
WEEKLY MARKETS **SNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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The Federal Open Market Committee left short-term interest rates unchanged, as expected, and tweaked the wording of the policy statement slightly. There were no solid clues as to the timing of the next increase in short-term interest rates, but officials noted the improvement in consumer and business sentiment and seemed a little more confident that inflation “*will*” increase to the 2% goal.

While January numbers are often suspect due to the magnitude of the seasonal adjustment, the economic data continued to paint a picture of the economy that is in good shape. Nonfarm payrolls rose by 227,000, more than expected, but November and December were revised down by a net 39,000 (making it about a wash relative to expectations). Prior to seasonal adjustment, payroll fell by nearly 3 million (similar to last year). The unemployment rate edged up to 4.8%, as labor force participation increased (don’t read too much into that). Average hourly earnings rose 0.1%, up just 2.7% y/y – however, there may have been some issues in finance (which was reported down 1.0% m/m). Personal income and spending showed relatively good momentum in December, but unit auto sales fell sharply in January. Hence, the growth of consumer spending (69% of GDP) appears likely to be at a more moderate pace in 1Q17. New orders and shipments of capital goods were strong through December, suggesting that business fixed investment will make a positive contribution to 1Q17 GDP growth.

Next week, the economic calendar is thin. We already had an initial look at December trade in the report on Advance Economic Indicators (strong exports of capital goods, further increases in imports). Import prices are never a market-mover, but the report may suggest a fading impact of a strong dollar. The following week will be more eventful (with Yellen’s semi-annual monetary policy testimony to Congress).

Indices

	Last	Last Week	YTD return %
DJIA	19884.91	20100.91	0.62%
NASDAQ	5636.20	5655.18	4.70%
S&P 500	2280.85	2296.68	1.88%
MSCI EAFE	1736.42	1739.53	3.11%
Russell 2000	1360.54	1375.60	0.02%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.75	3.50
Fed Funds	0.67	0.38
30-year mortgage	4.23	3.72

Currencies

	Last	1 year ago
Dollars per British Pound	1.253	1.460
Dollars per Euro	1.076	1.105
Japanese Yen per Dollar	112.80	117.90
Canadian Dollars per Dollar	1.303	1.378
Mexican Peso per Dollar	20.560	18.170

