

# WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

September 16, 2016

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

Fed Governor Lael Brainard, a dove, presented her case for why the central bank should delay an increase in short-term interest rates. While her views are her own (not representative of the Fed as a whole), a more hawkish tilt would have raised the odds of a September rate hike.

The key economic data reports were on the soft side of expectations, but were still consistent with moderate growth in the near term. Retail sales disappointed in August. Industrial production unwound a seasonal quirk that boosted July figures. CPI figures surprise slightly to the upside.

Next week, the focus will be on the Fed policy meeting. Momentum for a September hike had been building in late August and Chair Yellen sent a clear signal in Jackson Hole (*"the case for an increase in the federal funds rate has strengthened"*). However, the financial markets never fully bought into it and recent economic data have been generally soft (but not horrible). All else equal, the Fed does not want to shock the financial markets with a surprise (although there is still a small chance that it could move). The wording of the policy statement is expected to suggest that officials remain in tightening mode (that is, looking to raise rates), most likely in December (but the timing will still be data-dependent. Officials will revise their projections of growth, unemployment, and inflation, and we'll get a new dot plot (the dots representing officials' expectations of the year-end federal funds target rate). Once again, the dots should drift a little lower. Expectations of the long-term equilibrium federal funds rate are also likely to decline. In her press conference, Chair Yellen will explain why the Fed is delaying, but still signal the need to resume normalization at some point.

### Indices

	Last	Last Week	YTD return %
DJIA	18212.48	18479.91	4.52%
NASDAQ	5249.69	5259.48	4.84%
S&P 500	2147.26	2181.30	5.05%
MSCI EAFE	1676.17	1732.92	-2.34%

Russell 2000	1227.02	1258.36	8.02%
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### Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.40	0.13
30-year mortgage	3.47	3.91

### Currencies

	Last	1 year ago
Dollars per British Pound	1.324	1.549
Dollars per Euro	1.124	1.129
Japanese Yen per Dollar	102.10	120.57
Canadian Dollars per Dollar	1.316	1.317
Mexican Peso per Dollar	19.345	16.548

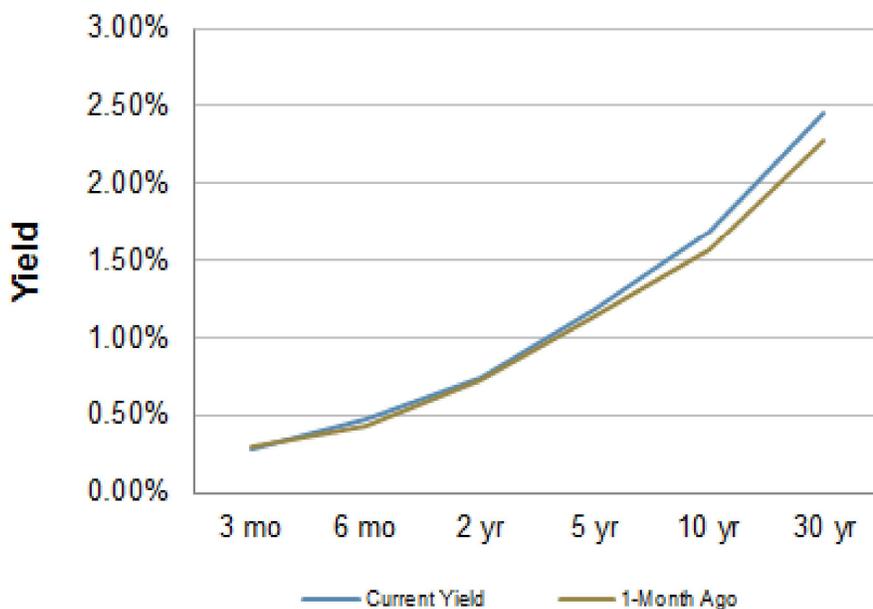
### Commodities

	Last	1 year ago
Crude Oil	43.91	47.15
Gold	1318.00	1119.00

### Bond Rates

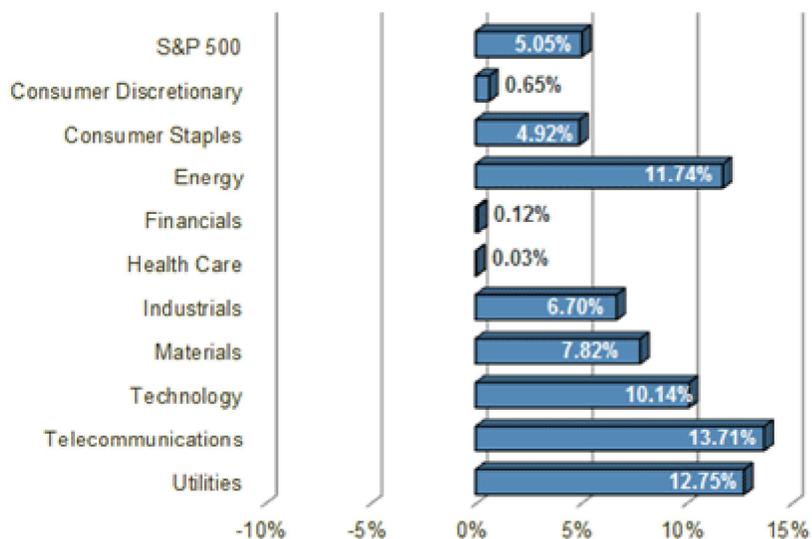
	Last	1 month ago
2-year treasury	0.74	0.73
10-year treasury	1.69	1.56
10-year municipal (TEY)	2.40	2.18

### Treasury Yield Curve – 09/16/2016



As of close of business 09/15/2016

**S&P Sector Performance (YTD) – 09/16/2016**



As of close of business 09/15/2016

**Economic Calendar**

September 19	—	Homebuilder Sentiment (September)
September 20	—	Building Permits, Housing Starts (August)
September 21	—	FOMC Policy Decision (Yellen press conference)
September 22	—	

Jobless Claims (week ending September 17)

Existing Home Sales (August)

Leading Economic Indicators (August)

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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.

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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 September 15, 2016.

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