

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JANUARY 26, 2018

Market Commentary

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Treasury Secretary Mnuchin merely noted that a weak dollar was a benefit to U.S. exporters, but global investors took that as a sign that the current administration favors a weaker currency. President Trump noted that a strong dollar was in the U.S.'s interest, but that provided only temporary relief. The dollar is down about 12% since early 2017, a seemingly puzzling development given strong growth, a robust stock market, and tighter monetary policy (all of which are dollar positive). The answer may be that global investors are relatively more enamored with the rest of the world. Indeed, the IMF boosted its World Economic Outlook projections for the next two years, noting that global growth surprised to the upside in 2017 and was broad-based.

The initial headline GDP growth estimate for the fourth quarter (a 2.6% annual rate) fell short of expectations (median forecast: +3.0%), but the report was much stronger than it appears. Consumer spending and business fixed investment were very strong, partly reflecting a rebound from the third quarter's hurricane effects. Slower inventory accumulation subtracted 0.7 percentage point from the headline growth figure and net exports subtracted 1.1 percentage points. Imports (which have a negative sign in the GDP calculation) surged 13.9% (exports rose 6.9%). While real consumer spending growth rose at a 3.0% pace in the second half of 2017, real disposable income advanced at a 0.8% pace.

Next week, fresh January data will arrive and the focus should be on the employment report. We can expect to lose more than 2.8% jobs before seasonal adjustment. Strong seasonal hiring usually leads to more layoffs than usual at the start of the year, but weekly claims for unemployment benefits are trending low. Friday's report will also include annual benchmark revisions to the payroll and wage figures.

[Indices](#)

	Last	Last Week	YTD return %
DJIA	26392.79	62017.81	6.77%
NASDAQ	7411.16	7296.05	7.36%
S&P 500	2839.25	2787002	6.20%
MSCI EAFE	2186.65	2141.65	6.62%
Russell 2000	1601.67	1576.73	4.31%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.75
Fed Funds	1.42	0.67
30-year mortgage	4.25	4.31

Currencies

	Last	1 year ago
Dollars per British Pound	1.414	1.260
Dollars per Euro	1.240	1.068
Japanese Yen per Dollar	109.41	114.53
Canadian Dollars per Dollar	1.238	1.309
Mexican Peso per Dollar	18.604	21.214

Commodities

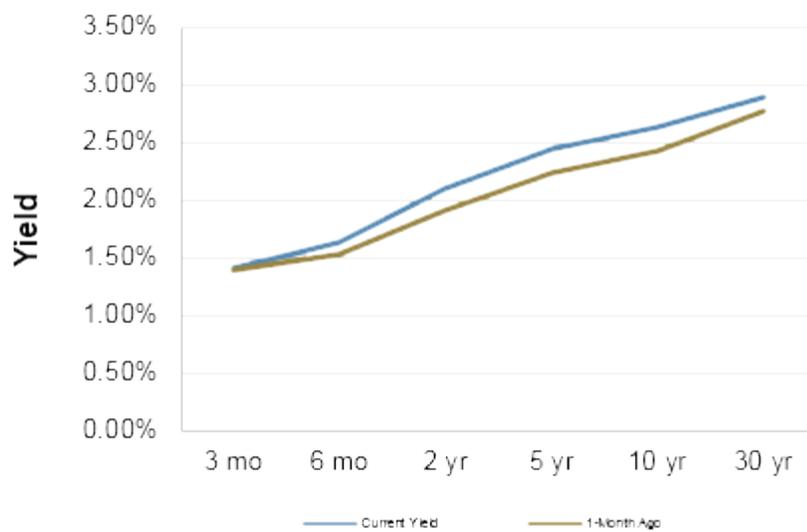
	Last	1 year ago
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Crude Oil	65.51	53.78
Gold	1368.00	1192.50

Bond Rates

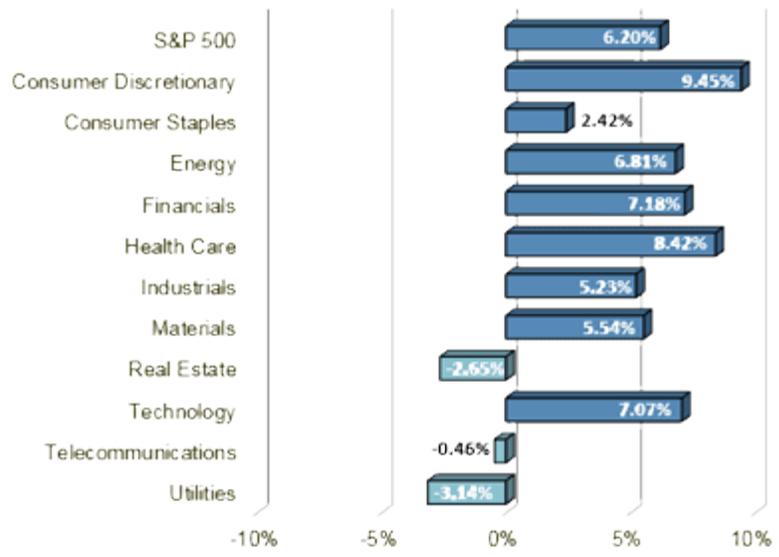
	Last	1 month ago
2-year treasury	2.10	1.90
10-year treasury	2.63	2.43
10-year municipal (TEY)	3.42	3.11

Treasury Yield Curve – 01/26/2018



As of close of business 01/25/2018

S&P Sector Performance (YTD) – 01/25/2018



As of close of business 01/25/2018

Economic Calendar

- January 24** — Existing Home Sales (December)

- January 25** — Jobless Claims (week ending January 20)
New Home Sales (December)
Leading Economic Indicators (December)

- January 26** — Real GDP (4Q17, advance estimate)
Durable Goods Orders (December)

- January 31** — FOMC Policy Decision (no press conference)

- February 1** — ISM Manufacturing Index (January)

- February 2** — Employment Report (January)

- February 19** — Presidents Day (markets closed)

- March 21** — 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 January 25, 2018.