

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

APRIL 7, 2017

Market Commentary

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

The U.S. launched airstrikes against a Syrian airfield on Thursday night. By Friday morning, ahead of the March Employment Report, the overnight reaction in the financial markets was unwound, apparently on the belief that the strike was a one-off. Financial markets were a little perturbed by the FOMC minutes which show that officials are prepared to end the portfolio reinvestment policy later this year – that should be no surprise to anyone (it's been well-telegraphed). In addition, Fed officials noted that fiscal stimulus is unlikely to show an impact on the economy until 2018 and that the stock market is richly valued.

The March Employment Report was mixed. Nonfarm payrolls rose by 98,000 (median forecast: +180,000), with a net downward revision of 28,000 to the two previous months. The average monthly gain for the first quarter was 178,000, near the 2016 average. Bad weather was not a factor in March, although good weather in February may have pulled forward seasonal gains from March, and the late Easter may have added some noise. Retail payrolls fell by 29,700, consistent with other signs of softness in consumer spending. The unemployment rate fell to 4.5% (from 4.7%, although the figure is reported accurate to $\pm 0.2\%$). Labor force participation was unchanged, essentially flat over the last year (normally, at this stage, we'd see some of those on the sidelines lured back into the labor force). Average hourly earnings rose a moderate 0.2% (+2.7% y/y).

Other economic data reports were consistent with moderate growth overall, but some slowing in consumer spending. Unit auto sales fell. ISM surveys were a little softer, although supply managers remained generally upbeat.

Next week, the important economic data (CPI retail sales) arrive on Friday, but the financial markets will be closed for the Good Friday holiday. Retail sales results are expected to have been relatively soft in March. Seasonal factors will push adjusted gasoline prices lower in the CPI (core inflation should remain moderate).

Indices

	Last	Last Week	YTD return %
DJIA	20662.95	20697.02	4.56%
NASDAQ	5878.95	5920.06	9.21%
S&P 500	2357.49	2366.92	5.30%
MSCI EAFE	1780.45	1802.11	5.73%
Russell 2000	1364.43	1383.82	.54%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.00	3.50
Fed Funds	0.90	0.37
30-year mortgage	4.15	3.59

Currencies

	Last	1 year ago
Dollars per British Pound	1.247	1.406
Dollars per Euro	1.064	1.138
Japanese Yen per Dollar	110.81	108.21
Canadian Dollars per Dollar	1.341	1.315

Mexican Peso per Dollar	18.748	17.876
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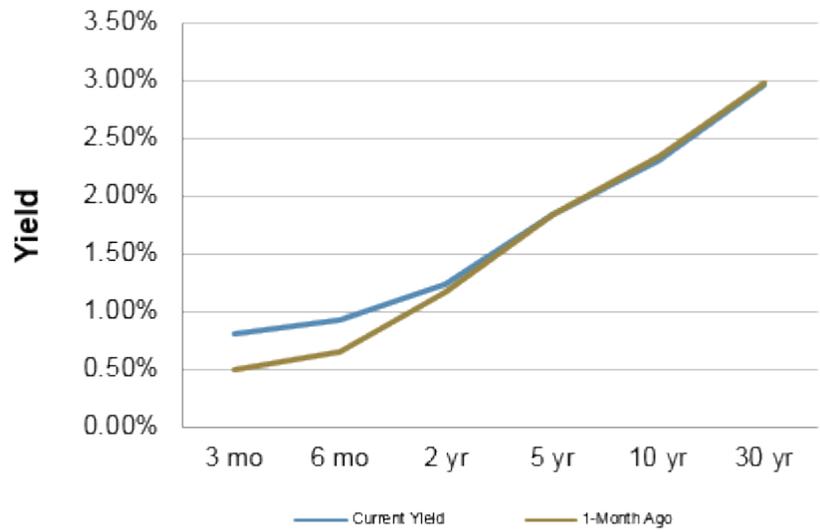
Commodities

	Last	1 year ago
Crude Oil	51.70	37.26
Gold	1253.30	1237.50

Bond Rates

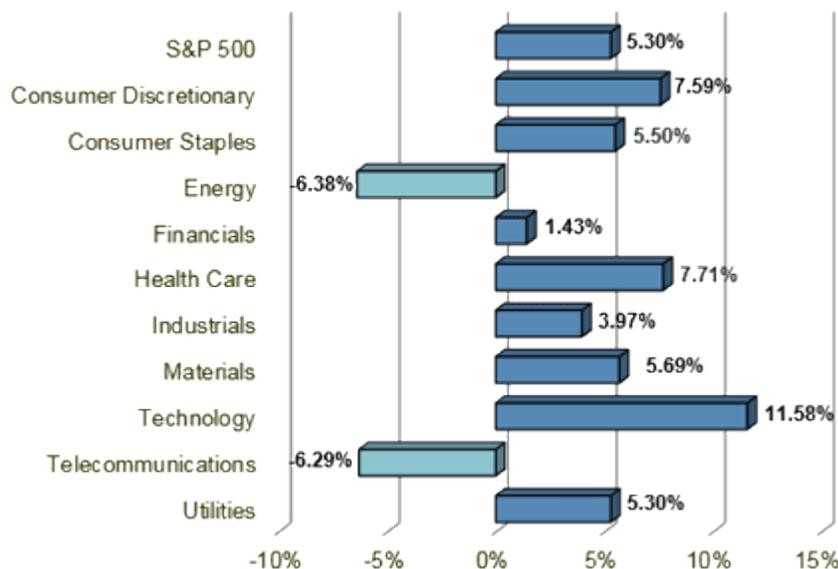
	Last	1 month ago
2-year treasury	1.23	1.31
10-year treasury	2.25	2.49
10-year municipal (TEY)	3.40	3.69

Treasury Yield Curve – 04/07/2017



As of close of business 04/06/2017

S&P Sector Performance (YTD) – 04/07/2017



As of close of business 04/06/2017

Economic Calendar

- April 14** — Good Friday Holiday (market closed)
- Consumer Price Index (March)
- Retail Sales (March)
- May 3** — FOMC Policy Decision (no press conference)
- June 14** — FOMC Policy Decision (Yellen press conference)

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