RAYMOND JAMES®

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

SEPTEMBER 7, 2017

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

The economic calendar was thin and what little there was unsurprising. The August ISM Non-Manufacturing Index was about as expected, but the key details (business activity, new orders and employment) showed some improvement relative to July (consistent with moderately strong growth in the overall economy). The Fed's Beige Book described growth as *"modest to moderate."* Employment growth *"slowed some,"* according to the report's summary, with *"reports of worker shortages in numerous industries, most notably in manufacturing and construction."* Most Fed districts noted *"limited wage pressures,"* although two (Dallas and San Francisco) indicated that *"labor shortages were pushing up wages."* Thank Bank of Canada, which surprised by hiking short-term interest rates earlier than anticipated.

Fed Vice-Chair announced his resignation, citing *"personal reasons."* Fed watchers had widely anticipated that he would leave by the early part of 2018, so the only surprise was in the timing. Meanwhile, the Senate Banking Committee advanced the nomination of Randal Quarles, Trump's nominee for Fed Governor and Vice-Chair of Supervision.

In a surprise move, President Trump bypassed Republican leaders and reached an agreement with Democratic leaders to provide Hurricane relief, fund the government and avoid the debt ceiling through mid-December. That removes a near-term worry for the financial markets (which feared the possibility of a government shutdown or default on the debt), although we may see tensions rise ahead of the mid-December deadline. Efforts to assess the economic impact of Hurricane Harvey continued, but there was more anxiety regarding the approach of the massive Hurricane Irma.

Next week, the August retail sales figures will be watched closely. Unit auto sales fell last month, but higher gasoline prices will add to total sales. Higher gasoline prices will also show up in the Consumer Price Index (amplified by the seasonal adjustment, which anticipates lower gasoline prices in August). Market participants will likely be focused on the upcoming Fed policy meeting.

Indices

	Last	Last Week	YTD return %
DJIA	21807.64	21948.10	10.35%
NASDAQ	6393.31	6428.66	18.77%
S&P 500	2465.54	2471.65	10.12%
MSCI EAFE	1934.55	1930.82	14.88%
Russell 2000	1402.20	1405.28	3.32%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	3.86	3.40

Currencies

	Last	1 year ago
Dollars per British Pound	1.305	1.344
Dollars per Euro	1.192	1.126
Japanese Yen per Dollar	109.09	114.82
Canadian Dollars per Dollar	1.223	1.284

Mexican Peso per Dollar	17.784	18.276

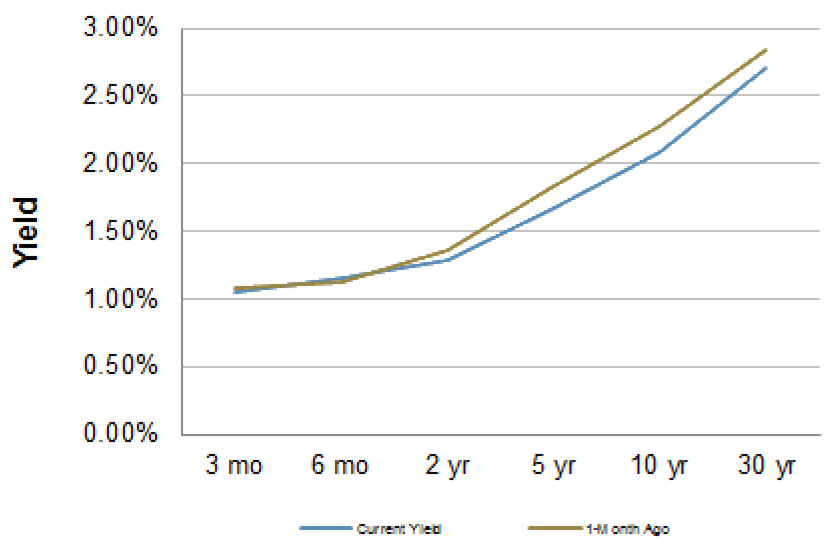
Commodities

	Last	1 year ago
Crude Oil	49.10	44.83
Gold	1338.80	1354.00

Bond Rates

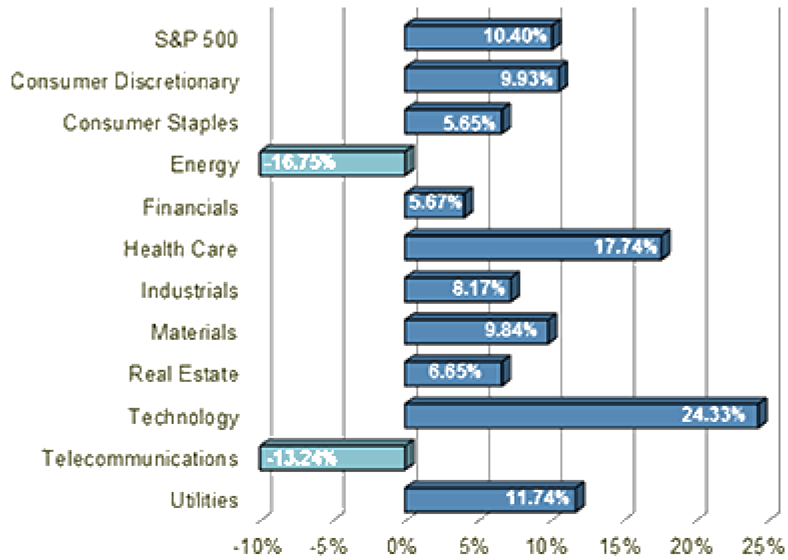
	Last	1 month ago
2-year treasury	1.29	1.38
10-year treasury	2.09	2.27
10-year municipal (TEY)	2.80	2.88

Treasury Yield Curve – 09/07/2017



As of close of business 09/06/2017

S&P Sector Performance (YTD) – 09/07/2017



As of close of business 09/06/2017

Economic Calendar

September 13	—	Producer Price Index (August)
September 14	—	Consumer Price Index (August)
September 15	—	Retail Sales (August)
	—	Industrial Production
September 20	—	FOMC Policy Decision (Yellen press conference)
October 6	—	Employment Report (September)
November 1	—	FOMC Policy Decision (no press conference)
December 13	—	FOMC Policy Decision (Yellen press conference)