WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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MARKET COMMENTARY
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The economic data were mixed, but generally consistent with moderately strong economic growth in the near term. Motor vehicle sales rebounded in April, from what appears to have been an Easter-related decline in March. The ISM surveys split; manufacturing a bit softer, non-manufacturing a bit stronger. Nonfarm payrolls rose by 160,000 in the initial estimate for April, below the median forecast (+200,000), but not horrible (note that the economy added 1.057 million jobs before seasonal adjustment). The unemployment rate held steady at 5.0%, but labor force participation and the employment/population ratio both declined (don't read too much into that, there's a fair amount of noise in these figures and the trends are higher). Average hourly earnings rose 0.3%, up 2.5% from a year ago, still relatively lackluster, but the fear is that tighter job market conditions will lead to further upward pressure on wages.

As usual, financial market participants paid little attention to the productivity numbers. These data can be a bit squirrelly, but the underlying trends are worrisome. Specifically, output per hour fell at a 1.0% annual rate in the preliminary estimate for 1Q16, up 0.6% y/y (productivity has risen at a 0.5% annual rate over the last five years). Productivity growth is the key to an improving standard of living, the financing of Social Security and Medicare, the inflation outlook, and corporate profits. Unit Labor Costs (the key measure of inflation pressure from the job market) rose at a 4.1% annual rate in 1Q16 (+2.3% y/y). If firms cannot pass higher Unit Labor Costs along, they will eat into corporate profits.

Next week, the economic calendar thins out, with the important figures arriving on Friday. Retail sales should post a strong gain in April, boosted by the rebound in vehicle sales and higher gasoline prices.

Indices

	Last	Last Week	YTD return %
DJIA	17660.71	17830.76	1.35%
NASDAQ	4717.09	4805.29	-5.80%
S&P 500	2050.63	2075.81	0.33%
MSCI EAFE	1641.61	1698.26	-4.35%
Russell 2000	1107.95	1140.40	-2.46%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.37	0.08
30-year mortgage	3.63	3.80

Currencies

	Last	1 year ago
Dollars per British Pound	1.449	1.524
Dollars per Euro	1.141	1.135
Japanese Yen per Dollar	107.26	119.46
Canadian Dollars per Dollar	1.285	1.204
Mexican Peso per Dollar	17.893	15.361

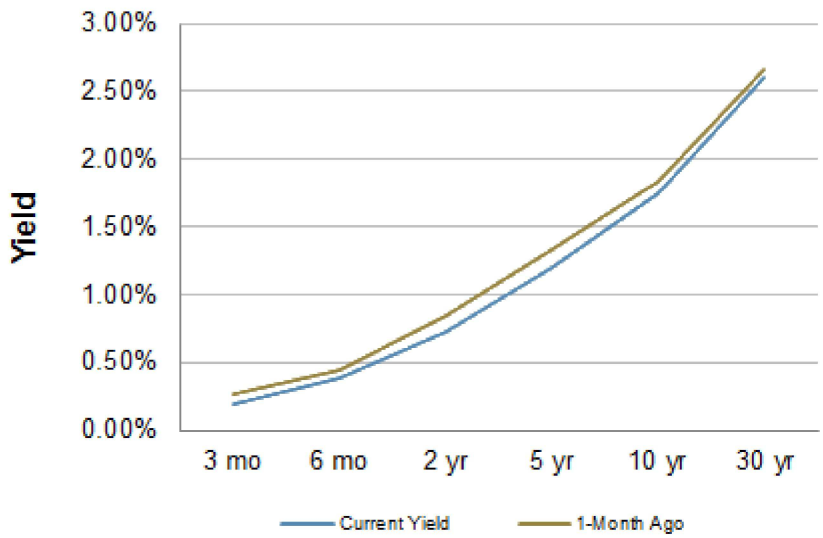
Commodities

	Last	1 year ago
Crude Oil	44.32	60.93
Gold	1272.30	1190.30

Bond Rates

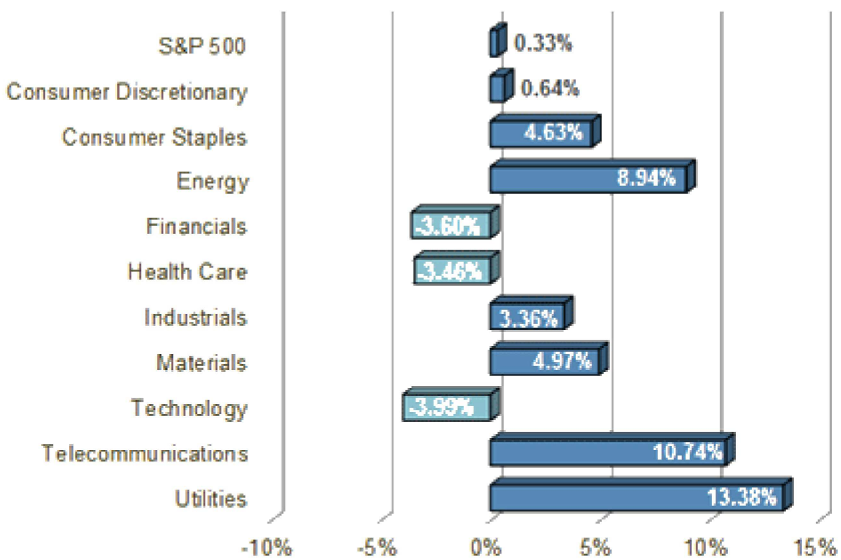
	Last	1 month ago
2-year treasury	0.73	0.84
10-year treasury	1.74	1.83
10-year municipal (TEY)	2.46	2.71

Treasury Yield Curve – 05/06/2016



As of close of business 05/05/2016

S&P Sector Performance (YTD) – 05/06/2016



As of close of business 05/05/2016

Economic Calendar

May 10	—	Small Business Optimism (April)
May 12	—	Jobless Claims (week ending May 7) Import Prices (April)
May 13	—	Producer Price Index (April) Retail Sales (April)
May 17	—	

		Consumer Price Index (April)
		Building Permits, Housing Starts (April)
		Industrial Production (April)
May 18	—	FOMC Minutes (April 26-27)

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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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