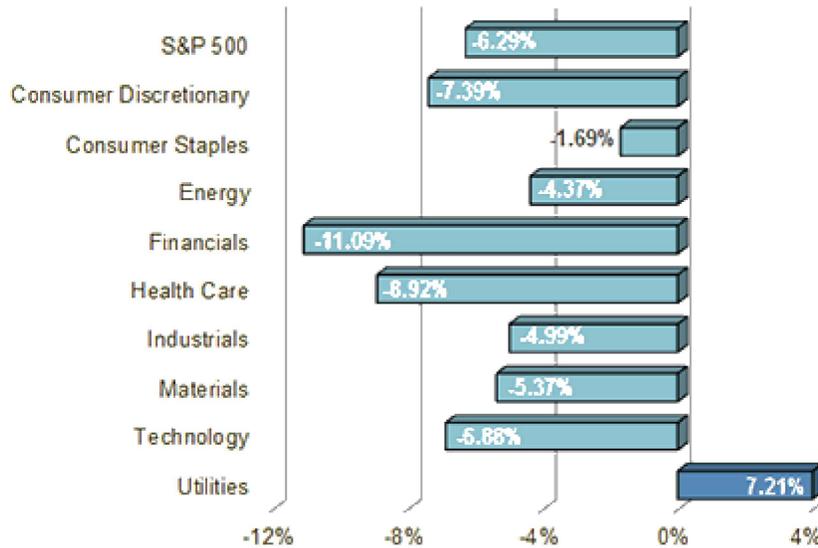
	Last	1 month ago
2-year treasury	0.71	0.98
10-year treasury	1.85	2.17
10-year municipal (TEY)	2.60	2.83

### Treasury Yield Curve – 02/05/2016



As of close of business 02/04/2016

**S&P Sector Performance (YTD) – 02/05/2016**



As of close of business 02/04/2016

**Economic Calendar**

Feb 7	—	Chinese Currency Reserves (January)
Feb 10	—	Yellen Monetary Policy Testimony (House)
Feb 11	—	Jobless Claims (week ending February 6) Yellen Monetary Policy Testimony (Senate)

<b>Feb 12</b>	—	Retail Sales (January)
<b>Feb 15</b>	—	Presidents Day Holiday (markets closed)

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.

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

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## RAYMOND JAMES®

**John McRae**

*Branch Manager*

512 22nd Avenue // Meridian, MS 39302 // 601-484-5273

[john.mcrae@raymondjames.com](mailto:john.mcrae@raymondjames.com)

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