
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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China's new circuit breakers, meant to reduce market volatility, failed miserably. After a 5% decline, trading on the Shanghai exchange would shut down for 15 minutes, and if the market was then down 7%, it would close for the rest of the day. The second trigger was hit on both Monday and Thursday, dampening the stock market mood worldwide. The Chinese trading authority decided to dump the circuit breakers, and the market appeared to stabilize on Friday. However, the bigger concern may be the Chinese currency. The yuan has come under a lot of pressure in recent months, and the central bank has used some of its exchange rate reserves to prevent it from weakening. That fight may be coming to an end (putting downward pressure on other currencies and commodity prices).

The U.S. economic data were mixed. Many of the recent reports suggest that GDP growth was a lot slower than expected in 4Q15 (about a 1.5% annual rate, although further details are pending). The December Employment Report was stronger than expected. Nonfarm payrolls rose by +292,000 (median forecast: +200,000), while the two previous months were revised a net 50,000 higher (putting the three-month average at +284,000). Seasonal adjustment may have exaggerated the strength. The unemployment rate held steady at 5.0% (down from 5.6% a year ago). Average hourly earnings were flat, but up 2.5% year-over-year (vs. about 2.0% in 2013 and 2014).

In the December FOMC minutes, Fed officials saw a number of lingering concerns, including the dollar and China. However, in public speeches officials continue to suggest that three or four rate hikes are likely to be appropriate in 2016.

Next week, the important economic data bunch up on Friday. However, investors are expected to keep a close eye on China.

Indices

	Last	Last Week	YTD return %
DJIA	16514.10	17603.87	-7.34%
NASDAQ	4689.43	5065.85	-0.98%
S&P 500	1943.09	2063.36	-5.62%

MSCI EAFE	1622.58	1727.47	-8.58%
Russell 2000	1064.57	1149.64	-11.63%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.34	0.13
30-year mortgage	3.96	3.87

Currencies

	Last	1 year ago
Dollars per British Pound	1.459	1.509
Dollars per Euro	1.086	1.183
Japanese Yen per Dollar	117.970	119.490
Canadian Dollars per Dollar	1.406	1.185
Mexican Peso per Dollar	17.656	14.775

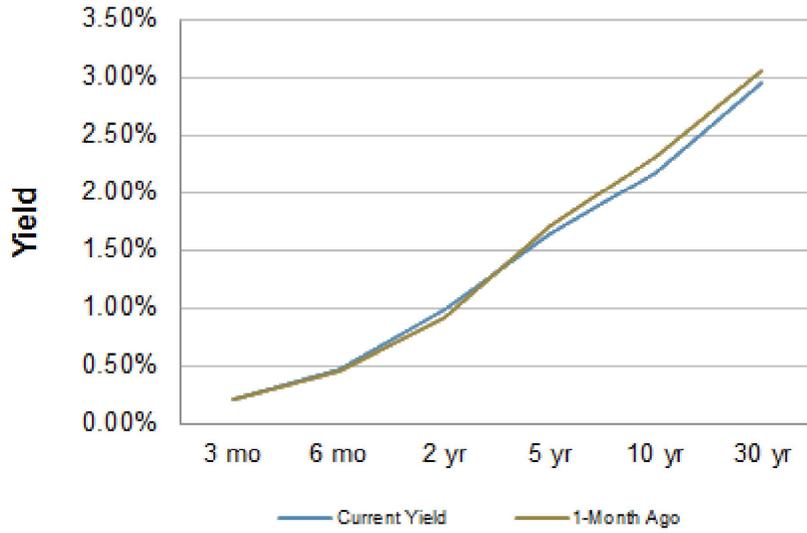
Commodities

	Last	1 year ago
Crude Oil	33.27	48.65
Gold	1108.91	1213.53

Bond Rates

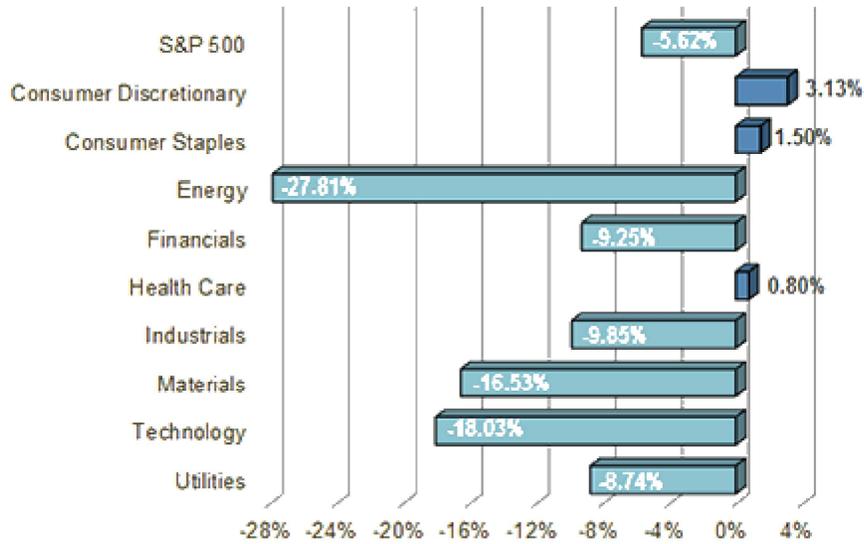
	Last	1 month ago
2-year treasury	0.98	0.92
10-year treasury	2.17	2.31
10-year municipal (TEY)	2.83	3.16

Treasury Yield Curve – 01/08/2016



As of close of business 01/07/2016

S&P Sector Performance (YTD) – 01/08/2016



As of close of business 01/07/2016

Economic Calendar

Jan 11	—	College Football Championship
Jan 12	—	State of the Union Address

Jan 13	—	Fed Beige Book
Jan 14	—	Jobless Claims (week ending 1/09) Import Prices (December)
Jan 15	—	Producer Price Index (December) Retail Sales (December) Industrial Production (December)
Jan 18	—	MLK Jr. 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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