

WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

January 20, 2017

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While there were several economic data releases, the mid-month figures had little impact on the markets. Market participants are focused on the economy ahead, not the economy behind. However, there was some second-guessing regarding what sort of stimulus we will see in the months ahead and how effective that might be in lifting economic growth.

Fed Chair Janet Yellen spoke twice and adopted a somewhat more hawkish stance: *“Waiting too long to begin moving toward the neutral rate could risk a nasty surprise down the road – either too much inflation, financial instability, or both.”*

Industrial production rose 0.8% in December, but that reflected a rebound in the output of utilities (a return to more normal temperatures). Manufacturing output edged up 0.2% (+0.4% y/y). The Consumer Price Index rose 0.3% (+2.1% y/y), up 0.2% ex-food & energy (+2.2% y/y). The Fed Beige Book indicated that *“the economy continued to expand at a modest pace across most regions.”* Labor markets were reported to be *“tight or tightening.”* There were reports of *“widespread difficulties in finding workers for skilled positions,”* but also some note of *“problems recruiting for less-skilled jobs.”* Wages in some districts were *“pushed up a bit”* by increases in the states’ minimum wages, and most districts said wage pressures had increased. Pricing pressures *“intensified somewhat,”* while *“increases in input costs were more widespread than increases in final goods prices.”*

Next week, the economic data reports are not expected to be market-moving. There’s usually a lot of market interest in the advance GDP estimate, but market participants are likely to remain forward-looking. There is always a lot of uncertainty in the advance figures (the growth estimate will be revised). A surge in agricultural exports boosted 3Q16 GDP growth, but that appears to have mostly unwound in 4Q16 (subtracting from headline growth). Earnings reports should remain a key driver of the stock market, but investors will also be looking for new executive orders out of the Trump White House.

Indices

	Last	Last Week	YTD return %
DJIA	19732.40	19891.00	-0.15%

NASDAQ	5540.08	5547.49	2.92%
S&P 500	2263.69	2270.44	1.11%
MSCI EAFE	1712.23	1722.24	1.68%
Russell 2000	1345.74	1361.07	-0.84%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.75	3.50
Fed Funds	0.67	0.50
30-year mortgage	4.24	3.81

Currencies

	Last	1 year ago
Dollars per British Pound	1.234	1.419
Dollars per Euro	1.066	1.087
Japanese Yen per Dollar	114.86	116.94
Canadian Dollars per Dollar	1.332	1.450
Mexican Peso per Dollar	21.956	18.527

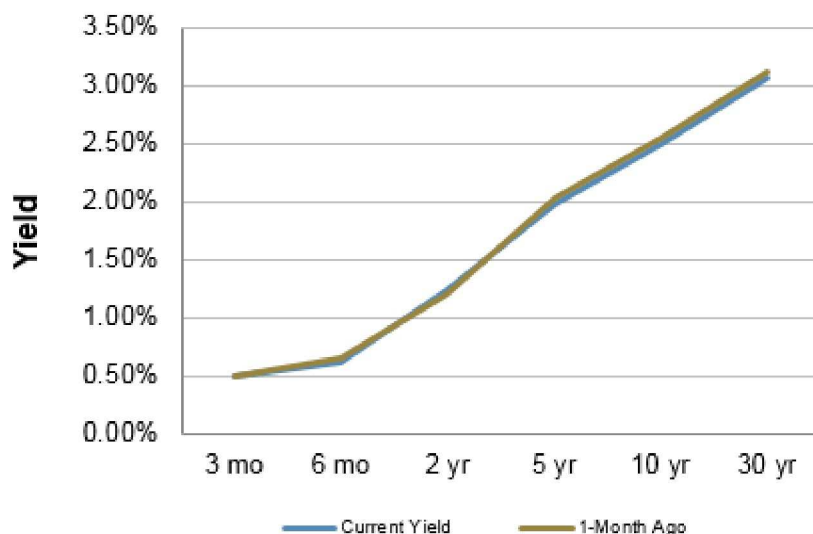
Commodities

	Last	1 year ago
Crude Oil	51.37	26.55
Gold	1201.50	1106.20

Bond Rates

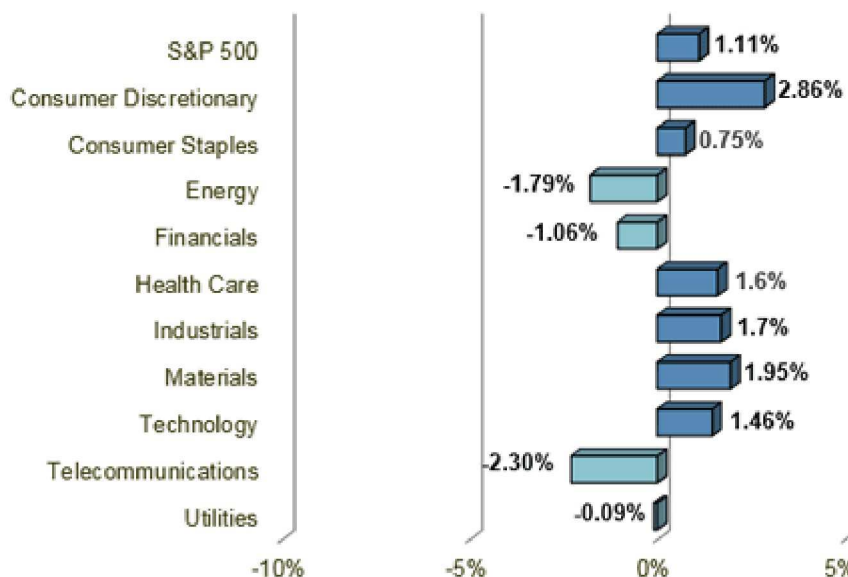
	Last	1 month ago
2-year treasury	1.23	1.20
10-year treasury	2.49	2.54
10-year municipal (TEY)	3.45	3.74

Treasury Yield Curve – 01/20/2017



As of close of business 01/19/2017

S&P Sector Performance (YTD) – 01/20/2017



As of close of business 01/19/2017

Economic Calendar

January 24	—	Existing Home Sales (December)
January 26	—	Advance Economic Indicators (December)
	—	Jobless Claims (week ending January 21)
	—	New Home Sales (December)
	—	Leading Economic Indicators (December)

January 27	—	Real GDP (4Q16, advance estimate)
	—	Durable Goods Orders (December)
	—	UM Consumer Sentiment (January)
January 30	—	Personal Income and Spending (December)
January 31	—	Employment Cost Index (4Q16)
	—	CB Consumer Confidence (January)
February 1	—	ISM Manufacturing Index (January)
	—	FOMC Policy Decision (no press conference)
February 3	—	Employment Report (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 19, 2017.

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