

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 1, 2018

Market Commentary

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There were a number of key economic data releases, but investors were more focused on geopolitical risks and trade policy uncertainty. Market participants returned from the three-day weekend facing political turmoil in Italy. Those fears appear to have been overdone, as the stock market bounced back the next day. The White House's decision to let lapse the steel and aluminum tariff exemptions for Canada, Mexico and the European Union was not taken well, but investors continue to hope that the end result will be modest tweaks to current trade agreements and not a broader trade war.

Real GDP rose at a 2.2% annual rate in the second estimate for 1Q18 (vs. +2.3% in the advance estimate). Consumer spending growth was revised a bit lower (to 1.0% from 1.1%), while business fixed investment was revised higher (led by structures, including energy exploration, and intellectual property products). Nonfarm payrolls rose by 223,000 in May, but that left the three-month average at 179,000 – roughly the same pace as last year. Still, that's enough to take up further slack in the job market. The unemployment rate fell to 3.8%. Average hourly earnings rose 0.3%, more than expected, but the year-over-year trend remained moderate (+2.7% y/y). The Fed's Beige Book noted improvement in manufacturing activity in April and early May, but with some softness in consumer spending. While wage increases were noted for skilled labor positions, there was no evidence of a sharply higher wage trend in the aggregate.

Next week, the economic calendar is thin, but we could see a reaction if we get a surprise in Tuesday's ISM non-manufacturing survey data. Otherwise, market participants are likely to remain sensitive to news on geopolitical risks and trade policy. Attention ought to turn increasingly to the upcoming Fed policy meeting.

Indices

	Last	Last Week	YTD return %
DJIA	24415.84	24811.76	-1.23%
NASDAQ	7442.12	7424.43	7.80%
S&P 500	2705.27	2727.76	1.18%
MSCI EAFE	1986.17	2023.03	-3.15%
Russell 2000	1633.61	1628.22	6.39%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.75	4.00
Fed Funds	1.69	0.91
30-year mortgage	4.56	4.02

Currencies

	Last	1 year ago
Dollars per British Pound	1.330	1.288
Dollars per Euro	1.169	1.121
Japanese Yen per Dollar	108.82	111.37
Canadian Dollars per Dollar	1.296	1.352
Mexican Peso per Dollar	19.912	18.643

Commodities

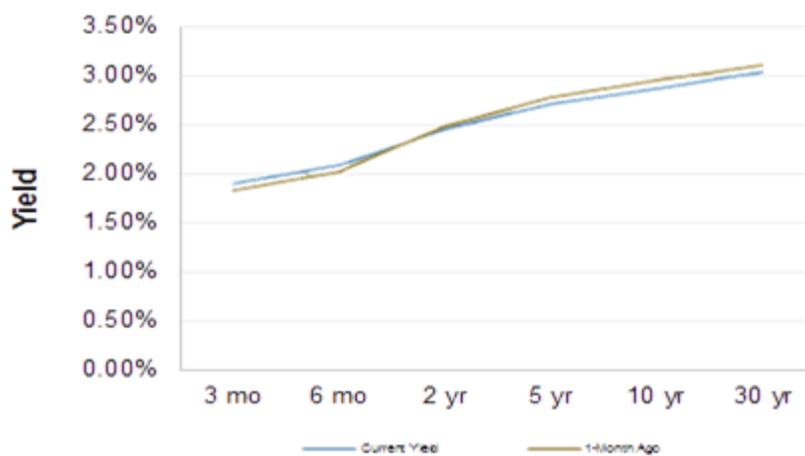
	Last	1 year ago
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Crude Oil	67.04	48.36
Gold	1304.70	1270.10

Bond Rates

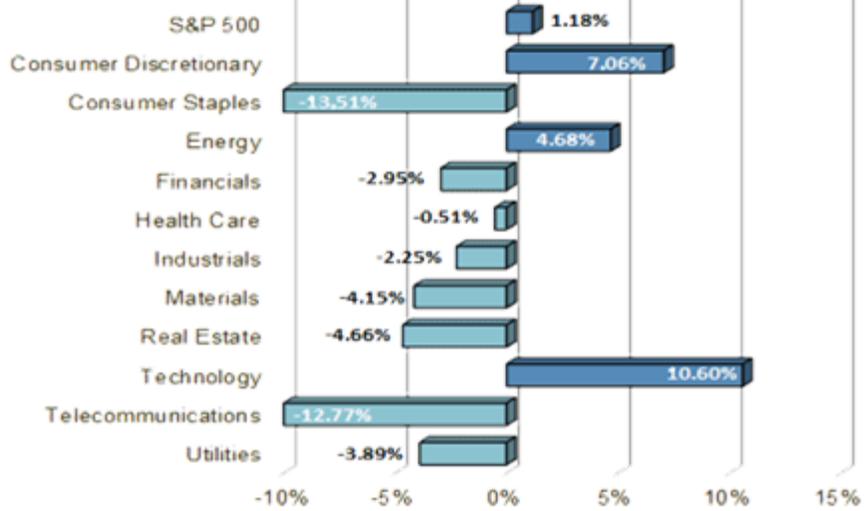
	Last	1 month ago
2-year treasury	2.44	2.48
10-year treasury	2.88	2.94
10-year municipal (TEY)	3.74	3.82

Treasury Yield Curve – 06/01/2018



As of close of business 05/31/2018

S&P Sector Performance (YTD) – 06/01/2018



As of close of business 05/31/2018

Economic Calendar

- June 4** — Factory Orders (April)
- June 5** — ISM Non-Manufacturing Index (May)
- June 6** — Trade Balance (April)
- June 7** — Initial Jobless Claims (week ending June 2)
- June 12** — Consumer Price Index (May)
- June 13** — Producer Price Index (May)
- FOMC Policy Decision (Powell press conference)
- Fed Summary of Economic Projections (new dot plot)
- Powell press conference

June 14	—	Retail Sales (May)
June 15	—	Industrial Production (May)
June 27	—	Durable Goods Orders (May)
July 4	—	Independence Day Holiday (markets closed)
July 6	—	Employment Report (June)
August 1	—	FOMC Policy Decision (no 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 May 31, 2018.