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WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 16, 2018

Market Commentary

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The economic data reports were mixed, with disappointing retail sales (-0.1% m/m) and an upside surprise in industrial production (a moderate pace if you combine January's 0.3% decline and February's 1.1% gain). The Consumer Price Index rose 0.2% (+2.2% y/y), up 0.2% ex-food and energy (+0.182% before rounding, +1.8% y/y). Adjusted for inflation, average hourly earnings were flat in February, little changed over the last few months (+0.4% y/y). The Producer Price Index (PPI) rose 0.2%, but the core PPI (which excludes food, energy and trade services) rose 0.4%, following a similar gain in January (+2.7% y/y). Pipeline pressures remained moderately high. Excluding food and fuels, import prices rose 0.5% (+1.9% y/y). Inflation in imported supplies and raw materials remained elevated. Prices of imported finished goods (capital equipment, consumer goods), which trended flat in 2017, picked up noticeably in January and February.

Investors seemed a bit nervous about pending tariffs on Chinese goods and White House personnel turnover, but stock market sentiment remained generally positive.

Next week, the focus is on the Fed. It is widely expected that the Federal Open Market Committee will raise the federal funds target rate by another 25 basis points (to 1.50-1.75%). For investors, the bigger question is the pace of tightening to follow. We should get some clues in the wording of the policy statement, the revised economic projections (including a refreshed dot plot) and in Chair Powell's post-meeting press conference. Currently, the federal funds futures market is pricing in about a 72% chance of a June 13 rate hike.

[Indices](#)

	Last	Last Week	YTD return %
DJIA	24873.66	24895.21	0.62%
NASDAQ	7481.74	7427.95	8.38%
S&P 500	2747.33	2738.97	2.76%
MSCI EAFE	2047.89	2036.81	-0.14%
Russell 2000	1576.62	1571.97	2.68%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	4.00
Fed Funds	1.42	0.90
30-year mortgage	4.52	4.27

Currencies

	Last	1 year ago
Dollars per British Pound	1.394	1.229
Dollars per Euro	1.231	1.073
Japanese Yen per Dollar	106.34	113.38
Canadian Dollars per Dollar	1.305	1.330
Mexican Peso per Dollar	18.701	19.077

Commodities

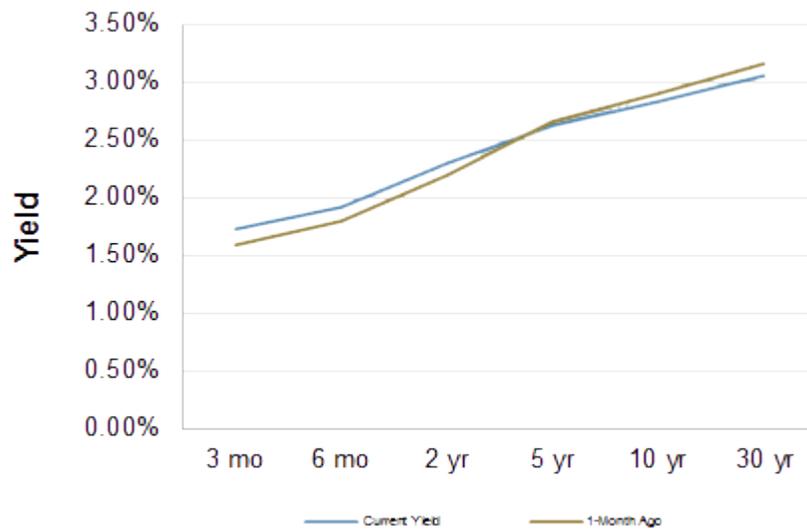
	Last	1 year ago
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Crude Oil	61.19	48.86
Gold	1317.80	1200.70

Bond Rates

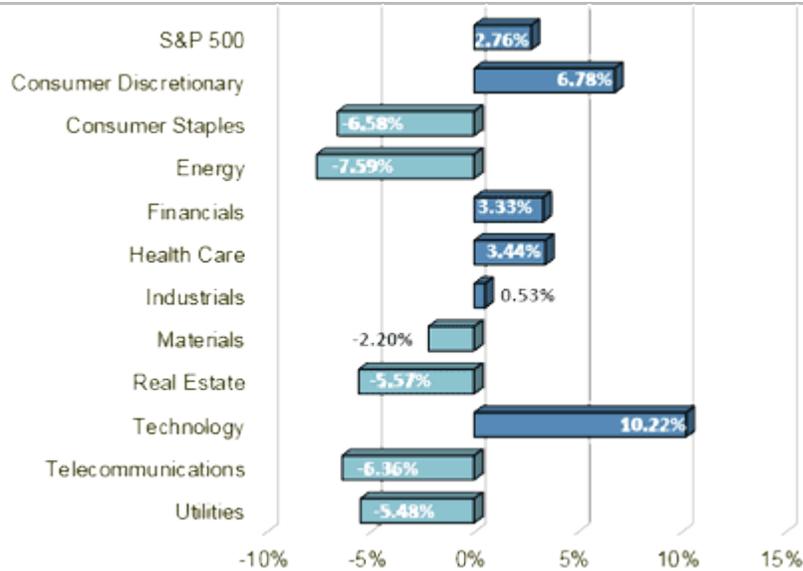
	Last	1 month ago
2-year treasury	2.29	2.19
10-year treasury	2.82	2.90
10-year municipal (TEY)	3.86	3.83

Treasury Yield Curve – 03/16/2018



As of close of business 03/15/2018

S&P Sector Performance (YTD) – 03/16/2018



As of close of business 03/15/2018

Economic Calendar

- | | | |
|-----------------|---|---|
| March 21 | — | Existing Home Sales (February) |
| | — | FOMC Policy Decision |
| | — | Fed Summary of Economic Projections |
| | — | Powell press conference |
| March 22 | — | Jobless Claims (week ending March 17) |
| | — | Index of Leading Economic Indicators (February) |
| March 23 | — | Durable Goods Orders (February) |
| March 27 | — | CB Consumer Confidence (March) |
| March 28 | — | Real GDP (4Q17, 3rd estimate) |

March 29	—	Personal Income and Spending (February)
March 30	—	Good Friday Holiday (markets closed)
April 6	—	Employment Report (March)
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.

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