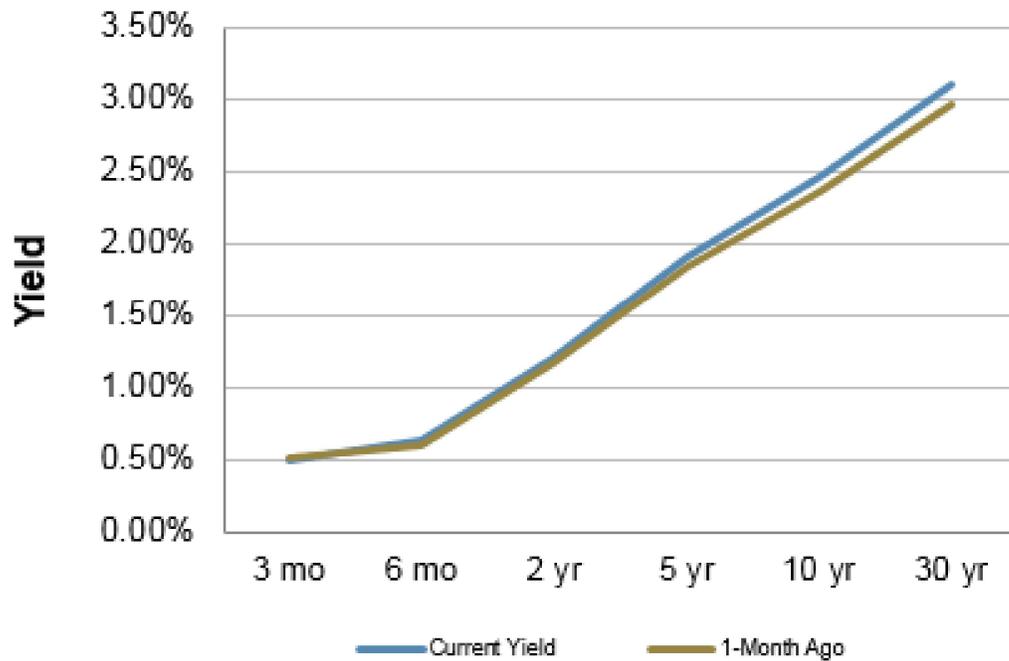
Commodities

	Last	1 year ago
Crude Oil	53.54	32.23
Gold	1219.40	1141.30

Bond Rates

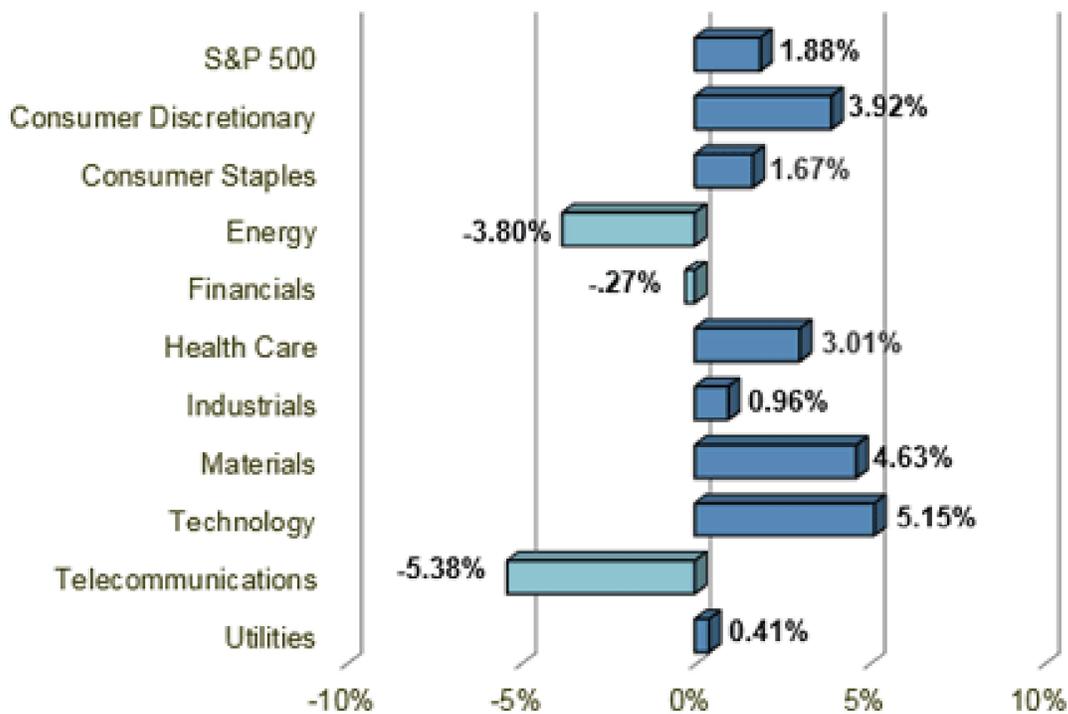
	Last	1 month ago
2-year treasury	1.19	1.16
10-year treasury	2.46	2.35
10-year municipal (TEY)	3.56	3.52

Treasury Yield Curve – 02/03/2017



As of close of business 02/02/2017

S&P Sector Performance (YTD) – 02/03/2017



As of close of business 02/02/2017

Economic Calendar

February 7	—	Trade Balance (December)
February 9	—	Trade Balance (December)
February 10	—	Consumer Price Index (January)
	—	UM Consumer Sentiment (mid-February)
February 15	—	Consumer Price Index (January)
	—	Retail Sales (January)
	—	Industrial Production (January)
	—	Yellen Monetary Policy Testimony
February 20	—	Presidents Day (markets closed)
March 10	—	Employment Report (February)
March 15	—	FOMC Policy Decision (Yellen press conference)

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Data source: Bloomberg, as of close of business February 2, 2017.

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