

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 16, 2017

Market Commentary

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

It was a busy week for the economic data, which came as a contrast to an optimistic Federal Reserve. Retail sales, industrial production and residential construction figures were all softer than expected, but still consistent with moderate growth in the overall economy. Consumer price inflation surprised to the downside. Small business optimism remained elevated. The University of Michigan's Consumer Sentiment Index fell in the mid-June assessment. Details of that report noted a sharp drop after Comey's testimony (June 8).

The Federal Open Market Committee raised the federal funds target rate by 25 basis points, as expected, to 1.00-1.25%. The Fed's Board of Governors approved a similar increase in the primary credit rate (the discount rate) to 1.75%. The FOMC announced guidelines for reducing the size of the balance sheet (expected to start by the end of the year, but no specific date yet). The Fed will set an initial cap (\$10 billion) for the monthly run-off in its portfolio, gradually increasing that (to \$50 billion). In the Summary of Economic Projections, senior Fed officials did not revise the projections of GDP growth by much, but saw somewhat lower inflation and a lower unemployment rate for this year. The dots in the dot plot did not shift much. Of the 16 senior Fed officials, four expect no further rate increases this year, eight expect one increase, and four expect two increases (note that seven of these officials do not vote on policy). In her post-meeting press conference, Chair Yellen was more hawkish than expected (somewhat dismissive of recent signs of economic softness and low inflation readings).

Next week, the economic calendar thins out some. Home sales figures have some potential to surprise, but should not alter the bigger economic picture.

Indices

	Last	Last Week	YTD return %
DJIA	21359.90	21182.53	8.08%
NASDAQ	6165.50	6321.77	14.53%
S&P 500	2432.46	2433.79	8.65%
MSCI EAFE	1877.04	1894.49	11.46%
Russell 2000	1410.04	1415.61	3.90%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.38
30-year mortgage	4.00	3.52

Currencies

	Last	1 year ago
Dollars per British Pound	1.276	1.420
Dollars per Euro	1.115	1.123
Japanese Yen per Dollar	110.93	104.26
Canadian Dollars per Dollar	1.327	1.297
Mexican Peso per Dollar	18.043	18.945

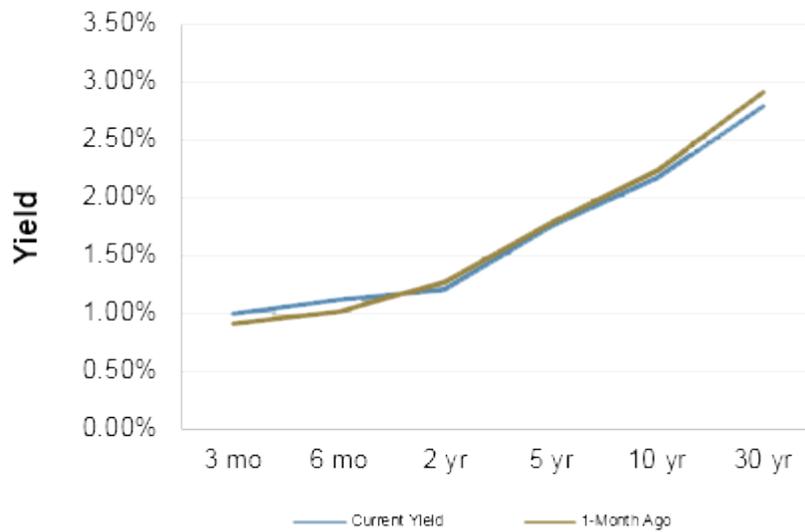
Commodities

	Last	1 year ago
Crude Oil	44.46	46.21
Gold	1254.60	1298.40

Bond Rates

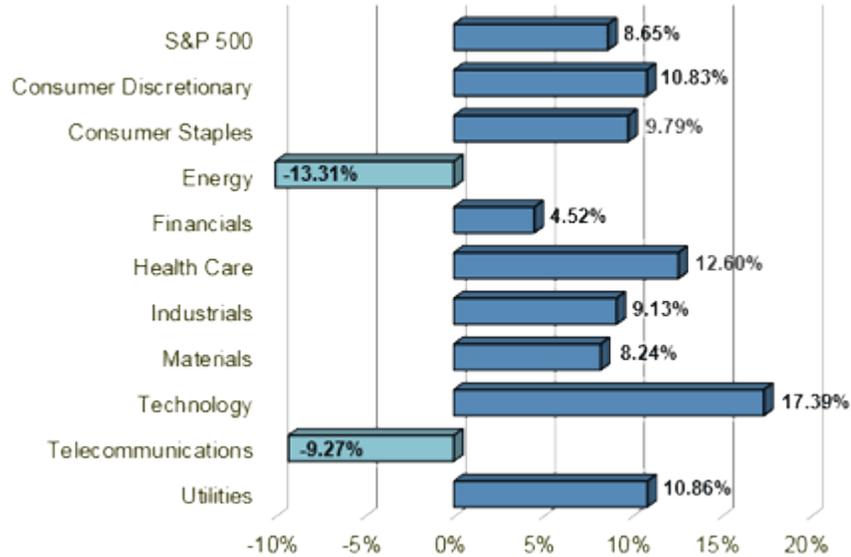
	Last	1 month ago
2-year treasury	1.33	1.27
10-year treasury	2.16	2.24
10-year municipal (TEY)	2.85	3.11

Treasury Yield Curve – 06/16/2017



As of close of business 06/15/2017

S&P Sector Performance (YTD) – 06/16/2017



As of close of business 06/15/2017

Economic Calendar

June 21	—	Existing Home Sales (May)
June 22	—	Jobless Claims (week ending June 17)
	—	Leading Economic Indicators (May)
June 23	—	New Home Sales (May)
June 26	—	Durable Goods Orders (May)
June 27	—	Consumer Confidence (June)
June 27	—	ISM Manufacturing Index (June)
	—	Financial markets close early
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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John McRae
Citizens National Bank
512 22nd Avenue, Meridian, MS 39302
601-484-5273
John.mcrae@raymondjames.com

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