

RAYMOND JAMES®

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**OCTOBER 13, 2017**

**Market Commentary**

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

Higher gasoline prices added to the Consumer Price Index in September, but core inflation remained low. Retail sales rose 1.6% in the initial estimate for September, boosted by gains in autos (clearance promotions ahead of the new model year), building materials (possibly hurricane related) and gasoline (higher prices). Excluding these components, sales rose 0.4% (vs. 0.0% in August) – a more moderate trend in the third quarter. The index of small business optimism edged lower, but remained relatively strong by historical standards. The University of Michigan Consumer Sentiment Index rose in the mid-October reading, to the highest level since early 2005. Consumers were more optimistic about current conditions and the prospects for the economy over the next six months. The report suggested that consumers appeared to be more accepting of a limit upside for their own personal situation.

The FOMC minutes from the September 19-20 policy meeting showed that officials expected temporary impacts on the economy from the hurricanes. Officials discussed the recent low trend in inflation, but many felt that a further increase in short-term interest rates this year “*was likely to be warranted if the medium-term outlook remained broadly unchanged.*”

Next week is bookended by Yellen speeches, but we’re unlikely to learn much that we didn’t already know (that is, Fed policy decisions will remain data-dependent). The key data reports (industrial production, residential construction) aren’t expected to be market-moving. The stock market is expected to be driven by earnings reports, and the bond market may look to the stock market for direction.

## Indices

	Last	Last Week	YTD return %
DJIA	22841.01	22381.20	15.58%
NASDAQ	6591.51	6453.45	22.45%
S&P 500	2550.93	2510.06	13.94%
MSCI EAFE	1995.67	1963.44	18.51%
Russell 2000	1505.16	1488.79	10.91%

## Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	3.96	3.56

## Currencies

	Last	1 year ago
Dollars per British Pound	1.326	1.225
Dollars per Euro	1.183	1.106
Japanese Yen per Dollar	112.28	103.71
Canadian Dollars per Dollar	1.248	1.319

Mexican Peso per Dollar	18.906	18.925
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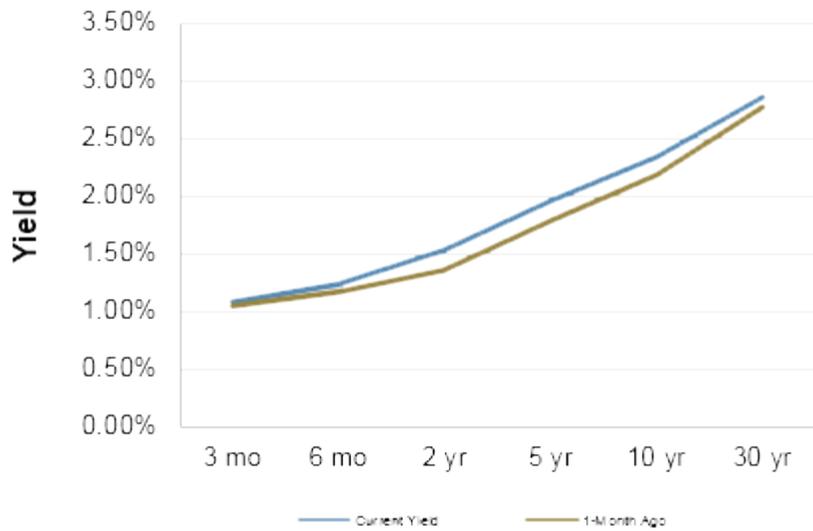
### Commodities

	Last	1 year ago
Crude Oil	50.60	50.44
Gold	1296.50	1257.60

### Bond Rates

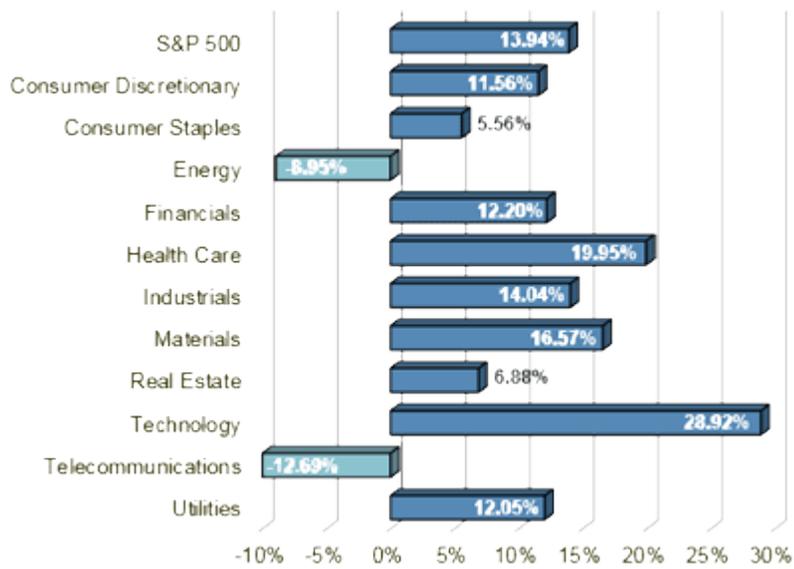
	Last	1 month ago
2-year treasury	1.52	1.36
10-year treasury	2.33	2.18
10-year municipal (TEY)	3.08	2.86

Treasury Yield Curve – 10/13/2017



As of close of business 10/12/2017

### S&P Sector Performance (YTD) – 10/13/2017



As of close of business 10/12/2017

## Economic Calendar

- October 15** — Yellen Speech ( "the economic outlook and monetary policy" )
  
- October 17** — Import Prices (September)  
  
— Industrial Production (September)
  
- October 18** — Building Permits, Housing Starts (September)  
  
— Fed Beige Book
  
- October 19** — Jobless Claims (week ending October 14)  
  
— Leading Economic Indicators (September)
  
- October 20** — Existing Home Sales (September)  
  
— Yellen Speech ("monetary policy since the financial crisis")
  
- October 25** — Durable Goods Orders (September)
  
- October 27** — Real GDP (3Q17, advance estimate)
  
- November 1** — FOMC Policy Decision (no press conference)

**November 3** — Employment Report (October)

**December** — FOMC Policy Decision (Yellen press conference)

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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 October 12, 2017.