

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MAY 19, 2017

Market Commentary

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

Stock market participants finally paid some attention to the White House / Russia scandal, following reports that President Trump had leaked “highly classified” info to Russian officials in the oval office (the day after FBI Director Comey was fired). Fear that the Trump agenda of reduced regulation, tax cuts and infrastructure spending was at risk sent the major market indices lower. Bond yields fell and the Fed rate hike odds dipped. That reaction was short-lived, however, as investors concluded that the process was going to take a long time and would unlikely result in Trump’s removal from office.

The week’s economic data were not especially market-moving. Industrial production surprised to the upside in April, but that followed unexpected weakness in March. Residential construction figures were weaker than expected in April, but adjustments for the late Easter and the usual statistical noise make those results suspect (the underlying trends appear strong and the housing fundamentals are still solid).

Next week, the important data arrive at the end of the week. Monthly home sales figures are choppy, but the underlying trends should remain consistent with gradual improvement (mild weather in February and March may have pulled forward some seasonal activity which otherwise would have occurred in April). The FOMC minutes are likely to provide few new clues, but the markets could easily over-react to any quotes taken out of context. The estimate of first quarter GDP growth should be revised higher, but there’s a lot of uncertainty (figures will be revised again next month). The durable goods report should help in gauging whether the first quarter pickup in business fixed investment will continue into 2Q17. The bond market will close early on Friday.

Indices

	Last	Last Week	YTD return %
DJIA	20663.02	20919.42	4.56%
NASDAQ	6055.13	6115.97	12.48%
S&P 500	2365.72	2394.44	5.67%
MSCI EAFE	1868.75	1858.52	10.97%
Russell 2000	1361.08	1390.20	0.29%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.00	3.50
Fed Funds	0.91	0.37
30-year mortgage	3.99	3.62

Currencies

	Last	1 year ago
Dollars per British Pound	1.289	1.466
Dollars per Euro	1.110	1.120
Japanese Yen per Dollar	111.49	109.96
Canadian Dollars per Dollar	1.360	1.309
Mexican Peso per Dollar	18.838	18.424

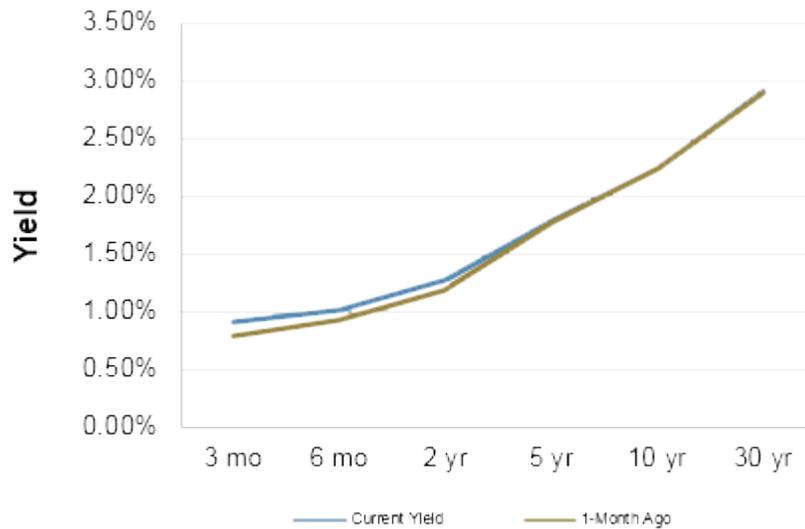
Commodities

	Last	1 year ago
Crude Oil	49.35	48.16
Gold	1252.80	1254.80

Bond Rates

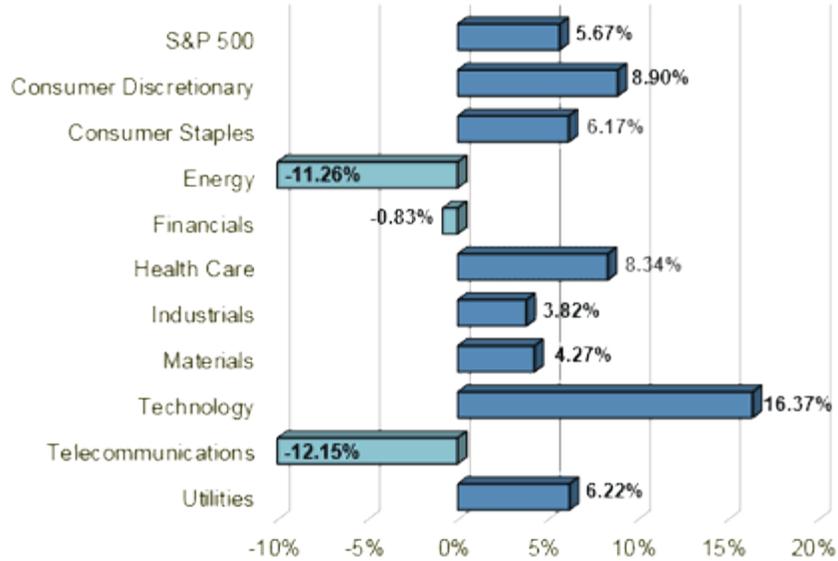
	Last	1 month ago
2-year treasury	1.27	1.18
10-year treasury	2.24	2.25
10-year municipal (TEY)	3.11	3.17

Treasury Yield Curve – 05/19/2017



As of close of business 05/18/2017

S&P Sector Performance (YTD) – 05/19/2017



As of close of business 05/18/2017

Economic Calendar

- | | | |
|---------------|---|-------------------------------------|
| May 23 | — | New Home Sales (April) |
| May 24 | — | Existing Home Sales (April) |
| | — | FOMC Minutes (May 2-3) |
| May 25 | — | Jobless Claims (week ending May 20) |
| May 26 | — | Durable Goods Orders (April) |
| | — | Real GDP (1Q17, 2nd estimate) |
| | — | UM Consumer Sentiment (May) |
| May 29 | — | Memorial Day (markets closed) |
| June 1 | — | ADP Payroll Estimate (May) |

	—	ISM Manufacturing Index (May)
June 2	—	Employment Report (May)
	—	Real GDP (1Q17, 2nd estimate)
June 14	—	FOMC Policy Decision (Yellen press conference)
July 26	—	FOMC Policy Decision (no Yellen press conference)
September 20	—	FOMC Policy Decision (Yellen press conference)

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