

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 9, 2017

Market Commentary

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

The economic calendar was thin. The ISM Non-Manufacturing Index edged down in May (still moderately strong). The Job Opening and Labor Turnover Survey (JOLTS) showed a record number of job openings in April (6.0 million). None of this was market-moving.

Given the thin economic news, investors were focused on other things, including the U.K. election, the ECB policy meeting, and former FBI Director Comey's testimony to the Senate Intelligence Committee. Expecting to add to a majority, Prime Minister May's party lost seats, leaving a hung Parliament and adding uncertainty to the Brexit process (the pound fell versus the dollar). The ECB tweaked its forward guidance slightly. Comey disputed the administration's narrative of his management of the agency and why he was fired. He said it was up to the special counsel to determine whether pressure to abandon the Russia investigation amounted to "obstruction of justice." Market reaction, seen largely through a partisan lense, was limited (but the ongoing investigations and congressional testimony will likely continue for months).

Next week, the economic calendar is packed, but the focus should be on the Fed. It's widely expected that the Federal Open Market Committee will raise the target range for the federal funds rate by another 25 basis points (to 1.00-1.25%). That should be factored in. Market participants will look for clues regarding the pace of future moves, including when the Fed will alter its reinvestment policy. Officials will revise their projections of growth, unemployment and inflation, and we'll get a new dot plot (forecasts of the appropriate year-end levels of the federal funds rate), which may not be a lot different from the one in March. Currently, the financial markets are pricing in a much

less aggressive path than the Fed's dots. Chair Janet Yellen will explain it all in her post-meeting press conference.

Indices

	Last	Last Week	YTD return %
DJIA	21182.53	21144.18	7.18%
NASDAQ	6321.77	6246.83	17.44%
S&P 500	2433.79	2430.06	8.71%
MSCI EAFE	1894.49	1894.62	12.50%
Russell 2000	1415.61	1396.06	4.31%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.00	3.50
Fed Funds	0.91	0.37
30-year mortgage	4.00	3.58

Currencies

	Last	1 year ago
Dollars per British Pound	1.296	1.446
Dollars per Euro	1.121	1.132
Japanese Yen per Dollar	110.02	107.10
Canadian Dollars per Dollar	1.351	1.272
Mexican Peso per Dollar	18.198	18.248

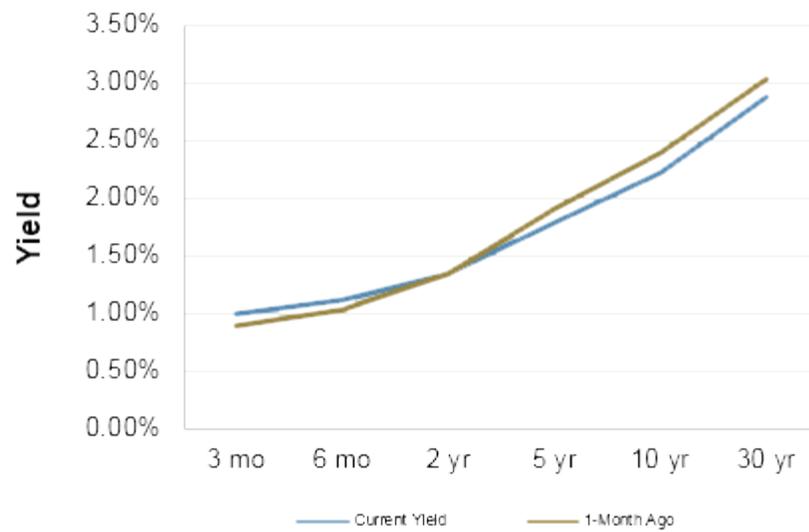
Commodities

	Last	1 year ago
Crude Oil	45.64	50.56
Gold	1279.50	1272.70

Bond Rates

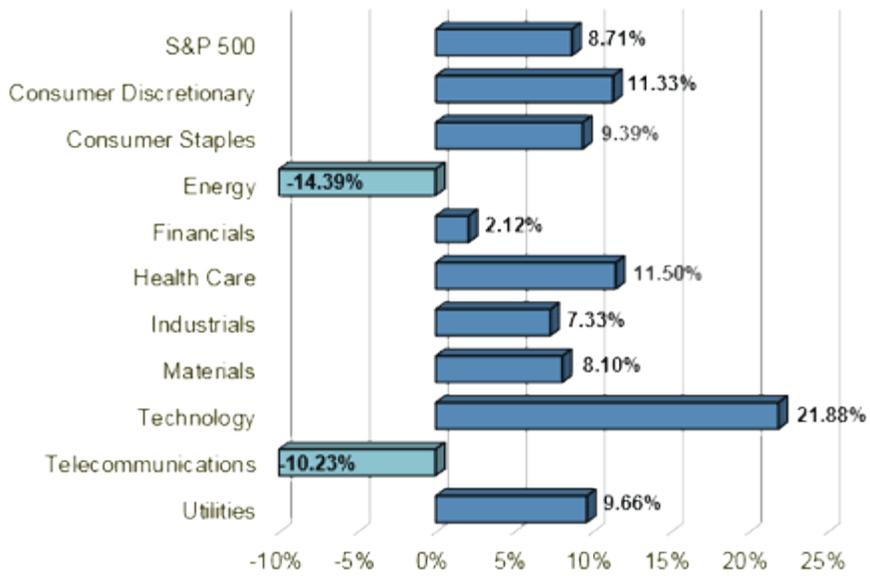
	Last	1 month ago
2-year treasury	1.34	1.33
10-year treasury	2.21	2.38
10-year municipal (TEY)	2.83	4.64

Treasury Yield Curve – 06/09/2017



As of close of business 06/08/2017

S&P Sector Performance (YTD) – 06/09/2017



As of close of business 06/08/2017

Economic Calendar

- | | | |
|----------------|---|--|
| June 13 | — | Small Business Optimism Index (May) |
| | — | Producer Price Index (May) |
| June 14 | — | Consumer Price Index (May) |
| | — | Retail Sales (May) |
| | — | FOMC Policy Decision |
| | — | Revised Fed Projections (new dot plot) |
| | — | Yellen press conference |
| June 15 | — | Jobless Claims (week ending June 10) |
| | — | Industrial Production (May) |

	—	Homebuilder Sentiment (June)
June 16	—	Building Permits, Housing Starts (May)
June 21	—	Existing Home Sales (May)
June 22	—	Leading Economic Indicators (May)
June 23	—	New Home Sales (May)
July 4	—	Independence Day holiday (markets closed)
July 7	—	Employment Report (June)
July 26	—	FOMC Policy Decision (no Yellen press conference)
September 20	—	FOMC Policy Decision (Yellen press conference)

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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 8, 2017.

John McRae

Branch Manager

512 22nd Avenue, Meridian, MS 39302

601-484-5273

john.mcrae@raymondjames.com

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