

WEEKLY MARKETS NAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 15, 2017

Market Commentary

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

As expected, the Fed raised short-term interest rates for the third time in 2017 (market participants were more focused on the progress of tax legislation). The dots in the dot plot did not shift much from where they were in September and were all over the place for the end of 2018 and 2019 - meaning that there is no clear consensus on the pace of policy action (and bear in mind that personnel changes mean that many of these dots will be replaced in 2018).

The economic data reports were consistent with moderate growth in the near term. Retail sales results for November were stronger than expected, with upward revisions to September and October. Industrial production posted a lackluster gain. Inflation reports showed some pressure in energy and moderate core inflation, with some pipeline pressure in commodities.

Next week, the financial markets are expected to show little interest in the economic data reports (the focus will remain on the tax bill). Housing figures (sales and construction activity) aren't all that critical in November and seasonal adjustment can exaggerate minor weather effects. The estimate of 3Q17 GDP growth is expected to be little change from the previous assessment (and the story isn't going to change). Durable goods orders and personal spending data will help to fill in the picture on 4Q17 GDP growth.

Indices

	Last	Last Week	YTD return %
DJIA	24508.66	24272.35	24.02%
NASDAQ	6856.53	6873.97	27.37%
S&P 500	2652.01	2647.58	18.46%

MSCI EAFE	2016.52	2020.13	19.75%
Russell 2000	1506.95	1544.14	11.04%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.50
Fed Funds	1.16	0.66
30-year mortgage	3.97	4.38

Currencies

	Last	1 year ago
Dollars per British Pound	1.343	1.242
Dollars per Euro	1.178	1.041
Japanese Yen per Dollar	112.39	118.18
Canadian Dollars per Dollar	1.280	1.334
Mexican Peso per Dollar	19.138	20.333

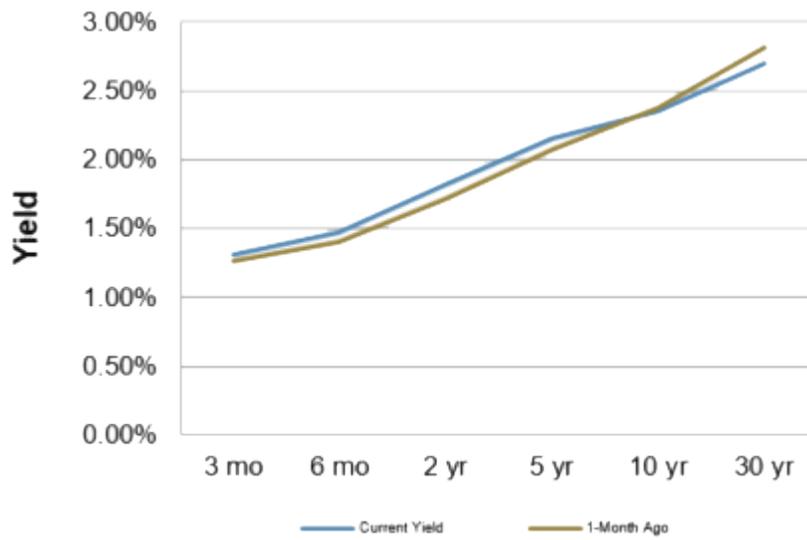
Commodities

	Last	1 year ago
Crude Oil	57.04	50.90
Gold	1257.1	1129.80

Bond Rates

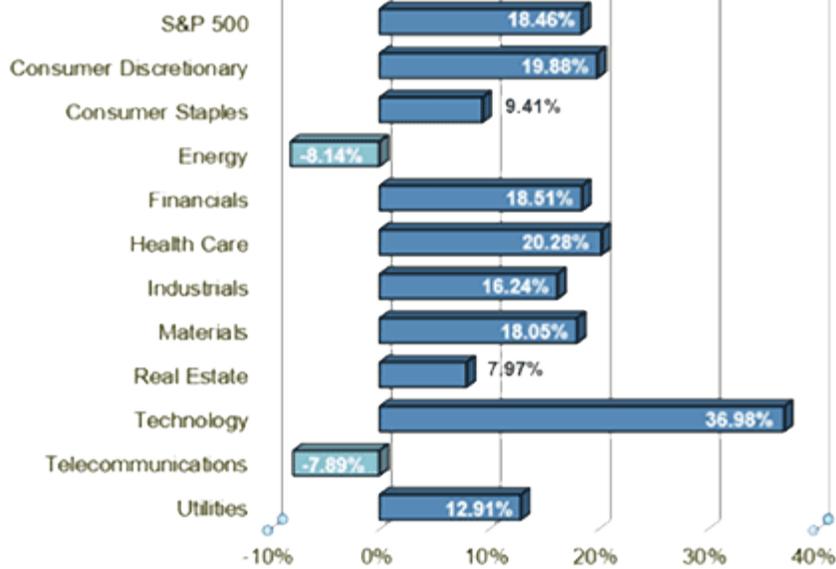
	Last	1 month ago
2-year treasury	1.82	1.72
10-year treasury	2.35	2.37
10-year municipal (TEY)	3.11	3.12

Treasury Yield Curve – 12/15/2017



As of close of business 12/14/2017

S&P Sector Performance (YTD) – 12/15/2017



As of close of business 12/14/2017

Economic Calendar

- | | | |
|--------------------|---|---|
| December 18 | — | Homebuilder Sentiment (December) |
| December 19 | — | Building Permits, Housing Starts (November) |
| December 20 | — | Existing Home Sales (November) |
| December 21 | — | Jobless Claims (week ending December 16) |
| | — | Real GDP (3Q17, 3rd estimate) |
| December 22 | — | Durable Goods Orders (November) |
| | — | Personal Income and Spending (November) |
| | — | New Home Sales (November) |
| | — | UM Consumer Sentiment (December) |
| December 25 | — | Christmas Holiday (markets closed) |
| January 1 | — | New Year's Holiday (markets closed) |
| January 5 | — | Employment Report (December) |

All expressions of opinion reflect the judgment of the Research Department of Raymond James &

Associates, Inc. and are subject to change. There is no assurance any of the forecasts mentioned will occur or that any trends mentioned will continue in the future. Investing involves risks including the possible loss of capital. Past performance is not a guarantee of future results. International investing is subject to additional risks such as currency fluctuations, different financial accounting standards by country, and possible political and economic risks, which may be greater in emerging markets. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, and state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Taxable Equivalent Yield (TEY) assumes a 35% tax rate.

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 December 14, 2017.

John C. McRae

Financial Advisor

512 22nd Avenue, Meridian, MS 39301 / 601.484.5273

john.mcrae@raymondjames.com

To opt out of receiving future emails from us, please reply to this email with the word "Unsubscribe" in the subject line. The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee the foregoing material is accurate or complete.

© 2017 Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#). Securities offered through Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#), and are not insured by any financial institution insurance, the FDIC/NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal. Raymond James is not affiliated with the financial institution or the investment center. Investment advisory services offered through Raymond James Financial Services Advisors, Inc. Raymond James Financial Services does not accept orders and/or instructions regarding your account by email, voice mail, fax or any alternate method. Transactional details do not supersede normal trade confirmations or statements. Email sent through the internet is not secure or confidential. Raymond James Financial Services reserves the right to monitor all email. Any information provided in this email has been prepared from sources believed to be reliable, but is not guaranteed by Raymond James Financial Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. Raymond James Financial Services and its employees may own options, rights or warrants to purchase any of the securities mentioned in this email. This email is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.