
WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

January 27, 2017

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The economic data were largely irrelevant as investors remained focused on the future. Earnings reports were mostly supportive. Trump tweets and executive orders rained, adding some confusion (while some had teeth, most executive orders did little beyond pointing the direction Trump wants Congress to take). Little noticed, the Congressional Budget Office is projecting (based on existing law) a \$1 trillion federal budget deficit in just six years – tax cuts and any added infrastructure spending will only add to that.

Real GDP rose at a 1.9% annual rate in the advance estimate for 4Q16 (also +1.9% y/y). Consumer spending remained strong (a 2.5% annual rate). Business fixed investment was mixed, but mostly stronger (+2.4%). Residential homebuilding rebounded following two quarterly declines. Faster inventory growth added a full percentage point to headline GDP growth, while net export added 1.7 percentage points. Exports fell, partly unwinding the third quarter's surge in soybean exports (which went mostly to Mexico and China). Imports rose sharply, a sign of domestic strength, but imports have a negative sign in the GDP calculation (subtracting from GDP growth).

Next week, we'll get a lot of fresh January figures, but the markets are expected to remain focused on earnings reports and the economy ahead. However, the labor market plays a major role in the Fed policy outlook and the January employment report will be important. Annual benchmark revisions to the establishment survey data are due (payrolls, hours and wages), but these are expected to be relatively small by historical standards. Note that reduced seasonal hiring is likely to lead to fewer seasonal layoffs. We can expect to lose 2.8 million jobs or more before seasonal adjustment, so it seems a little silly to worry about the nearest 30,000 or so in the adjusted payroll figures. The Fed policy meeting is expected to be a non-event – no change in policy is anticipated, there is no Yellen press conference, and officials will not revise their economic projections (no new dot plot).

Indices

	Last	Last Week	YTD return %
DJIA	20100.91	19732.40	1.71%
NASDAQ	5655.18	5540.08	5.05%

S&P 500	2296.68	2296.68	2.58%
MSCI EAFE	1739.53	1739.53	3.30%
Russell 2000	1375.60	1345.74	1.36%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.75	3.50
Fed Funds	0.67	0.50
30-year mortgage	4.31	3.79

Currencies

	Last	1 year ago
Dollars per British Pound	1.260	1.425
Dollars per Euro	1.068	1.089
Japanese Yen per Dollar	114.53	118.68
Canadian Dollars per Dollar	1.309	1.410
Mexican Peso per Dollar	21.214	18.473

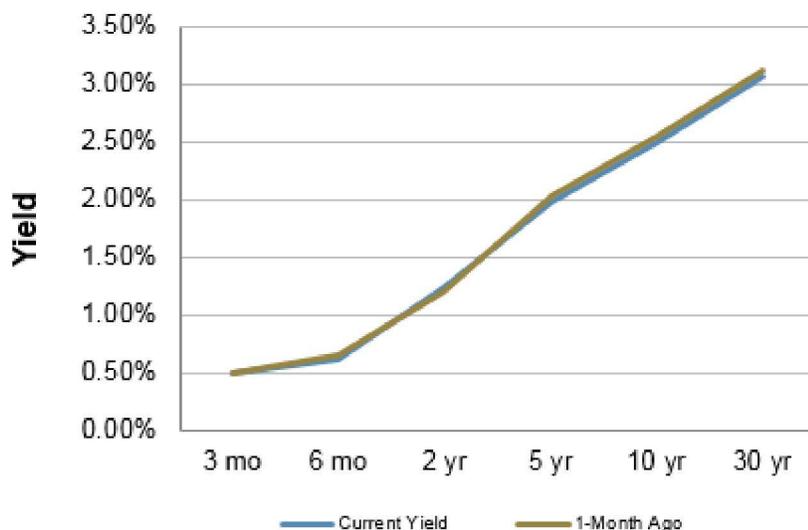
Commodities

	Last	1 year ago
Crude Oil	53.73	32.30
Gold	1189.80	1116.30

Bond Rates

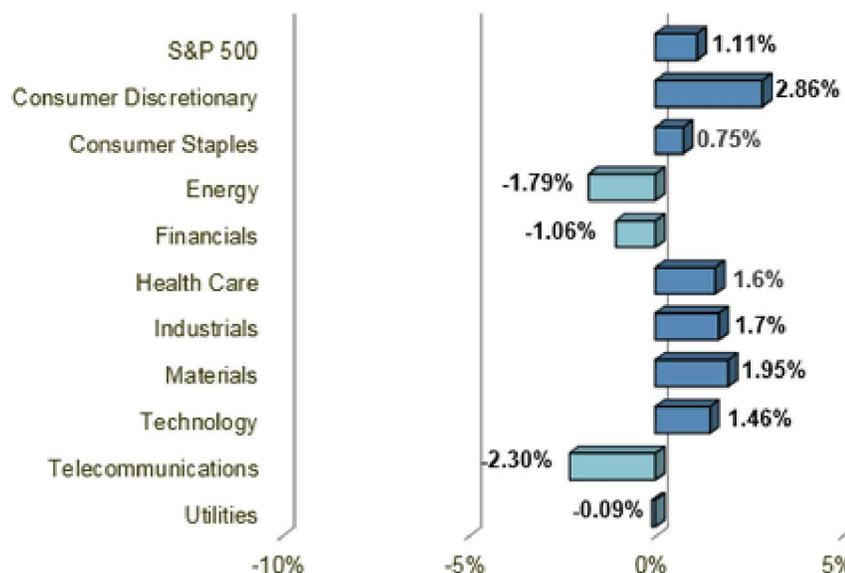
	Last	1 month ago
2-year treasury	1.24	1.21
10-year treasury	2.52	2.47
10-year municipal (TEY)	3.60	3.63

Treasury Yield Curve – 01/27/2017



As of close of business 01/26/2017

S&P Sector Performance (YTD) – 01/27/2017



As of close of business 01/26/2017

Economic Calendar

January 30	—	Personal Income and Spending (December)
	—	Pending Home Sales Index (December)
January 31	—	Employment Cost Index (4Q16)
	—	Chicago Purchasing Managers Index (January)
	—	CB Consumer Confidence (January)

February 1	—	ADP Payroll Estimate (January)
	—	ISM Manufacturing Index (January)
	—	FOMC Policy Decision (no press conference)
	—	Motor Vehicle Sales (January)
February 2	—	Jobless Claims (week ending January 28)
February 3	—	Employment Report (January)
February 7	—	Trade Balance (December)
February 15	—	Consumer Price Index (January)
	—	Retail Sales (January)
	—	Industrial Production (January)
February 20	—	Presidents Day (markets closed)
March 15	—	FOMC Policy Decision (Yellen press conference)

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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.

Tax Equiv Muni yields (TEY) assumes a 35% tax rate. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change.

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Data source: Bloomberg, as of close of business January 26, 2017.

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