

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 29, 2018

Market Commentary

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

Trade policy concerns and worries about key tech companies contributed to a roller-coaster week for equities. Some of the stock market nervousness spilled over into the bond market, pushing the 10-year Treasury note yield lower.

The economic data reports were not especially market moving. Real GDP rose at a 2.9% annual rate in the third estimate for 4Q17 (vs. +2.5% in the second) – with most of that revision due to faster inventory growth (slower than in 3Q17, but faster than in the third estimate). Personal income and spending figures were in line with expectations. Inflation-adjusted spending was flat, following a 0.2% decline in January – on track for a bit less than a 1% annual rate in 1Q18 (vs. +4.0% in 4Q17). The PCE Price Index rose 0.2% (+1.8% y/y), up 0.2% ex-food & energy (+1.6% y/y) – the year-over-year pace will pop a bit higher next month (as the March 2017 plunge in wireless telecom will fall off of the 12-month calculation). The Advance Economic Indicators report for February had mixed implications for 1Q18 GDP growth: a wider trade deficit (which subtracts) and faster inventory growth (which adds).

Next week, trade policy concerns are likely to linger (one step back, one step forward), but fresh economic figures will arrive. The focus will be on the March employment data, which has some potential to surprise (given a couple of quirks that boosted payrolls in February). Investors are expected to put far more attention on the average hourly earnings (AHE) figure than it deserves. Wage data are uneven from month to month, and the AHE figure is often revised the next month.

Indices

	Last	Last Week	YTD return %
--	------	-----------	--------------

DJIA	23848.42	23957.89	-3.52%
NASDAQ	6949.23	7166.68	0.66%
S&P 500	2605.00	2643.69	-2.57%
MSCI EAFE	2001.80	2015.98	-2.39%
Russell 2000	1513.03	1543.87	-1.46%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.75	4.00
Fed Funds	1.68	0.81
30-year mortgage	4.51	4.21

Currencies

	Last	1 year ago
Dollars per British Pound	1.408	1.243
Dollars per Euro	1.231	1.077
Japanese Yen per Dollar	106.85	111.04
Canadian Dollars per Dollar	1.292	1.333
Mexican Peso per Dollar	18.305	18.707

Commodities

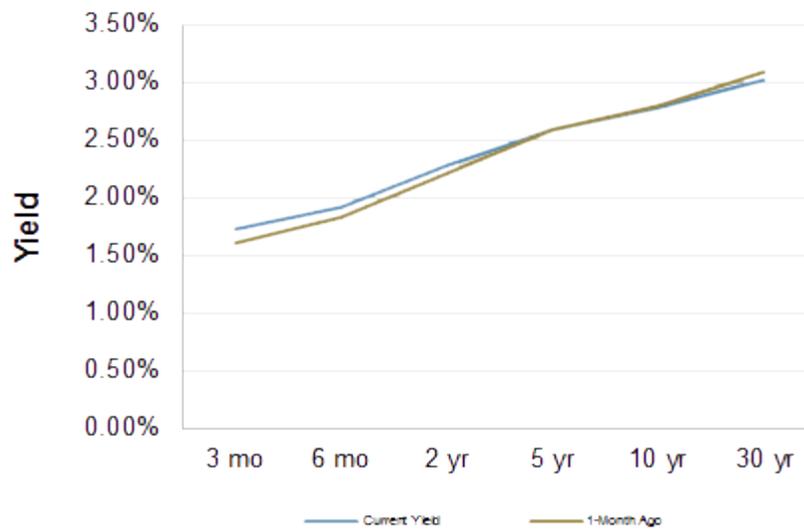
	Last	1 year ago
Crude Oil	64.38	50.35

Gold	1330.00	1256.80
------	---------	---------

Bond Rates

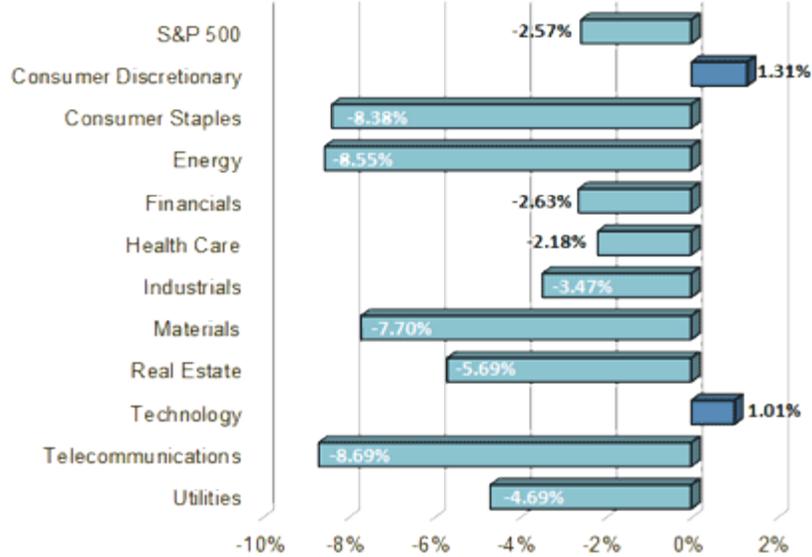
	Last	1 month ago
2-year treasury	2.28	2.21
10-year treasury	2.77	2.80
10-year municipal (TEY)	3.82	3.80

Treasury Yield Curve – 03/29/2018



As of close of business 03/28/2018

S&P Sector Performance (YTD) – 03/29/2018



As of close of business 03/28/2018

Economic Calendar

- April 2** — ISM Manufacturing Index (March)
- April 4** — ADP Payroll Estimate (March)
- ISM Non-Manufacturing Index (March)
- April 5** — Jobless Claims (week ending March 31)
- Trade Balance (February)
- April 6** — Employment Report (March)
- April 9** — CBO Budget Outlook
- April 10** — Producer Price Index (March)
- April 11** — Consumer Price Index (March)

	—	FOMC Minutes (March 21)
April 16	—	Retail Sales (March)
May 2	—	FOMC Policy Decision (no press conference)
June 13	—	FOMC Policy Decision (Powell press conference)

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 March 28, 2018.