

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 1, 2017

Market Commentary

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

The economic calendar was full, but the data reports were overshadowed by the Senate tax cut bill (that bill will have to be reconciled with the House version, but there's a lot of pressure to get it done by December 20, when the new Alabama senator will be sworn in).

Jerome "Jay" Powell sailed smoothly through his nomination hearing for Fed chair, noting that *"we expect interest rates to rise somewhat further and the size of our balance sheet to gradually shrink."* In her testimony to the Joint Economic Committee, Chair Yellen did not provide a strong signal that the Fed would raise rates in December, but her comments were consistent with a near-term hike. President Trump nominated Marvin Goodfriend, an economics professor at Carnegie Mellon University, to fill a Fed governor slot. Goodfriend is seen as relatively hawkish (he wanted the Fed to raise rates in 2011), but opinions can change once on the Fed's Board of Governors.

Real GDP rose at 3.3% in the 2nd estimate for 3Q17 (vs. +3.0% in the advance estimate). October personal income and spending numbers were consistent with a moderate pace of growth. The Conference Board's Consumer Confidence Index improved further. The ISM Manufacturing Index remained strong. The Fed's Beige Book continued to describe growth as "modest to moderate," with some pickup in wage pressures for skilled labor positions.

Next week, a potential government shutdown looms late Friday, as the government's spending authority expires, but lawmakers should easily be able to kick that down the road. The November Employment Report will be important. Nonfarm payrolls have been choppy due to the hurricanes, so these data ought to help to clarify the underlying trend. The unemployment rate (4.1% in October) should hold about steady. Average hourly earnings are likely to pick up, but these figures are often revised the next month.

Indices

	Last	Last Week	YTD return %
DJIA	24272.35	23526.18	22.82%
NASDAQ	6873.97	6867.36	27.70%
S&P 500	2647.58	2597.08	18.26%
MSCI EAFE	2020.13	2013.95	19.96%
Russell 2000	1544.14	1516.76	13.78%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.41
30-year mortgage	4.03	4.24

Currencies

	Last	1 year ago
Dollars per British Pound	1.353	1.259
Dollars per Euro	1.190	1.066
Japanese Yen per Dollar	112.54	114.10
Canadian Dollars per Dollar	1.290	1.332

Mexican Peso per Dollar	18.628	20.779
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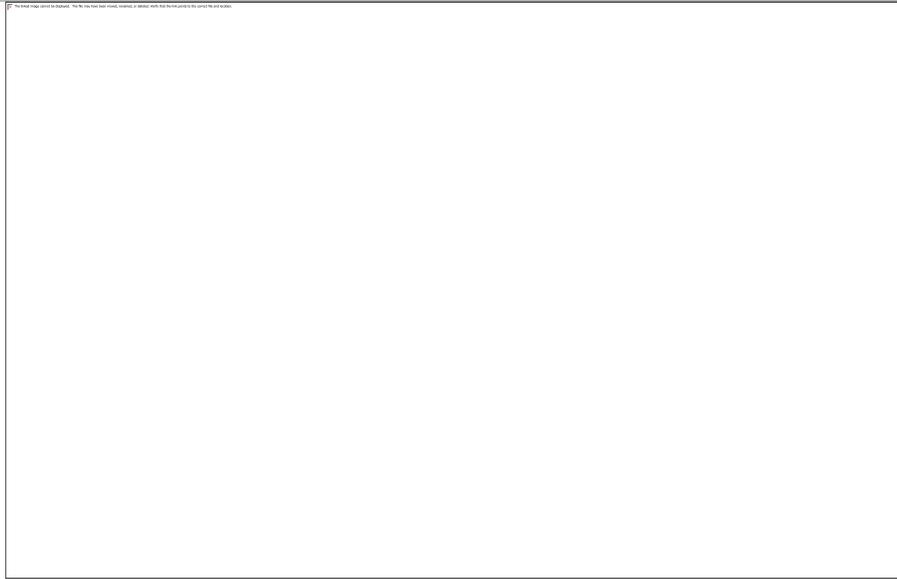
Commodities

	Last	1 year ago
Crude Oil	57.40	51.06
Gold	1276.70	1169.40

Bond Rates

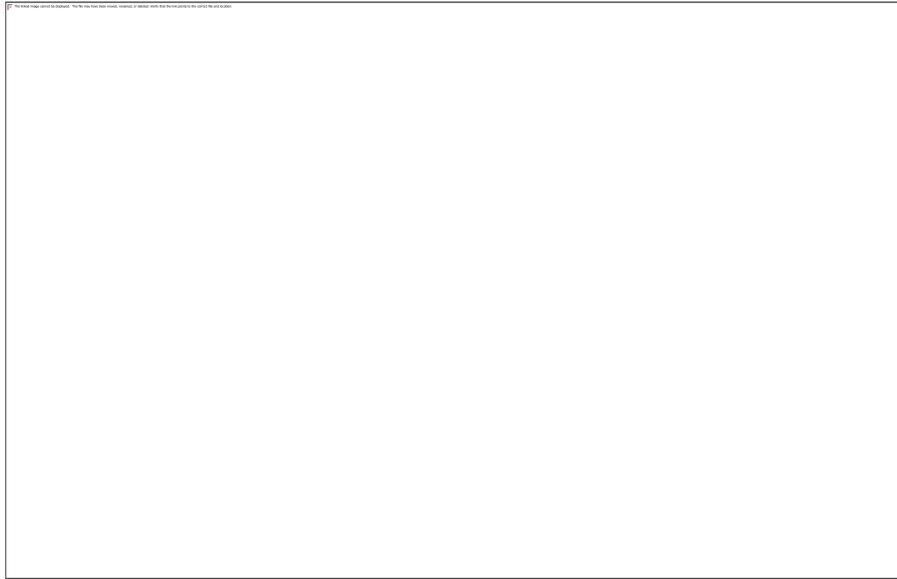
	Last	1 month ago
2-year treasury	1.78	1.62
10-year treasury	2.38	2.35
10-year municipal (TEY)	3.40	3.62

Treasury Yield Curve – 12/01/2017



As of close of business 11/30/2017

S&P Sector Performance (YTD) – 12/01/2017



As of close of business 11/30/2017

Economic Calendar

December 4	—	Factory Orders (October)
December 5	—	Trade Balance (October)
	—	ISM Non-Manufacturing Index (November)
December 6	—	ADP Payroll Estimate (November)
December 7	—	Jobless Claims (week ending December 2)
December 8	—	Employment Report (November)
December 12	—	Producer Price Index (November)
December 13	—	Consumer Price Index (November)
	—	FOMC Policy Decision (Yellen press conference)
December 14	—	Retail Sales (November)
December 15	—	Industrial Production (November)
December 25	—	Christmas Holiday (markets closed)
January 1	—	New Year's Holiday (markets closed)

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The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of

the international stock market. The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks. An investment cannot be made directly in these indexes. The performance noted does not include fees or charges, which would reduce an investor's returns. U.S. government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one year) obligations of the U.S. government.

Commodities trading is generally considered speculative because of the significant potential for investment loss. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Specific sector investing can be subject to different and greater risks than more diversified investments. Gross Domestic Product (GDP) is the annual total market value of all final goods and services produced domestically by the U.S. The federal funds rate ("Fed Funds") is the interest rate at which banks and credit unions lend reserve balances to other depository institutions overnight. The prime rate is the underlying index for most credit cards, home equity loans and lines of credit, auto loans, and personal loans. Material prepared by Raymond James for use by financial advisors. Data source: Bloomberg, as of close of business November 30, 2017.



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