

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 3, 2017

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

In his first major address to a joint session of Congress, President Trump was less “ranty” and more “presidential.” His speech played well for the Republicans in Congress, who appear to be more united with the White House. The stock market was enthused.

New York Fed President Dudley said that the case for increasing short-term interest rates was more compelling. The federal funds futures market began to price in a better than even chance of a March 15 rate hike.

The economic data were generally on the strong side of expectations. The estimate of 4Q16 GDP growth remained at a 1.9% annual rate, but consumer spending growth was revised to 3.0% (from 2.5%). January personal income and spending figures suggested some restraint on the household sector. While income rose a little more than expected, the increase was eaten away by higher inflation. Spending fell a little short of expectations, reflecting a drop in vehicle sales and a decrease in home heating (unseasonably warm temperatures). Unit auto sales were little changed (on a seasonally adjusted basis) in February, well below the fourth quarter average (suggesting a subtraction from 1Q17 GDP growth). The ISM Manufacturing Index was stronger than expected, with upbeat comments from supply managers. The Fed’s Beige Book described growth as “modest to moderate,” with limited inflation pressure, suggesting no pressing need for the Fed to slam on the brakes.

Next week, the focus will be on the February employment report. Nonfarm payrolls are expected to have risen at a moderately strong pace (keep an eye on the three-month average). The unemployment rate is likely to have edged lower. Average hourly earnings should have risen moderately.

Indices

	Last	Last Week	YTD return %
DJIA	21002.97	20810.32	6.28%
NASDAQ	5862.22	5835.51	8.88%
S&P 500	2381.92	2363.81	6.39%
MSCI EAFE	1758.48	1764.17	4.42%
Russell 2000	1395.67	1394.62	2.84%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.75	3.50
Fed Funds	0.66	0.37
30-year mortgage	4.24	3.64

Currencies

	Last	1 year ago
Dollars per British Pound	1.227	1.418
Dollars per Euro	1.051	1.096
Japanese Yen per Dollar	114.41	113.69
Canadian Dollars per Dollar	1.339	1.340
Mexican Peso per Dollar	19.999	17.923

