

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 22, 2017

Market Commentary

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The House and Senate passed the Tax Cut and Jobs Act (TCJA) and President Trump signed the bill on Dec. 22. There has been a long-standing consensus that tax reform should be bipartisan, revenue-neutral and fair (meaning that people with similar incomes should pay about the same in taxes). Reform should simplify the tax code and reduce distortions. The TCJA does none of that. The centerpiece of the bill is a large cut in the corporate tax rate, which (all else equal) will boost after-tax profits, supporting gains in share prices. While the legislative process had its ups and downs, passage of the bill had been widely anticipated.

The economic data remained consistent with moderate growth in the near term. Figures suggest a fourth quarter pickup in consumer spending growth following hurricane effects in 3Q17. Core inflation remained low, likely creating a dilemma for Fed policymakers in 2018. Ex-transportation, durable goods orders were softer than expected in November, but the underlying trend appears strong.

Next week, financial market activity should be relatively quiet, reflecting the holiday period. Economic data should not be market-moving, but the calendar will heat up in the first week of the new year.

Indices

	Last	Last Week	YTD return %
DJIA	24778.26	24508.66	25.40%
NASDAQ	6965.36	6856.53	29.39%
S&P 500	2684.57	2652.57	19.91%

MSCI EAFE	2033.66	2016.52	20.76%
Russell 2000	1547.11	1506.95	14.00%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.75
Fed Funds	1.41	0.66
30-year mortgage	4.10	4.35

Currencies

	Last	1 year ago
Dollars per British Pound	1.339	1.228
Dollars per Euro	1.185	1.043
Japanese Yen per Dollar	113.39	117.54
Canadian Dollars per Dollar	1.277	1.348
Mexican Peso per Dollar	19.516	20.759

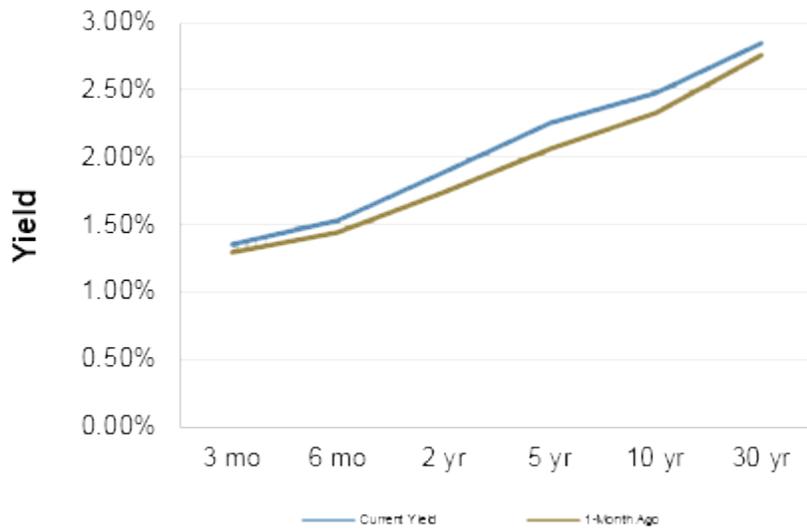
Commodities

	Last	1 year ago
Crude Oil	57.98	58.02
Gold	1271.50	1133.60

Bond Rates

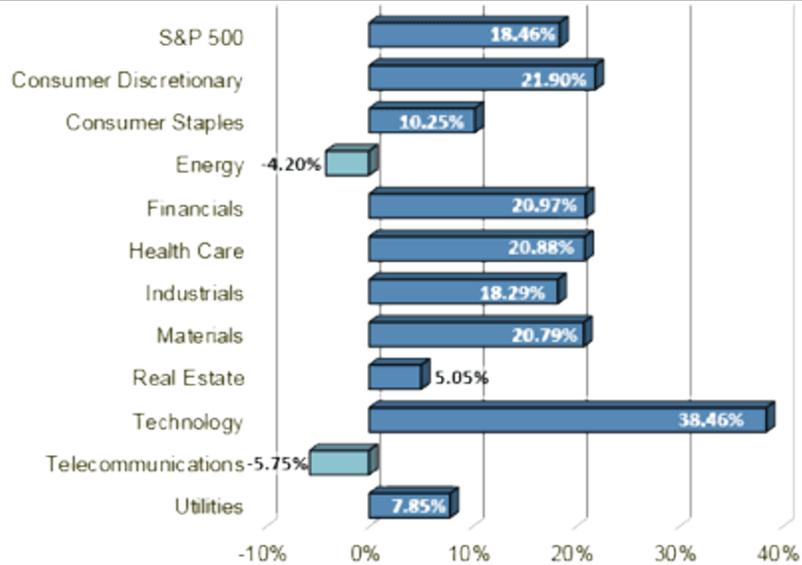
	Last	1 month ago
2-year treasury	1.88	1.74
10-year treasury	2.48	2.33
10-year municipal (TEY)	3.28	3.22

Treasury Yield Curve – 12/22/2017



As of close of business 12/21/2017

S&P Sector Performance (YTD) – 12/22/2017



As of close of business 12/21/2017

Economic Calendar

December 25	—	Christmas Holiday (markets closed)
December 27	—	CB Consumer Confidence (December)
	—	Pending Home Sales Index (November)
December 28	—	Jobless Claims (week ending December 23)
January 1	—	New Year's Holiday (markets closed)
January 3	—	ISM Manufacturing Index (December)
	—	FOMC Minutes (December 12-13)
January 4	—	ADP Payroll Estimate (December)
January 5	—	Employment Report (December)
	—	Trade Balance (November)
	—	ISM Non-Manufacturing Index (December)
January 12	—	Consumer Price Index (December)

	—	Retail Sales (December)
January 15	—	MLK Jr. Holiday (markets closed)
January 26	—	Real GDP (4Q17, advance estimate)
January 31	—	FOMC Policy Decision (no press conference)

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