

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**JANUARY 19, 2018**

**Market Commentary**

**by Scott J. Brown, Ph.D., Chief Economist**

The economic data were largely irrelevant as investors focused on the shifting prospects for a government shutdown. The Senate reached a bipartisan agreement to prevent a shutdown, but that was rejected by the White House, throwing the process into chaos. Share prices fell and Treasury yields rose as the likelihood of an agreement faded. The 10-year Treasury note yield bumped up against long-term resistance.

The economic consequences of a partial government shutdown depend on how long it lasts, but if relatively short (a few days), activity is mostly shifted around without any long-term damage.

Next week, the focus will be on Friday's advance GDP report for 4Q17. In the third quarter, hurricane effects dampened consumer spending and business fixed investment to some extent (lowering GDP growth), but also contributed to faster inventory growth and a narrower trade deficit (which added to GDP growth). These effects are expected to reverse in the fourth quarter, with strong growth in consumer spending and business fixed investment (rebounding from the hurricanes) and a wider trade deficit and slower inventory growth (subtracting from headline GDP growth). The financial markets typically focus on the headline GDP growth figure, but the details are what matter. These figures will be revised, but the story typically doesn't change much over time.

**Indices**

	Last	Last Week	YTD return %
--	------	-----------	--------------

DJIA	26017.81	25574.73	5.25%
NASDAQ	7296.05	7211.78	5.69%
S&P 500	2798.03	2767.56	4.65%
MSCI EAFE	2141.65	2113.12	4.43%
Russell 2000	1576.73	1586.79	2.68%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.75
Fed Funds	1.41	0.67
30-year mortgage	4.22	4.24

### Currencies

	Last	1 year ago
Dollars per British Pound	1.389	1.234
Dollars per Euro	1.224	1.066
Japanese Yen per Dollar	111.11	114.86
Canadian Dollars per Dollar	1.242	1.332
Mexican Peso per Dollar	18.605	21.956

### Commodities

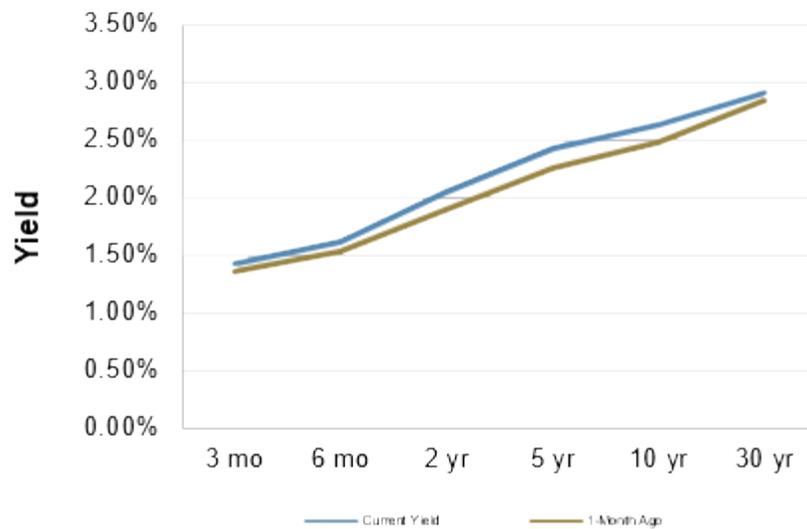
	Last	1 year ago
Crude Oil	63.95	51.37

Gold	1327.20	1201.50
------	---------	---------

### Bond Rates

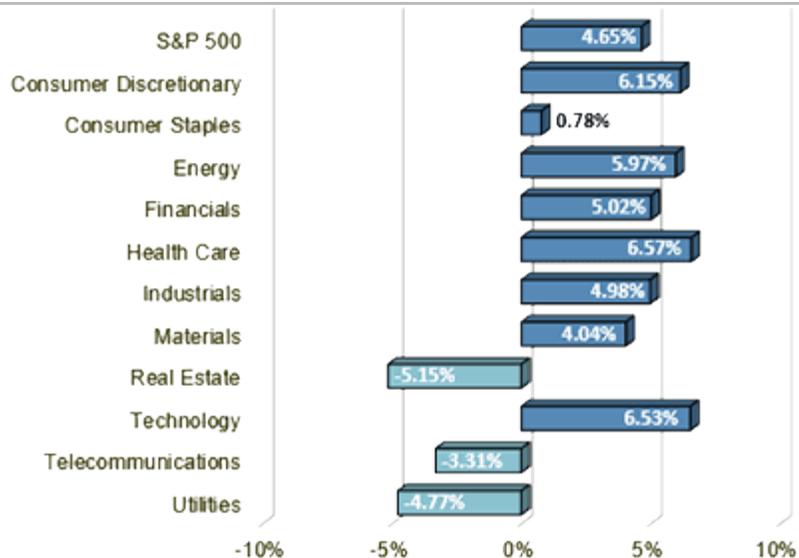
	Last	1 month ago
2-year treasury	2.04	1.88
10-year treasury	2.63	2.48
10-year municipal (TEY)	3.29	3.28

### Treasury Yield Curve – 01/19/2018



As of close of business 01/18/2018

### S&P Sector Performance (YTD) – 01/19/2018



As of close of business 01/18/2018

### Economic Calendar

<b>January 24</b>	—	Existing Home Sales (December)
<b>January 25</b>	—	Jobless Claims (week ending January 20) New Home Sales (December) Leading Economic Indicators (December)
<b>January 26</b>	—	Real GDP (4Q17, advance estimate) Durable Goods Orders (December)
<b>January 31</b>	—	FOMC Policy Decision (no press conference)
<b>February 1</b>	—	ISM Manufacturing Index (January)
<b>February 2</b>	—	Employment Report (January)
<b>February 19</b>	—	Presidents Day (markets closed)
<b>March 21</b>	—	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 January 18, 2018.