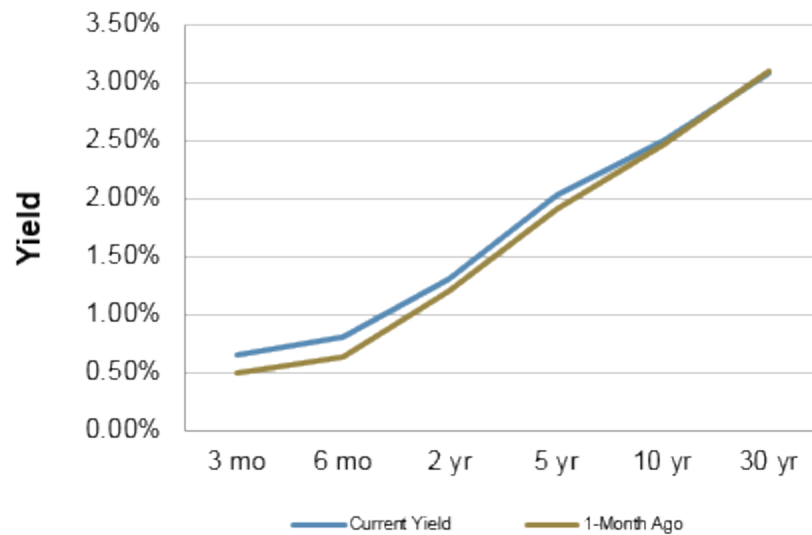
Commodities

	Last	1 year ago
Crude Oil	52.61	34.57
Gold	1232.90	1258.20

Bond Rates

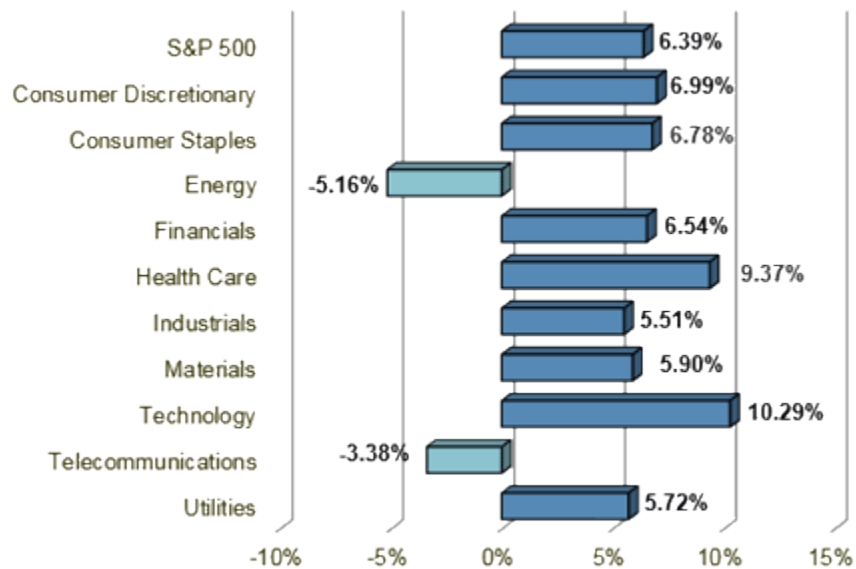
	Last	1 month ago
2-year treasury	1.31	1.19
10-year treasury	2.49	2.46
10-year municipal (TEY)	3.69	3.56

Treasury Yield Curve – 03/03/2017



As of close of business 03/02/2017

S&P Sector Performance (YTD) – 03/03/2017



As of close of business 03/02/2017

Economic Calendar

- March 6** — Factory Orders (January)
- March 7** — International Trade (January)
- March 8** — ADP Payroll Estimate (February)
- March 9** — Jobless Claims (week ending March 4)
- March 10** — Employment Report (February)
- March 15** — Consumer Price Index (February)
- Retail Sales (February)
- FOMC Policy Decision (Yellen press conference)
- March 16** — Building Permits, Housing Starts (February)

- March 17** — Industrial Production
- May 3** — FOMC Policy Decision (no press conference)
- June 14** — FOMC Policy Decision (Yellen press conference)

All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc. and are subject to change. There is no assurance any of the forecasts mentioned will occur or that any trends mentioned will continue in the future. Investing involves risks including the possible loss of capital. Past performance is not a guarantee of future results. International investing is subject to additional risks such as currency fluctuations, different financial accounting standards by country, and possible political and economic risks, which may be greater in emerging markets. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, and state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Taxable Equivalent Yield (TEY) assumes a 35% tax rate.

The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks. An investment cannot be made directly in these indexes. The performance noted does not include fees or charges, which would reduce an investor's returns. U.S. government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one year) obligations of the U.S. government.

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. Gross Domestic Product (GDP) is the annual total market value of all final goods and services produced domestically by the U.S. The federal funds rate ("Fed Funds") is the interest rate at which banks and credit unions lend reserve balances to other depository institutions overnight. The prime rate is the underlying index for most credit cards, home equity loans and lines of credit, auto loans, and personal loans. Material prepared by Raymond James for use by its financial advisors. Data source: Bloomberg, as of close of business March 2, 2017.

John C. McRae
512 22nd Avenue
Meridian, MS 39302
John.mcrae@raymondjames.com
601-484-5273

To opt out of receiving future emails from us, please reply to this email with the word "Unsubscribe" in the subject line. The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee the foregoing material is accurate or complete.

Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#), and are not insured by any financial institution insurance, the FDIC/NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal. Raymond James is not affiliated with the financial institution or the investment center.

Raymond James Financial Services does not accept orders and/or instructions regarding your account by email, voice mail, fax or any alternate method. Transactional details do not supersede normal trade confirmations or statements. Email sent through the internet is not secure or confidential. Raymond James Financial Services reserves the right to monitor all email. Any information provided in this email has been prepared from sources believed to be reliable, but is not guaranteed by Raymond James Financial Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. Raymond James Financial Services and its employees may own options, rights or warrants to purchase any of the securities mentioned in this email. This email is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.