

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 2, 2017

Market Commentary

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

The May Employment Report was generally disappointing. Nonfarm payrolls rose by 138,000 (median forecast: +185,000), while figures for March and April were revised a net 66,000 lower. Retail payrolls fell for the fourth consecutive month (down more than 80,000 since January, which is more than the total number of coal miners). The unemployment rate dipped to 4.3%, a 16-year low, partly reflecting a sharp drop in the rate for young adults (which could reflect a seasonal adjustment issue, although the trend is clearly lower). Average hourly earnings rose 0.2%, up 2.5% from a year ago (higher than a couple of years ago, but well below the pace we would normally see in such a tight job market). The report was seen as consistent with another Fed rate increase on June 14 (federal funds futures are suggesting about an 85% chance of a June hike).

The week's other economic reports were mixed. Unit auto sales fell in May (leaving many dealers with an uncomfortably high level of inventories). The ISM Manufacturing Index was essentially unchanged.

Comments from two Federal Reserve governors boosted the likelihood of a mid-June rate hike. President Trump pulled the U.S. out of the non-binding Paris Climate Agreement (effective late 2020), which should have no immediate impact on the prospects for U.S. growth.

Next week, the economic calendar is thin. The ISM Non-Manufacturing Index has some potential to surprise, but is unlikely to add much to the overall picture. Things will heat up again in the following week, where the focus will be clearly on the Fed.

Indices

	Last	Last Week	YTD return %
DJIA	21144.18	21082.95	6.99%
NASDAQ	6246.83	6205.26	16.04%
S&P 500	2430.06	2415.07	8.54%
MSCI EAFE	1894.62	1892.43	12.51%
Russell 2000	1396.06	1383.39	2.87%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.00	3.50
Fed Funds	0.91	0.37
30-year mortgage	4.02	3.62

Currencies

	Last	1 year ago
Dollars per British Pound	1.288	1.442
Dollars per Euro	1.121	1.115
Japanese Yen per Dollar	111.37	108.87
Canadian Dollars per Dollar	1.352	1.309
Mexican Peso per Dollar	18.643	18.677

Commodities

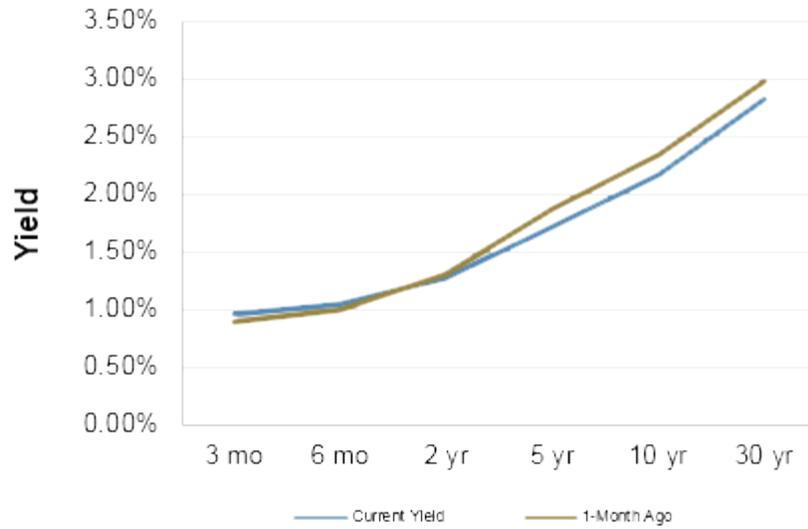
	Last	1 year ago
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Crude Oil	48.36	49.17
Gold	1270.10	1212.60

Bond Rates

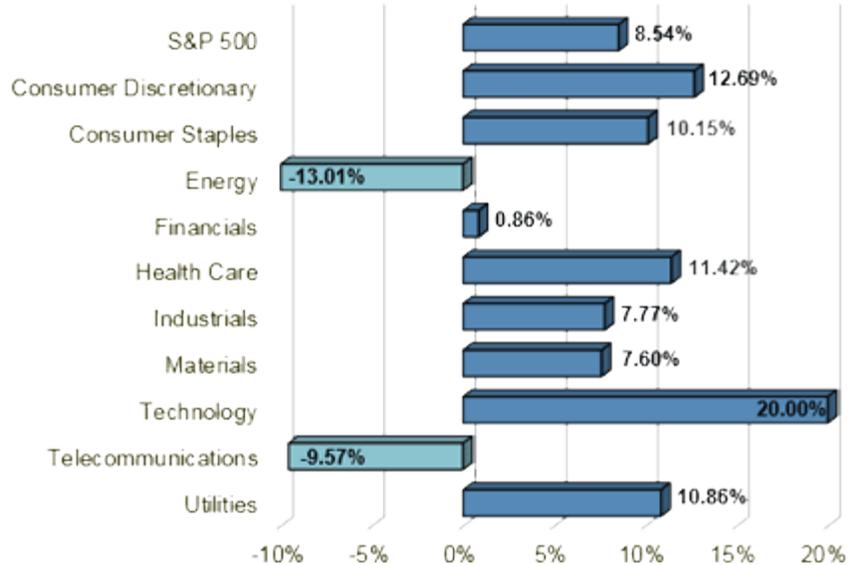
	Last	1 month ago
2-year treasury	1.29	1.31
10-year treasury	2.23	2.34
10-year municipal (TEY)	3.02	3.32

Treasury Yield Curve – 06/02/2017



As of close of business 06/01/2017

S&P Sector Performance (YTD) – 06/02/2017



As of close of business 06/01/2017

Economic Calendar

- | | | |
|----------------|---|--|
| June 5 | — | ISM Non-Manufacturing Index (May) |
| June 8 | — | Jobless Claims (week ending June 3) |
| June 13 | — | Producer Price Index (May) |
| June 14 | — | Consumer Price Index (May) |
| | — | Retail Sales (May) |
| | — | FOMC Policy Decision |
| | — | Revised Fed Projections (new dot plot) |
| | — | Yellen press conference |
| June 15 | — | Industrial Production (May) |

June 16	—	Building Permits, Housing Starts (May)
July 4	—	Independence Day holiday (markets closed)
July 7	—	Employment Report (June)
July 26	—	FOMC Policy Decision (no Yellen press conference)
September 20	—	FOMC Policy Decision (Yellen press conference)

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