
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

November 18, 2016

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The economic data reports remained consistent with moderate economic growth. Retail sales results for October were stronger than expected, with upward revisions to the figures for August and September. Industrial production was restrained by a drop in the output of utilities (warm weather), but manufacturing output remained lackluster (mixed, but mildly positive on average). Inflation gauges were pressured by higher gasoline prices (the increase magnified by the seasonal adjustment), while core inflation remained relatively low. There is no appreciable inflation in consumer goods, but inflation in services has moved up (partly reflecting higher rents). Fed Chair Janet Yellen signaled that it might be appropriate to raise short-term interest rates “relatively soon.” She said that the Fed has not adjusted its policy expectations due to the election, but would respond to developments over time. In addition, she said that if the economy is close to full employment (as many Fed officials believe), fiscal stimulus could prove to be inflationary.

The “Trump trade” continued to dominate the financial markets. Expectations of a rollback in regulations has benefited some industries (such as finance), while fear of a possible trade war has restrained others (technology). Expectations of a large infrastructure spending program and large-scale tax cuts have resulted in increased worries about the federal budget deficit. Yields on long-term Treasuries have continued to rise (kept in check somewhat by lower long-term rates abroad, but also strengthening the dollar).

Next week, the important data bunch up on Wednesday, although the reports on durable goods orders and new home sales are among the most unreliable of the government’s data releases (choppy and subject to large revisions). FOMC minutes (from the November 1-2 policy meeting) should show the Fed on track for a December rate rise.

Indices

| | Last | Last Week | YTD return % |
|---------|----------|-----------|--------------|
| DJIA | 18903.82 | 18807.88 | 8.49% |
| NASDAQ | 5333.97 | 5208.80 | 6.52% |
| S&P 500 | 2187.12 | 2167.48 | 7.01% |

| | | | |
|--------------|---------|---------|--------|
| MSCI EAFE | 1632.66 | 1645.70 | -4.87% |
| Russell 2000 | 1309.49 | 1251.61 | 15.28% |

Consumer Money Rates

| | Last | 1 year ago |
|------------------|------|------------|
| Prime Rate | 3.50 | 3.25 |
| Fed Funds | 0.41 | 0.11 |
| 30-year mortgage | 4.03 | 3.97 |

Currencies

| | Last | 1 year ago |
|-----------------------------|--------|------------|
| Dollars per British Pound | 1.242 | 1.524 |
| Dollars per Euro | 1.063 | 1.066 |
| Japanese Yen per Dollar | 110.12 | 123.64 |
| Canadian Dollars per Dollar | 1.352 | 1.330 |
| Mexican Peso per Dollar | 20.429 | 16.736 |

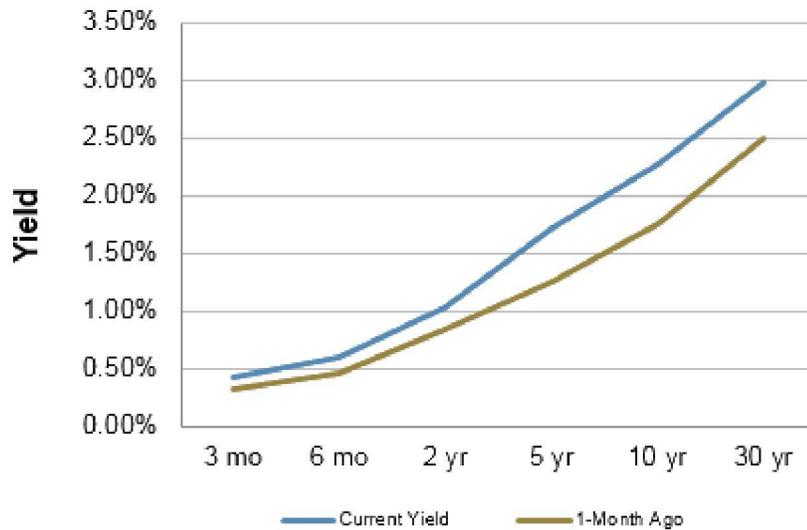
Commodities

| | Last | 1 year ago |
|-----------|---------|------------|
| Crude Oil | 45.42 | 40.75 |
| Gold | 1216.90 | 1068.70 |

Bond Rates

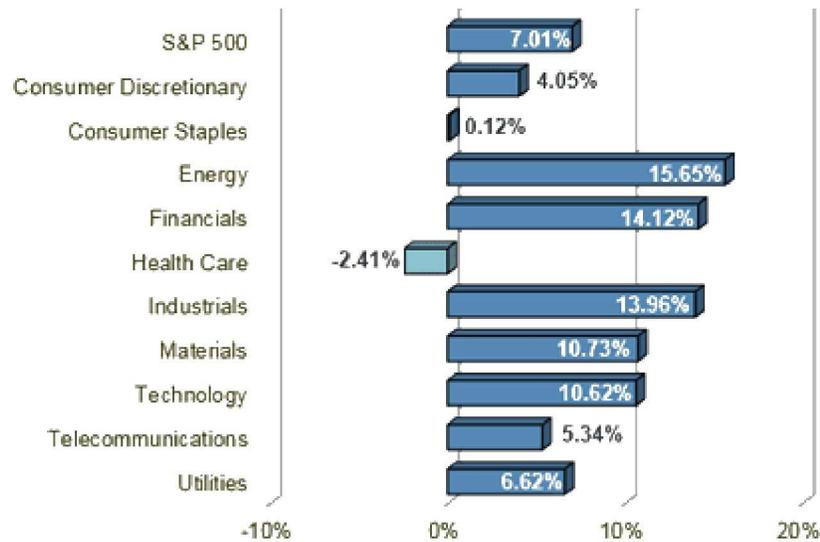
| | Last | 1 month ago |
|-------------------------|------|-------------|
| 2-year treasury | 1.02 | 0.83 |
| 10-year treasury | 2.27 | 1.75 |
| 10-year municipal (TEY) | 3.42 | 2.65 |

Treasury Yield Curve – 11/18/2016



As of close of business 11/17/2016

S&P Sector Performance (YTD) – 11/18/2016



As of close of business 11/17/2016

Economic Calendar

| | | |
|--------------------|---|--|
| November 21 | — | Fed Vice Chair Fischer Speaks (long-term challenges to the U.S. economy) |
| November 22 | — | Existing Home Sales (October) |
| November 23 | — | Jobless Claims (week ending November 19) |
| | — | Durable Goods Orders (October) |
| | — | New Home Sales (October) |

| | | |
|--------------------|---|--|
| | — | FOMC Minutes (November 1-2) |
| November 24 | — | Thanksgiving Holiday (markets closed) |
| November 25 | — | Markets close early |
| November 29 | — | Real GDP (3Q16, 2nd estimate) |
| | — | CB Consumer Confidence (November) |
| 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.

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Data source: Bloomberg, as of close of business November 17, 2016.

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