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# WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**JUNE 30, 2017**

## **Market Commentary**

**by Scott J. Brown, Ph.D., Chief Economist**

Real GDP rose at a 1.4% annual rate in the 3rd estimate for 1Q17 (vs. +1.2% in the 2nd estimate and 0.7% in the advance estimate). Most of the revision was in consumer spending (and most of that was in healthcare). The week's other data reports were consistent with mixed but moderate growth in 2Q17 - somewhat short of earlier expectations.

The Senate push to repeal and replace the ACA ahead of the July 4 recess fell short, disappointing stock market participants, but only briefly. The repeal is a necessary precursor to broad tax reform (although we may still get tax cuts later this year, just on a smaller scale).

Next week, we'll get a number of important economic reports, but market activity may be thin due to the holiday. The monthly ISM surveys have some potential to surprise, and June motor vehicle sales will be important to the consumer spending outlook. However, the job market is the focus for Fed policy and should get most of the attention. There's a fair amount of statistical noise in the monthly payroll figures, and seasonal adjustment is often difficult (especially around the end of the school year). Financial market participants often react to the noise in payrolls, but the underlying trend is what's important. Job growth has been slowing over the last couple of years, due largely to a tighter job market. The unemployment rate hit a 16-year low (4.3%) in May. Wage inflation has been moderate, but the Fed fears that a further push lower in the unemployment rate will eventually lead to a sharp rise in inflation. The Fed has typically released its semi-annual Monetary Policy Report to Congress the same day that the chair testifies. However, to give lawmakers and the public a chance to review the report, it will be released on Friday, July 7, ahead of Chair Yellen's testimony (July 12). The report is not expected to be market-moving, but it should provide important weekend reading.

## Indices

	Last	Last Week	YTD return %
DJIA	21287.03	21397.29	7.71%
NASDAQ	6144.35	6236.68	14.14%
S&P 500	2419.70	2434.50	8.08%
MSCI EAFE	1895.75	1886.03	12.57%
Russell 2000	1416.20	1404.54	4.35%

## Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.05	0.30
30-year mortgage	4.06	3.43

## Currencies

	Last	1 year ago
Dollars per British Pound	1.301	1.331
Dollars per Euro	1.144	1.111
Japanese Yen per Dollar	112.18	103.20
Canadian Dollars per Dollar	1.300	1.292
Mexican Peso per Dollar	18.043	18.280

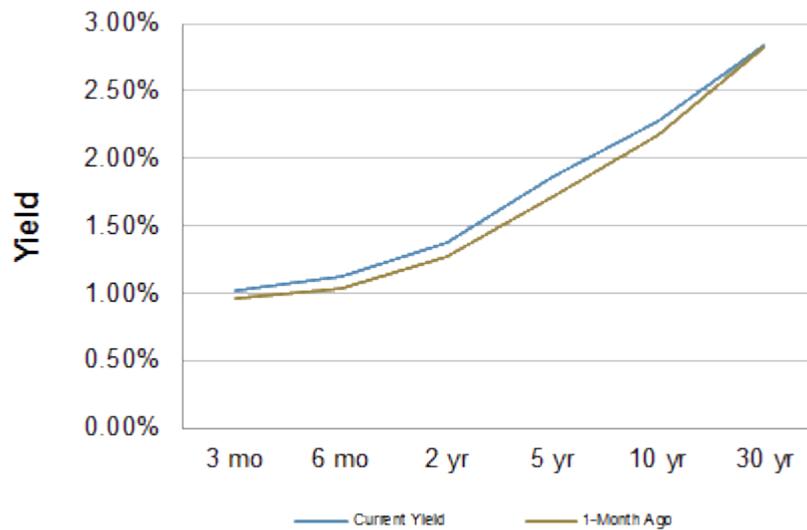
## Commodities

	Last	1 year ago
Crude Oil	44.93	48.33
Gold	1245.80	1320.60

### Bond Rates

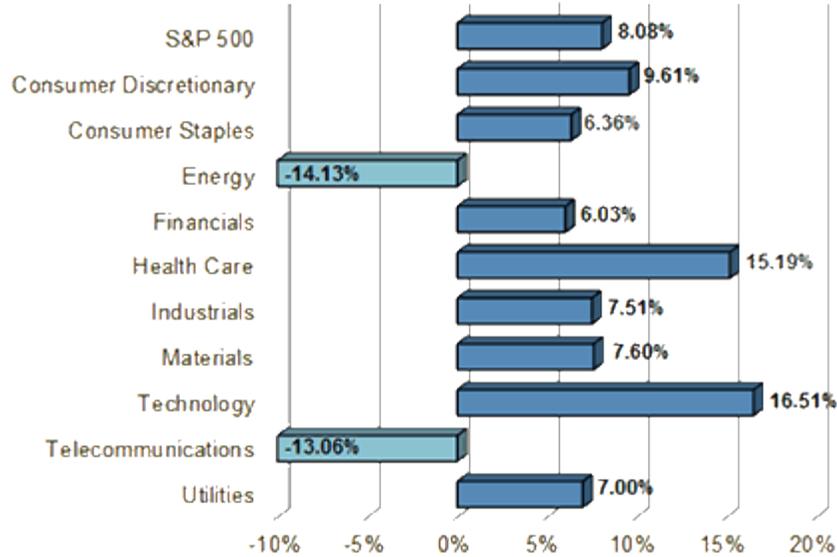
	Last	1 month ago
2-year treasury	1.37	1.29
10-year treasury	2.28	2.23
10-year municipal (TEY)	3.00	3.02

### Treasury Yield Curve – 06/30/2017



As of close of business 06/29/2017

### S&P Sector Performance (YTD) – 06/30/2017



As of close of business 06/29/2017

### Economic Calendar

- |               |   |   |
|---------------|---|---|
| <b>July 3</b> | — | Construction Spending (May)                 |
|               | — | ISM Manufacturing Index (June)              |
|               | — | Financial markets close early               |
| <b>July 4</b> | — | Independence Day holiday (markets closed)   |
| <b>July 5</b> | — | FOMC Minutes (June 13-14)                   |
|               | — | Motor Vehicle Sales (June)                  |
| <b>July 6</b> | — | ADP Payroll Estimate (June)                 |
|               | — | Initial Jobless Claims (week ending July 1) |
|               | — | Trade Balance (May)                         |

- ISM Non-Manufacturing Index (June)
  
- July 7**
- Employment Report (June)
  
- Fed Monetary Policy Report to Congress

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The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks. An investment cannot be made directly in these indexes. The performance noted does not include fees or charges, which would reduce an investor's returns. U.S. 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. U.S. 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 U.S. 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. Gross Domestic Product (GDP) is the annual total market value of all final goods and services produced domestically by the U.S. The federal funds rate ("Fed Funds") is the interest rate at which banks and credit unions lend reserve balances to other depository institutions overnight. The prime rate is the underlying index for most credit cards, home equity loans and lines of credit, auto loans, and personal loans. Material prepared by Raymond James for use by financial advisors. Data source: Bloomberg, as of close of business June 29, 2017.