

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

FEBRUARY, 2 2018

Market Commentary

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The economic data calendar was busy, but market participants remained focused on the increase in bond yields. Treasury announced that it expects to borrow \$617 billion in the first half of 2018 (vs. \$75 billion in the first half of 2017) and announced increases in the sizes of the regularly monthly auctions of notes and bonds.

As expected, the Federal Open Market Committee (FOMC) left short-term interest rates unchanged. The FOMC said that it “expects that economic conditions will evolve in a manner that will warrant further gradual increases in the federal funds rate.”

Nonfarm payrolls rose by 200,000 in the initial estimate for January, while figures for October and November were revised a net 24,000 lower. Unadjusted payrolls fell by 3.089 million (vs. -2.877 million in January 2017). The unemployment rate held steady at 4.1%. Average hourly earnings rose 0.3%, as expected, but October and November were revised higher, pushing the year-over-year gain to +2.9%.

Next week, the economic data calendar thins out. The ISM Non-Manufacturing Index would normally have some market-moving potential, but investors are expected to remain focused on earnings reports and bond market worries. Political turmoil in Washington may also be a factor. The December trade figures could have important implications for 4Q17 GDP revisions (and expectations for 1Q18).

Indices

	Last	Last Week	YTD return %
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DJIA	26186.71	26392.79	5.94%
NASDAQ	7385.86	7411.16	7.36%
S&P 500	2821.98	2839.25	5.55%
MSCI EAFE	2154.32	2186.65	5.05%
Russell 2000	1579.87	1601.67	2.89%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.75
Fed Funds	1.43	0.67
30-year mortgage	4.39	4.23

Currencies

	Last	1 year ago
Dollars per British Pound	1.426	1.253
Dollars per Euro	1.251	1.076
Japanese Yen per Dollar	109.40	112.80
Canadian Dollars per Dollar	1.227	1.303
Mexican Peso per Dollar	18.345	20.560

Commodities

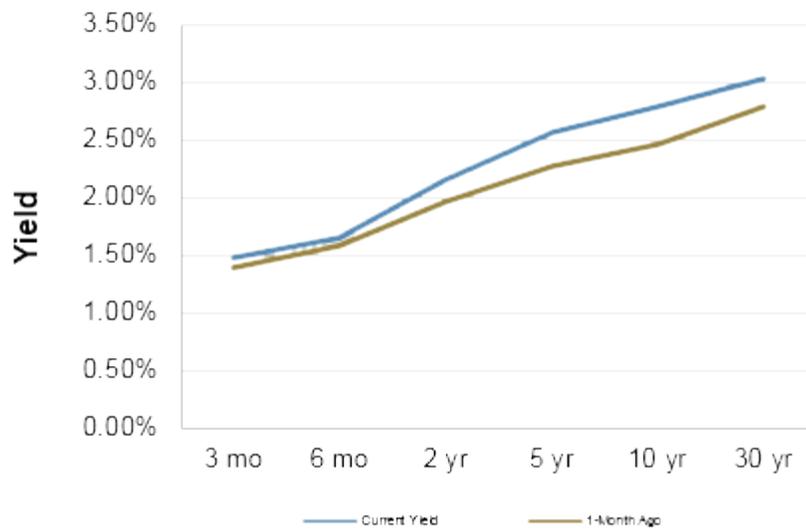
	Last	1 year ago
Crude Oil	65.80	53.54

Gold	1347.90	1219.40
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Bond Rates

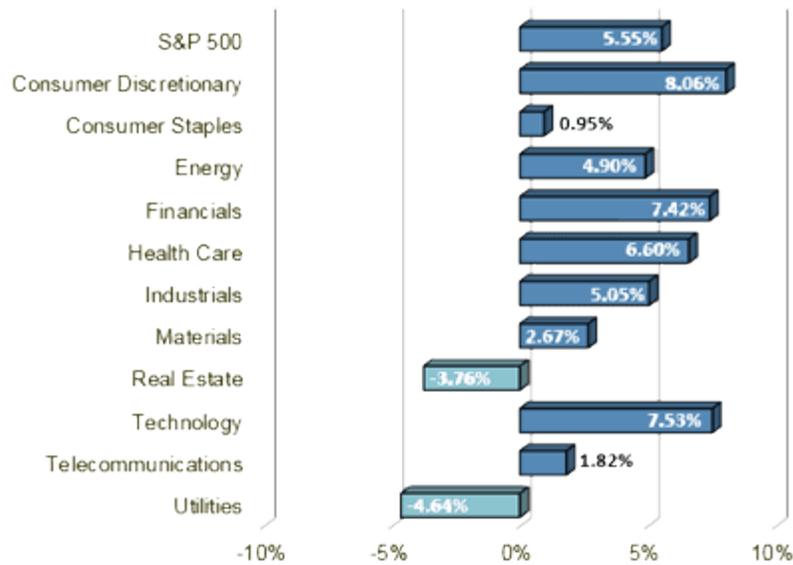
	Last	1 month ago
2-year treasury	2.15	1.96
10-year treasury	2.79	2.46
10-year municipal (TEY)	3.71	3.12

Treasury Yield Curve – 02/02/2018



As of close of business 02/01/2018

S&P Sector Performance (YTD) – 02/02/2018



As of close of business 02/01/2018

Economic Calendar

February 5	—	ISM Non-Manufacturing Index (January)
February 6	—	Trade Balance (December)
February 8	—	Jobless Claims (week ending February 3)
February 14	—	Consumer Price Index (January)
	—	Retail Sales (January)
February 15	—	Producer Price Index (January)
	—	Industrial Production (January)
February 16	—	Building Permits, Housing Starts (January)
February 19	—	Presidents Day (markets closed)

March 9	—	Employment Report (February)
March 21	—	FOMC Policy Decision (Powell press conference)
May 2	—	FOMC Policy Decision (no press conference)
June 13	—	FOMC Policy Decision (Powell press conference)

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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 February 1, 2018.