

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

FEBRUARY 24, 2017

Market Commentary

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

The economic data calendar was thin. Existing home sales and new home sales both rose in January, but seasonal adjustment adds uncertainty. Jobless claims remained low – the four-week average was the lowest since July 21, 1973.

The FOMC minutes from the January 31 – February 1 policy meeting showed that Fed officials *“generally characterized their economic forecasts and their judgments about monetary policy as little changed since the December meeting.”* Most *“continued to see heightened uncertainty regarding the size, composition and timing of possible changes to fiscal and other government policies, and about their net effects on the economy and inflation.”* Many expressed the view that *“it might be appropriate to raise the federal funds rate again fairly soon if incoming information on the labor market and inflation was in line with or stronger than their current expectations or if the risks of overshooting the Committee’s maximum-employment and inflation objectives increased.”*

Next week, the economic calendar picks back up, with the second look at fourth quarter GDP, February consumer confidence, and the latest ISM surveys. Durable goods orders are normally choppy from month to month and January figures are often quirky (aircraft, don’t ask) – but pay attention to orders and shipments of nondefense capital goods ex-aircraft, which may provide an early read on business fixed investment. January personal income and spending figures will present a picture of the household sector’s health at the start of 1Q17. Investors will be looking for fiscal policy details in President Trump’s address to Congress on Tuesday evening (technically, this is not a State of the Union Address, but it serves the same purpose). However, we may not hear any specifics regarding the timing, characteristics and size of tax cuts. FedSpeak also picks up with Chair Yellen and Vice Chair Fischer overlapping on Friday.

Indices

	Last	Last Week	YTD return %
DJIA	20810.32	20619.77	5.30%

NASDAQ	5835.51	5814.90	8.02%
S&P 500	2363.81	2347.22	5.58%
MSCI EAFE	1764.17	1759.39	4.76%
Russell 2000	1394.62	1399.13	2.76%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.75	3.50
Fed Funds	0.66	0.39
30-year mortgage	4.18	3.62

Currencies

	Last	1 year ago
Dollars per British Pound	1.256	1.393
Dollars per Euro	1.058	1.101
Japanese Yen per Dollar	112.61	112.18
Canadian Dollars per Dollar	1.311	1.367
Mexican Peso per Dollar	19.667	18.213

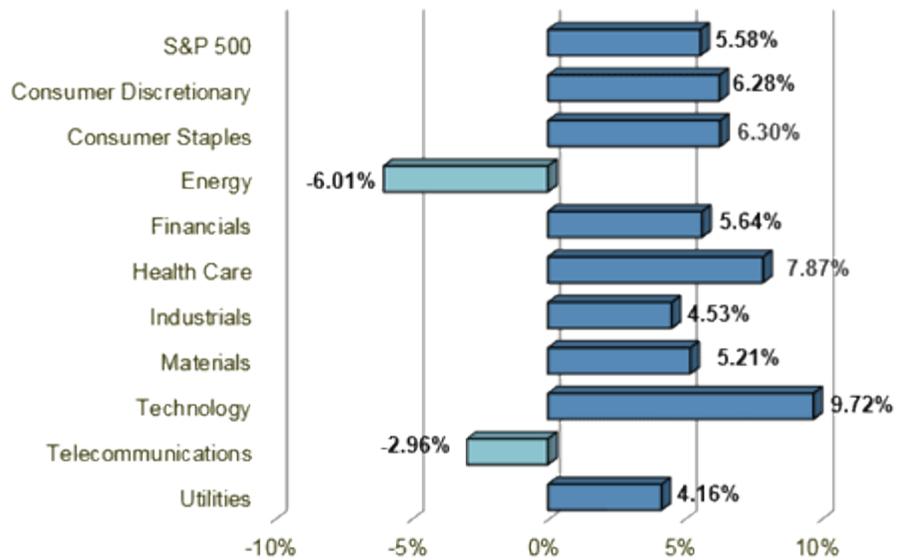
Commodities

	Last	1 year ago
Crude Oil	54.45	32.15
Gold	1251.41	1239.10

Bond Rates

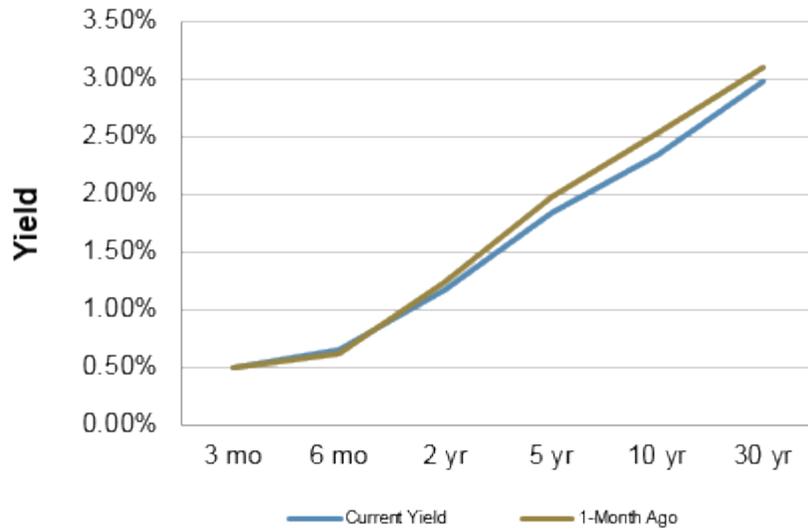
	Last	1 month ago
2-year treasury	1.16	1.24
10-year treasury	2.34	2.52
10-year municipal (TEY)	3.62	3.60

Treasury Yield Curve – 02/24/2017



As of close of business 02/23/2017

S&P Sector Performance (YTD) – 02/24/2017



As of close of business 02/23/2017

Economic Calendar

- | | | |
|--------------------|---|--|
| February 27 | — | Durable Goods Orders (January) |
| February 28 | — | Real GDP (4Q16, 2nd estimate) |
| | — | Chicago Purchasing Managers Index (February) |
| | — | CB Consumer Confidence Index (February) |
| | — | President Trump Addresses Congress |
| March 1 | — | Personal Income and Spending (January) |
| | — | ISM Manufacturing Index (February) |
| | — | Fed Beige Book |
| | — | Motor Vehicle Sales (February) |
| March 10 | — | Employment Report (February) |
| March 15 | — | FOMC Policy Decision (Yellen press conference) |
| May 3 | — | FOMC Policy Decision (no press conference) |

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John C. McRae

Financial Advisor

Located at Citizens National Bank

512 22nd Avenue, Meridian, MS 39301

John.mcrae@raymondjames.com / 601-484-5273

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