

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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Market Commentary

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Shifting trade policy perceptions continued to rattle investors, making it another roller-coaster week for equities. China announced retaliatory tariffs on U.S. goods and President Trump then doubled down on tariffs against Chinese goods. National Economic Council Director Larry Kudlow attempted to downplay trade concerns, noting that it would be some time before tariffs went into effect (if at all). However, while the tariffs may cover a small portion of U.S. trade and might not come to pass, the proposal has increased uncertainty and is already having a negative effect on U.S. economic activity. Tariffs are the equivalent of shooting yourself in the foot (U.S. consumers and businesses end up paying higher costs).

The March Employment Report was softer than expected. Nonfarm payrolls rose by 103,000 in the initial estimate for March, while January and February were revised a net 50,000 lower. Weather appears to have been a factor, boosting construction and retail payrolls in February (with unfavorable weather contributing to a correction in March). Private-sector payrolls averaged a 203,000 monthly gain in 1Q18 (vs. +180,000 for 2017), twice the pace needed to absorb new entrants into the workforce. The unemployment rate held steady (for the sixth consecutive month) at 4.1%. Average hourly earnings rose 0.3% (+2.7% y/y), up 0.2% for nonsupervisory workers (+2.4% y/y).

Next week, the market's trade policy concerns are unlikely to go away (one step back, one step forward). Among the economic data releases, the focus is expected to be on the Consumer Price Index, where the March 2017 drop in wireless telecom services will roll off of the 12-month inflation calculation, boosting the year-over-year inflation figure. Federal Reserve officials may be more interested in the Producer Price Index, which has been showing a buildup of pipeline inflationary pressures. The nonpartisan Congressional Budget Office will release its updated budget outlook, which will incorporate the Tax Cut and Jobs Act (TCJA) and the recent spending agreement – it's expected to show a significant widening in the federal budget deficit over the next 10 years. Note that the deficit was expected to widen significantly

before passage of the TCJA (reflecting rising Social Security and Medicare spending related to the retirement of the baby-boom generation) – tax cuts simply make that outlook worse.

Indices

	Last	Last Week	YTD return %
DJIA	24505.22	23848.42	-0.87%
NASDAQ	7076.55	6949.23	2.51%
S&P 500	2662.84	2605.00	-0.40%
MSCI EAFE	2014.20	2001.80	-1.78%
Russell 2000	1542.93	1513.03	-0.48%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.75	4.00
Fed Funds	1.68	0.90
30-year mortgage	4.49	4.15

Currencies

	Last	1 year ago
Dollars per British Pound	1.400	1.248
Dollars per Euro	1.224	1.066
Japanese Yen per Dollar	107.39	110.70
Canadian Dollars per Dollar	1.275	1.340
Mexican Peso per Dollar	18.204	18.830

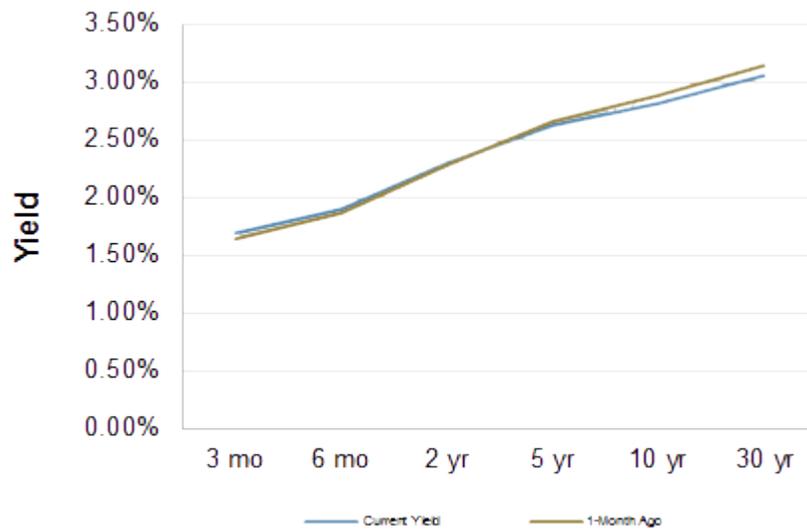
Commodities

	Last	1 year ago
Crude Oil	64.54	51.70
Gold	1328.50	1248.50

Bond Rates

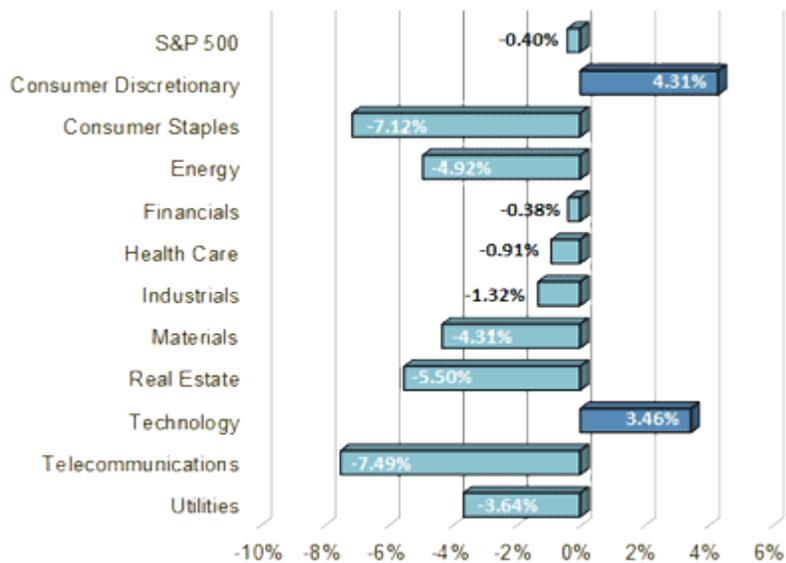
	Last	1 month ago
2-year treasury	2.29	2.27
10-year treasury	2.81	2.88
10-year municipal (TEY)	3.82	3.83

Treasury Yield Curve – 04/06/2018



As of close of business 04/05/2018

S&P Sector Performance (YTD) – 04/06/2018



As of close of business 04/05/2018

Economic Calendar

- | | | |
|-----------------|---|--------------------------------------|
| April 9 | — | CBO Budget Outlook |
| April 10 | — | Small Business Optimism (March) |
| | — | Producer Price Index (March) |
| April 11 | — | Consumer Price Index (March) |
| | — | Real Hourly Earnings (March) |
| | — | FOMC Minutes (March 21) |
| April 12 | — | Jobless Claims (week ending March 7) |
| | — | Import Prices (March) |
| April 16 | — | Retail Sales (March) |

April 17	—	Building Permits, Housing Starts (March)
	—	Industrial Production (March)
April 27	—	Real GDP (1Q18, advance estimate)
May 2	—	FOMC Policy Decision (no press conference)
May 4	—	Employment Report (April)
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.

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 5, 2018.