

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

APRIL 28, 2017

Market Commentary

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

The White House unveiled the long-awaited tax cut plan, which ended up being just a one-page, double-spaced, detail-free repeat of what Trump proposed in the campaign – and the stock market loved it. Trump came close to pulling out of the North American Free Trade Agreement, but steered away at the last minute after talking to the leaders of Canada and Mexico. A budget standoff (and possible government shutdown) was averted, after the White House dropped demands to fund construction on the border wall. All 100 senators were invited to a White House briefing on North Korea.

The economic data were mixed. Real GDP rose 0.7% in the advance estimate for 1Q17, less than expected, but the story behind the numbers was largely in line with expectations. Consumer spending growth (69% of GDP) slowed sharply (following a strong 4Q16). Business fixed investment surged. Residential homebuilding added. Inventory growth slowed, subtracting 0.9 percentage point from the headline GDP growth figure. The Employment Cost Index rose more than expected, which could reflect increases in state minimum wages or higher annual bonuses.

Next week, there's a Fed policy meeting, but no change is anticipated and there will be no Yellen press conference. The financial markets could react to any surprises in the monthly ISM surveys, but the focus should be on the April employment report. Nonfarm payrolls were suspiciously soft in March, which may have reflected seasonal adjustment issues (a late Easter). Watch for revisions. Still, the underlying trend in job growth has been steadily lower over the last few years, consistent with a tighter labor market.

Indices

	Last	Last Week	YTD return %
DJIA	20981.33	20578.71	6.17%
NASDAQ	6038.47	5916.78	12.37%
S&P 500	2388.77	2355.84	6.70%
MSCI EAFE	1835.96	1783.67	9.02%
Russell 2000	1417.13	1384.15	4.42%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.00	3.50
Fed Funds	0.82	0.36
30-year mortgage	4.09	3.59

Currencies

	Last	1 year ago
Dollars per British Pound	1.290	1.461
Dollars per Euro	1.087	1.135
Japanese Yen per Dollar	111.26	1108.11
Canadian Dollars per Dollar	1.363	1.255
Mexican Peso per Dollar	19.027	17.177

Commodities

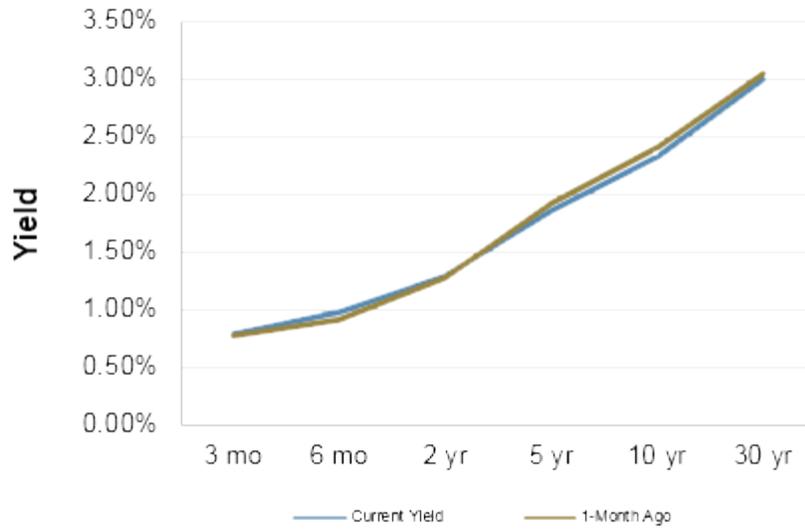
	Last	1 year ago
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Crude Oil	48.97	46.13
Gold	1265.90	1266.40

Bond Rates

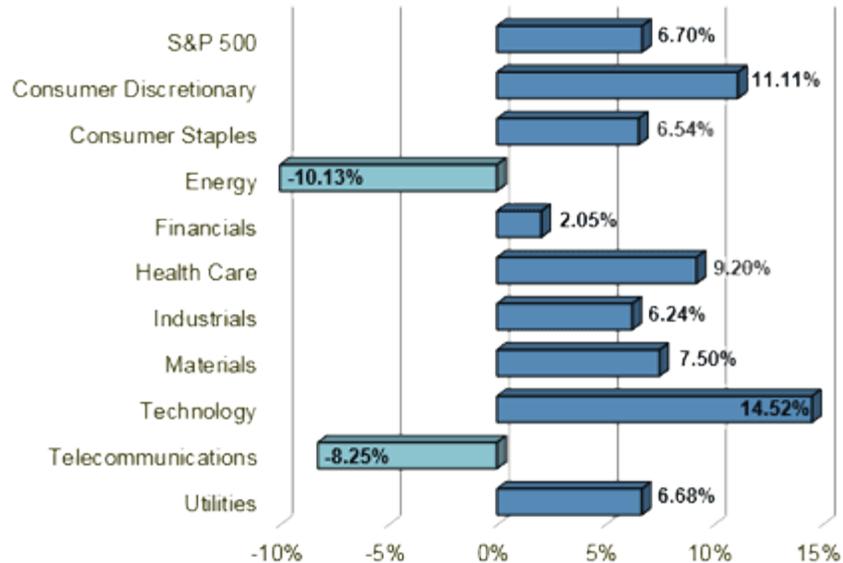
	Last	1 month ago
2-year treasury	1.28	1.26
10-year treasury	2.25	2.41
10-year municipal (TEY)	3.32	3.48

Treasury Yield Curve – 04/28/2017



As of close of business 04/27/2017

S&P Sector Performance (YTD) – 04/28/2017



As of close of business 04/27/2017

Economic Calendar

- | | | |
|--------------|---|--|
| May 1 | — | Personal Income and Spending (March) |
| | — | ISM Manufacturing Index (April) |
| May 2 | — | Motor Vehicle Sales (April) |
| May 3 | — | ADP Payroll Estimate (April) |
| | — | ISM Non-Manufacturing Index (April) |
| | — | FOMC Policy Decision (no press conference) |
| May 4 | — | Trade Balance (March) |
| | — | NF Productivity (1Q17, preliminary) |
| May 5 | — | Employment Report (April) |

- May 12** — Consumer Price Index (April)
- Retail Sales (April)
- May 16** — Building Permits, Housing Starts (April)
- May 29** — Memorial Day (markets closed)
- June 14** — FOMC Policy Decision (Yellen press conference)

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