

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

APRIL 20, 2018

Market Commentary

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The economic data reports were mixed, but consistent with moderate economic growth in the near term. Retail sales picked up in March (following a soft downtrend in December, January and February), but were not strong. Colder temperatures lifted the output of utilities, adding to overall industrial production in March, but manufacturing output was up only modestly. Residential homebuilding figures were mixed. Single-family permits were down sharply in March, but undusted figures for the first quarter were up significantly from a year ago.

The U.S. launched missile attacks against Syria over the weekend, but there was no further escalation of tensions by Monday morning, helping stock market sentiment. Earnings reports generally beat strong expectations. Concerns about higher interest rates appeared to dampen stock market sentiment toward the end of the week.

Next week, the stock market is expected to focus on earnings reports. The highlight of the economic calendar is Friday's initial estimate of 1Q18 GDP growth. There's always a lot of uncertainty heading into the advance estimate. We're missing some pieces of the first quarter picture. However, the March reports on durable goods orders and shipments and the advance economic indicators (March merchandise trade and wholesale/retail inventories) may help to refine GDP forecasts. GDP growth is generally expected to be moderate, far short of the lofty expectations seen at the start of the quarter – but a moderation following a strong quarter isn't unusual. Weather may have been a factor and there has been evidence of residual seasonality in the numbers in recent years (that is, 1Q GDP growth figures have been significantly lower than the rest of the year). While there is a good chance for a surprise in the headline GDP figure, the underlying story (a lackluster quarter for consumer spending growth) is not expected to change. Moreover, the financial markets are likely to look beyond 1Q18, to better growth in 2Q18 and beyond – the Fed is already.

Indices

| | Last | Last Week | YTD return % |
|--------------|----------|-----------|--------------|
| DJIA | 24664.89 | 24483.05 | -0.22% |
| NASDAQ | 7,238.06 | 7,140.25 | 4.85% |
| S&P 500 | 2696.13 | 2663.99 | 0.73% |
| MSCI EAFE | 2064.24 | 2037.43 | 0.66% |
| Russell 2000 | 1573.82 | 1557.33 | 2.49% |

Consumer Money Rates

| | Last | 1 year ago |
|------------------|------|------------|
| Prime Rate | 4.75 | 4.00 |
| Fed Funds | 1.68 | 0.91 |
| 30-year mortgage | 4.56 | 4.04 |

Currencies

| | Last | 1 year ago |
|-----------------------------|--------|------------|
| Dollars per British Pound | 1.409 | 1.281 |
| Dollars per Euro | 1.235 | 1.071 |
| Japanese Yen per Dollar | 107.37 | 109.32 |
| Canadian Dollars per Dollar | 1.267 | 1.347 |
| Mexican Peso per Dollar | 18.447 | 18.838 |

Commodities

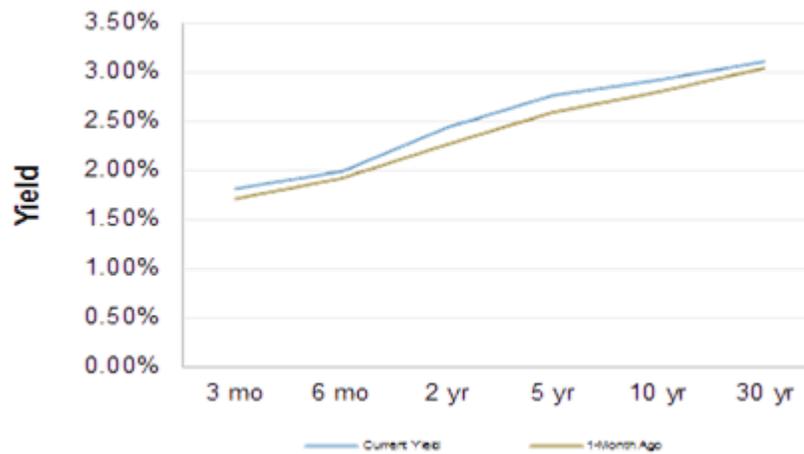
| | Last | 1 year ago |
|--|------|------------|
|--|------|------------|

| | | |
|-----------|---------|---------|
| Crude Oil | 68.36 | 50.27 |
| Gold | 1348.80 | 1283.40 |

Bond Rates

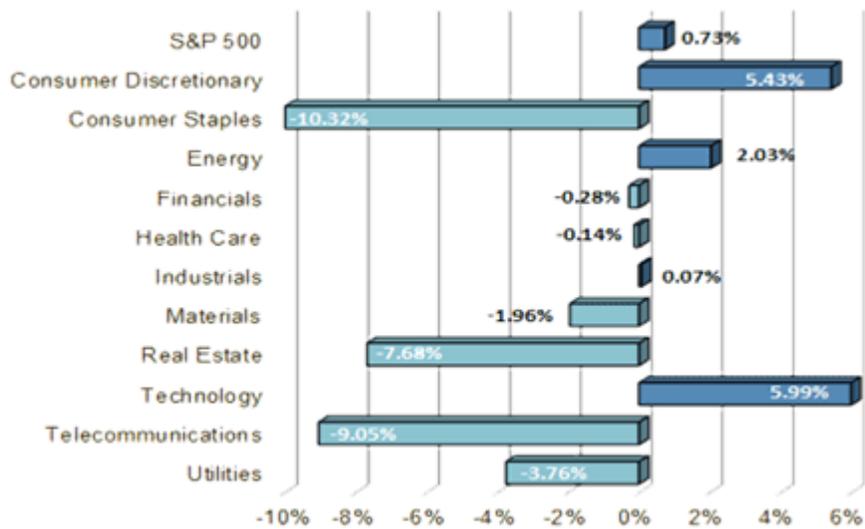
| | Last | 1 month ago |
|-------------------------|------|-------------|
| 2-year treasury | 2.44 | 2.27 |
| 10-year treasury | 2.92 | 2.80 |
| 10-year municipal (TEY) | 3.78 | 3.88 |

Treasury Yield Curve – 04/20/2018



As of close of business 04/19/2018

S&P Sector Performance (YTD) – 04/20/2018



As of close of business 04/19/2018

Economic Calendar

- | | | |
|-----------------|---|--|
| April 23 | — | Existing Home Sales (March) |
| April 24 | — | New Home Sales (March) |
| | — | CB Consumer Confidence Index (April) |
| April 26 | — | Durable Goods Orders (March) |
| | — | Advance Economic Indicators (March) |
| April 27 | — | Real GDP (1Q18, advance estimate) |
| | — | Employment Cost Index (1Q18) |
| May 1 | — | ISM Manufacturing Index (April) |
| May 2 | — | FOMC Policy Decision (no press conference) |

May 4 — Employment Report (April)

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 April 19, 2018.