

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

SEPTEMBER 29, 2017

Market Commentary

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

The economic data reports were mixed, with a continued divergence between the “soft” data, such as consumer confidence, and the “hard” data, such as consumer spending. The personal income and spending report confirmed a positive but subpar pace of consumer spending growth in 3Q17 (about a 1.5% annual rate, inflation adjusted, vs. +3.3% in 2Q17). Ex-food & energy, the PCE Price Index rose 0.1% in August, less than the median forecast (+0.2%). That pushed the year-over-year change down to 1.3% – further below the Fed’s 2% goal.

In her speech to the National Association for Business Economics, Fed Chair Yellen gave a balanced assessment of the risks of raising short-term interest rates too rapidly, or too slowly. However, the markets seemed to take what she said as a bit “hawkish.”

The White House released its tax reform proposal. While lacking detail, the plan was well-received by the financial markets, but there was immediate pushback from a number of quarters (for example, those upset about eliminating the deduction for state and local taxes). Regardless of the merits of the proposal, it is expected to face a difficult path in the months ahead.

Next week, fresh September figures will arrive (ISM surveys, motor vehicle sales, the employment report), but we’re likely to see some distortions from the hurricanes. The payroll survey is for the week of the 12th, which can vary from firm to firm. If someone worked anytime during that pay period, they are counted in the payroll total. Note that seasonal adjustment is large in September (we can expect to add 1.5 million education jobs before adjustment). The hurricanes should reduce average weekly hours. Market participants are paying more attention to average hourly earnings, but these figures are often quirky and subject to revision the next month.

Indices

	Last	Last Week	YTD return %
DJIA	22381.20	22359.23	13.25%
NASDAQ	6453.45	6422.69	19.88%
S&P 500	2510.06	2500.60	12.11%
MSCI EAFE	1963.44	1969.26	16.59%
Russell 2000	1488.79	1444.18	9.70%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	3.99	3.39

Currencies

	Last	1 year ago
Dollars per British Pound	1.344	1.297
Dollars per Euro	1.179	1.122
Japanese Yen per Dollar	112.34	101.03
Canadian Dollars per Dollar	1.243	1.315
Mexican Peso per Dollar	18.161	19.521

Commodities

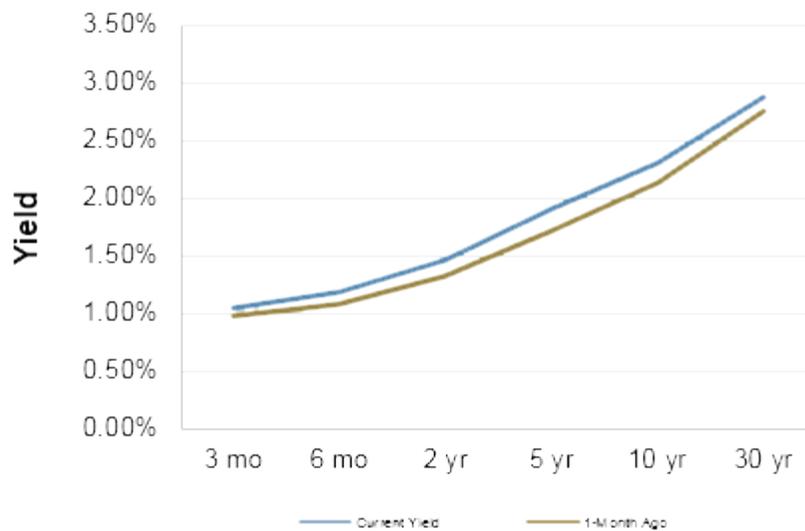
	Last	1 year ago
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Crude Oil	51.56	47.83
Gold	1288.70	1326.00

Bond Rates

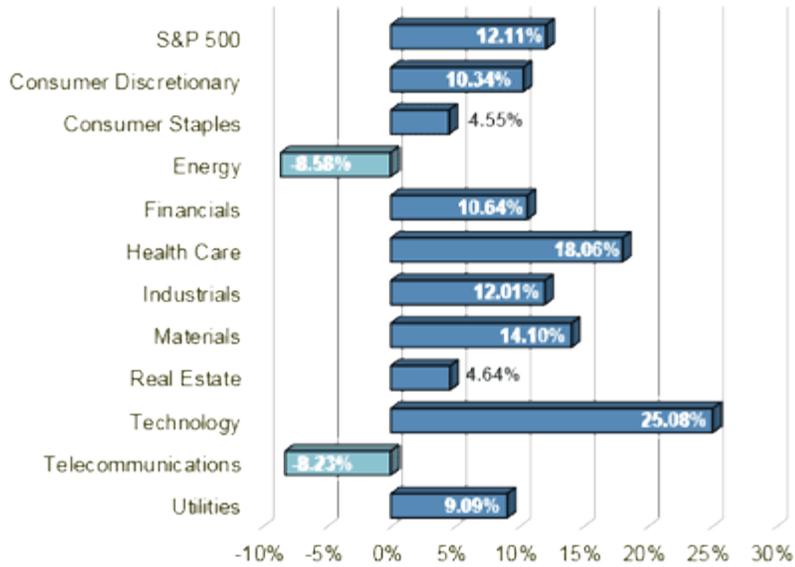
	Last	1 month ago
2-year treasury	1.46	1.32
10-year treasury	2.31	2.13
10-year municipal (TEY)	3.08	2.83

Treasury Yield Curve – 09/29/2017



As of close of business 09/28/2017

S&P Sector Performance (YTD) – 09/29/2017



As of close of business 09/28/2017

Economic Calendar

- September 29** — Personal Income and Spending (August)
- October 2** — ISM Manufacturing Index (September)
- October 3** — Motor Vehicle Sales (September)
- October 6** — Employment Report (September)
- October 9** — Columbus Day (bond market closed)
- November 1** — FOMC Policy Decision (no press conference)
- December 13** — FOMC Policy Decision (Yellen press conference)

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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 financial advisors. Data source: Bloomberg, as of close of business September 28, 2017.