

WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

April 8, 2016

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The minutes of the March 15-16 FOMC meeting showed that most officials did not see much change in their growth outlooks since December, due partly to expectations of a more gradual policy path (recall that most officials had expected four 25-basis-point hikes in 2016, but now see two). “Several” meeting participants “argued for proceeding cautiously in reducing policy accommodation,” noting the downside risks from the rest of the world and the possibility that inflation expectations could fall. “A couple” wanted to raise rates at the March meeting. “Many” noted that asymmetry in policy risks. That is, the Fed has a limited ability to use conventional policy in response to economic weakness, but could more easily correct course (by raising rates quicker) if the economy were to prove a lot stronger than expected.

The economic data were mixed. Factory orders were in line with expectations, but durable goods orders fell more sharply than was reported earlier and shipments of nondefense capital goods were on a steeper downward track in 1Q16. The ISM Non-Manufacturing Index rose a bit more than expected.

Stock market sentiment seemed to shift day by day, while the bond market is pricing in a much more gradual glide path for Fed interest rate increases.

Next week, the mid-month data pour in, with a likely focus on the retail sales report. Retail sales were reported soft in January and February, not a big deal, but we want to see better results for March. Unit auto sales fell last month (dealers cited tight inventories of popular models and a lack of incentives). Higher gasoline prices should add to the ex-autos figure. Core retail sales are likely to be moderate, but watch for possible revisions to January and February. Higher gasoline prices will add to the monthly inflation reports, but the impact will be lessened by the seasonal adjustment. Core inflation should remain moderate.

Indices

	Last	Last Week	YTD return %
DJIA	17541.96	17685.09	0.67%
NASDAQ	4848.37	4869.85	-3.18%

S&P 500	2041.91	2059.74	-0.10%
MSCI EAFE	1607.81	1652.04	-6.32%
Russell 2000	1092.79	1114.03	-3.79%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.37	0.07
30-year mortgage	3.64	3.66

Currencies

	Last	1 year ago
Dollars per British Pound	1.406	1.481
Dollars per Euro	1.138	1.078
Japanese Yen per Dollar	108.210	120.130
Canadian Dollars per Dollar	1.315	1.251
Mexican Peso per Dollar	17.876	14.933

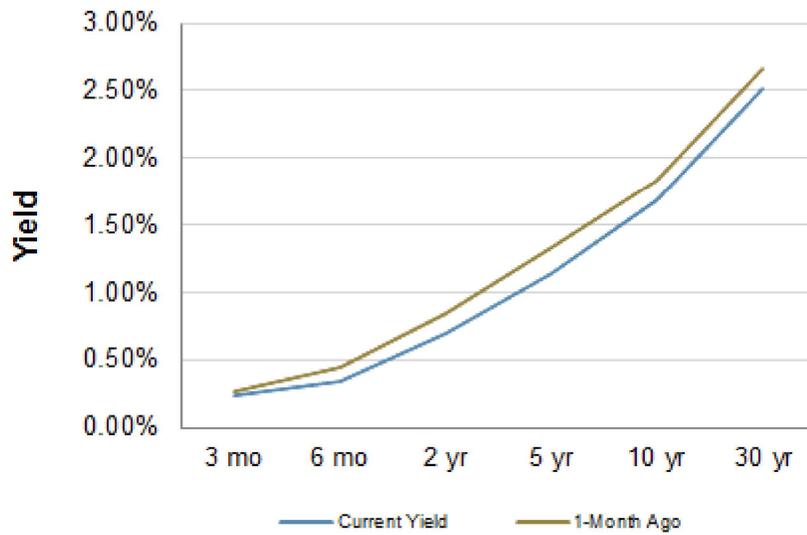
Commodities

	Last	1 year ago
Crude Oil	37.75	53.98
Gold	1223.80	1210.60

Bond Rates

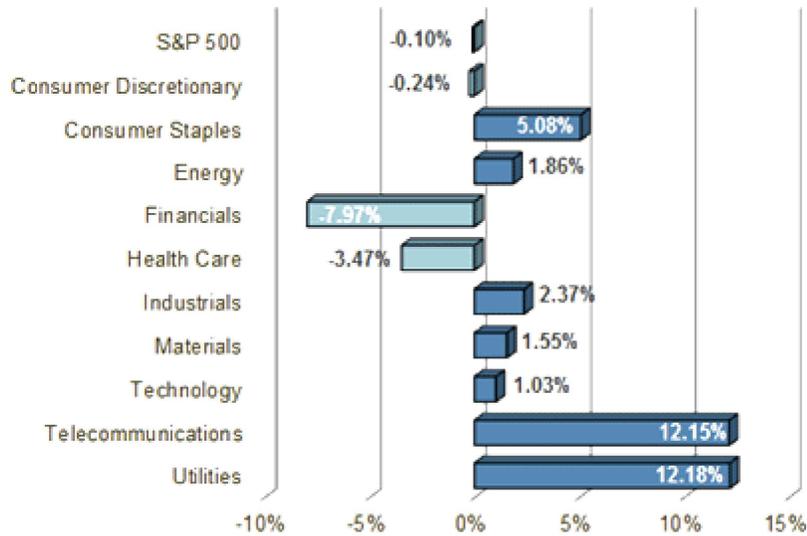
	Last	1 month ago
2-year treasury	0.69	0.84
10-year treasury	1.69	1.83
10-year municipal (TEY)	2.54	2.71

Treasury Yield Curve – 04/08/2016



As of close of business 04/07/2016

S&P Sector Performance (YTD) – 04/08/2016



As of close of business 04/07/2016

Economic Calendar

Apr 12	—	Import Prices (March) Small Business Optimism Index (March) IMF World Economic Outlook (updated)
Apr 13	—	

		Producer Price Index (March)
		Retail Sales (March)
		Fed Beige Book
Apr 14	—	Jobless Claims (week ending April 9)
		Consumer Price Index (March)
Apr 15	—	Empire State Manufacturing Index (April)
		Industrial Production (March)

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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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