
WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

November 11, 2016

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

Surprise! While Hillary had a lead in the polls and Democrats appeared poised to retake the Senate, Trump won the key battleground states and tore into Hillary's firewall states (PA, WI, MI). He will be the 45th president of the United States. Democrats picked up only two seats in the Senate, leaving it in Republican control. Republicans lost just a few seats in the House, retaining a solid majority. President Trump, with a Republican Congress, should be able to get much of what he wants, and Congressional Republicans, with Trump in the White House, should be able to get a lot of what they want.

Equity futures fell sharply as the election results poured in, but the market soon turned higher and continued to rise in the days following the election. Optimism centered on expectations of reduced regulations, increased infrastructure spending and tax cuts. However, while reduced regulations will reduce the cost of doing business, they have not been the major drag on growth that many people think. Increased infrastructure spending should add to growth, but will add to the budget deficit, although that could be financed with the revenue that would come through a repatriation of foreign earnings (should that tax rate be lowered). Tax cuts would be geared toward businesses and upper income households. However, demographics (slower labor force growth) should limit the economy's upside potential and a rising budget deficit would mean increased government borrowing and higher interest rates than would have occurred otherwise. Treasury yields rose following the election.

Next week, the economic calendar heats up. Figures on retail sales and industrial production should be consistent with moderate economic growth in the near term. The monthly inflation figures should reflect higher gasoline prices (amplified by the seasonal adjustment).

Indices

	Last	Last Week	YTD return %
DJIA	18807.88	17930.67	7.94%
NASDAQ	5208.80	5058.41	4.02%
S&P 500	2167.48	2088.66	6.04%
MSCI EAFE	1645.70	1652.61	-4.11%
Russell 2000	1251.61	1156.89	10.19%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.41	0.11
30-year mortgage	3.85	3.98

Currencies

	Last	1 year ago
Dollars per British Pound	1.256	1.521
Dollars per Euro	1.089	1.074
Japanese Yen per Dollar	106.83	122.86
Canadian Dollars per Dollar	1.347	1.326
Mexican Peso per Dollar	20.575	16.731

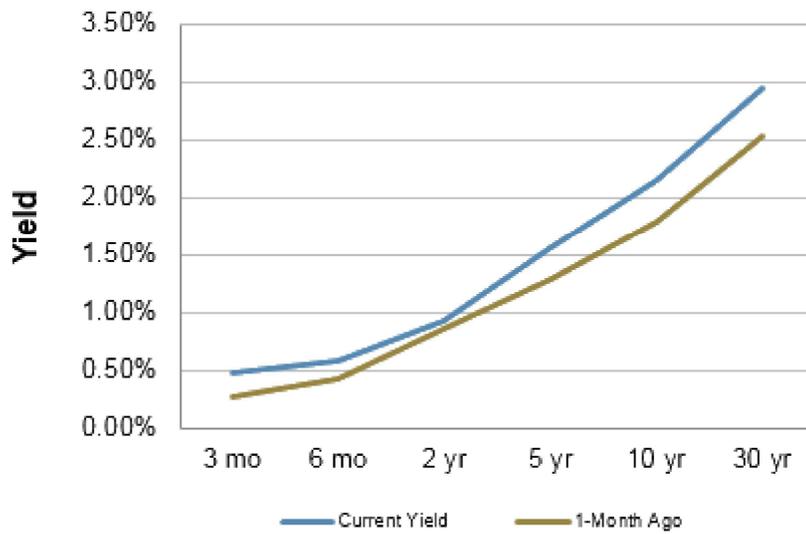
Commodities

	Last	1 year ago
Crude Oil	44.66	42.93
Gold	1266.40	1084.90

Bond Rates

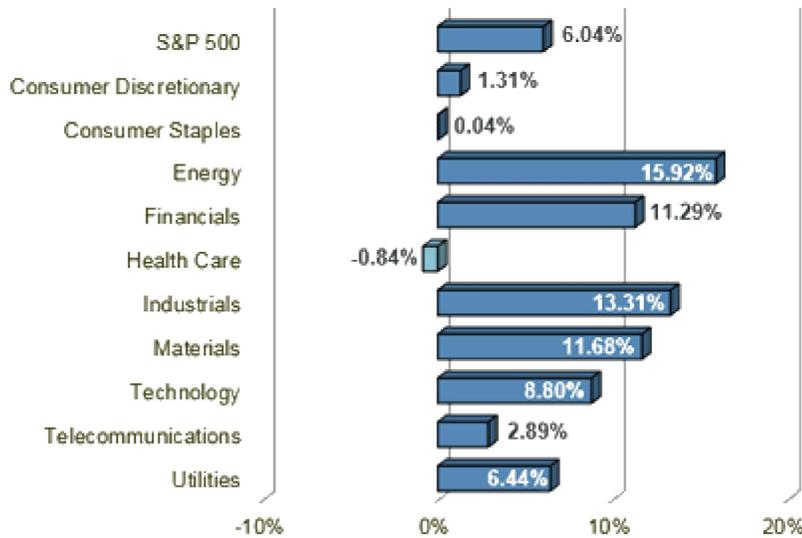
	Last	1 month ago
2-year treasury	0.92	0.85
10-year treasury	2.15	1.78
10-year municipal (TEY)	2.97	2.62

Treasury Yield Curve – 11/11/2016



As of close of business 11/10/2016

S&P Sector Performance (YTD) – 11/11/2016



As of close of business 11/10/2016

Economic Calendar

November 15	—	Retail Sales (October)
	—	Import Prices (October)
	—	Empire State Manufacturing Index (November)
November 16	—	Producer Price Index (October)
	—	Import Prices (October)
	—	Homebuilder Sentiment (November)
November 17	—	Jobless Claims (week ending November 12)
	—	Consumer Price Index (October)
	—	Building Permits, Housing Starts (October)

	—	Philadelphia Fed Index (November)
November 23	—	Durable Goods Orders (October)
	—	New Home Sales (October)
	—	FOMC Minutes (November 1-2)
November 24	—	Thanksgiving Holiday (markets closed)
December 1	—	ISM Manufacturing Index (November)
December 2	—	Employment Report (November)
December 14	—	FOMC Policy Decision (Yellen press conference)

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. All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc. and are subject to change. There is no assurance any of the forecasts mentioned will occur. Investing involves risks including the possible loss of capital.

Data source: Bloomberg, as of close of business November 10, 2016.

RAYMOND JAMES®

John McRae

Branch Manager

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

john.mcrae@raymondjames.com

If you would prefer not to receive this newsletter, please [e-mail](#) our office.

The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee that the foregoing material is accurate or complete.

©2016 Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#). Securities offered through Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#), and are not insured by any financial institution insurance, the FDIC/NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal. Raymond James is not affiliated with the financial institution or the investment center.