

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

FEBRUARY 17, 2017

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

The economic data were mixed. Retail sales rose more than anticipated in January (partly reflecting a rebound in food sales), while December figures were revised higher. Industrial production was softer than expected, held down by a drop in the output of utilities (generally warm weather) – auto output was down, but manufacturing generally improved otherwise. The Consumer Price Index rose more than expected, possibly reflecting firms try to raise prices to see if they stick (that often occurs at the start of the year). The Producer Price Index also exceeded expectations, with some evidence of increased pipeline pressure.

Fed Chair Janet Yellen said that *“waiting too long to remove accommodation would be unwise, potentially requiring the FOMC to eventually raise rates rapidly, which could risk disrupting financial markets and pushing the economy into recession.”* The markets took that as signaling a more hawkish stance, but she had said that exact same thing a number of times previously. She emphasized that *“at our upcoming meetings, the [FOMC] will evaluate whether employment and inflation are continuing to evolve in line with these expectations, in which case a further adjustment of the federal funds rate would likely be appropriate.”*

Next week, the economic calendar is thin. Home sales figures for January will be subject to seasonal distortions and should not be market-moving. Fed Governor Powell speaks on Wednesday. The topic is the economy and monetary policy. Powell is seen as middle-of-the-road. Hence, the markets will take his views as a representation of the consensus among Fed policymakers. However, like Chair Yellen and Vice Chair Fischer, he is unlikely to provide any solid clues on the timing of future rate increases.

Indices

	Last	Last Week	YTD return %
DJIA	20619.77	20172.40	4.34%
NASDAQ	5814.90	5715.18	8.02%
S&P 500	2347.22	2307.87	3.08%
MSCI EAFE	1759.39	1734.20	4.48%

Russell 2000	1399.13	1378.53	3.09%
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Consumer Money Rates

	Last	1 year ago
Prime Rate	3.75	3.50
Fed Funds	0.66	0.38
30-year mortgage	4.20	3.65

Currencies

	Last	1 year ago
Dollars per British Pound	1.249	1.429
Dollars per Euro	1.067	1.113
Japanese Yen per Dollar	113.24	114.10
Canadian Dollars per Dollar	1.307	1.367
Mexican Peso per Dollar	20.380	18.365

Commodities

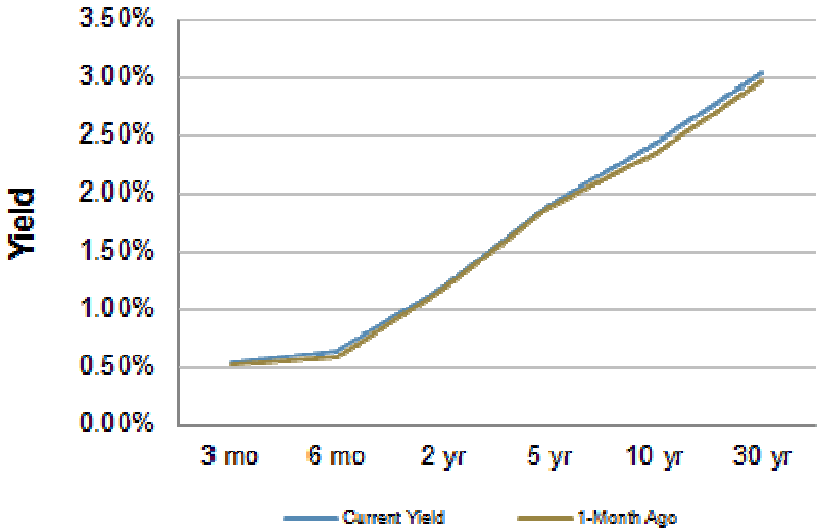
	Last	1 year ago
Crude Oil	53.36	27.66
Gold	1241.60	1211.40

Bond Rates

	Last	1 month ago
2-year treasury	1.18	1.23

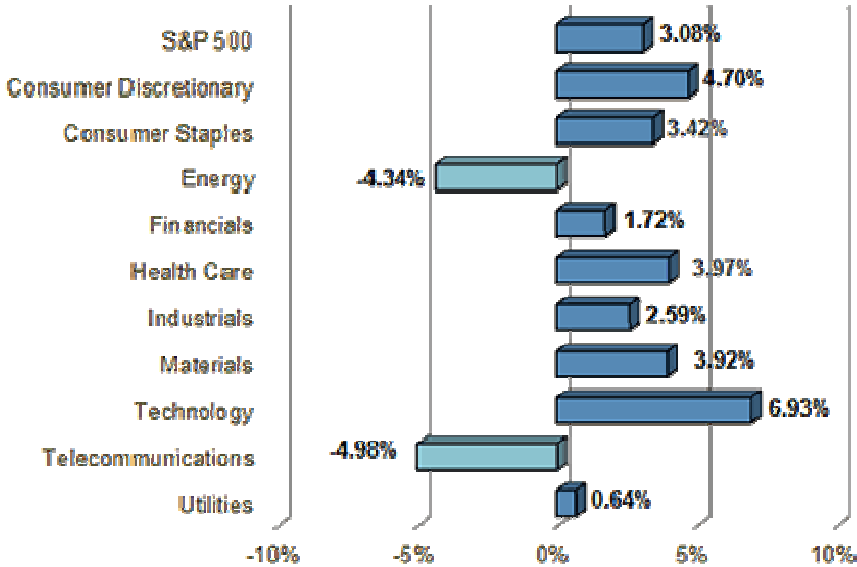
10-year treasury	2.40	2.49
10-year municipal (TEY)	3.69	3.45

Treasury Yield Curve – 02/17/2017



As of close of business 02/16/2017

S&P Sector Performance (YTD) – 02/17/2017



As of close of business 02/16/2017

Economic Calendar

- February 20** — Presidents Day (markets closed)

- February 22** — Existing Home Sales (January)
 - Fed Governor Powell speaks (economy and monetary policy)
 - FOMC Minutes (January 31 – February 1)

- February 23** — Jobless Claims (week ending February 18)

- February 24** — New Home Sales (January)

- February 27** — Durable Goods Orders (January)

- February 28** — Real GDP (4Q16, 2nd estimate)
 - CB Consumer Confidence Index (February)

- March 1** — Personal Income and Spending (January)

- February 28** — ISM Manufacturing Index (February)

- February 28** — Fed Beige Book

- February 28** — Motor Vehicle Sales (February)

- March 10** — Employment Report (February)

- March 15** — FOMC Policy Decision (Yellen press conference)

- May 3** — FOMC Policy Decision (no press conference)

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