

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 15, 2018

Market Commentary
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As widely anticipated, the Fed raised short-term interest rates. The dots in the revised dot plot showed that most officials were divided on whether there would be one or two further rate increases this year. The Fed dropped its forward guidance (the conditional commitment to keep rates low). Fed officials generally expect that the federal funds target rate will have to be raised above a neutral level in 2019 and 2020. Senior Federal Reserve officials' forecasts of growth edged up, while the unemployment rate was forecasted to be lower than in the March projections.

Retail sales results for May were stronger than expected, with upward revisions to March and April. Industrial production was weaker than expected, reflecting a fire at a truck parts supplier (factory output was mixed, but generally lackluster, otherwise). Consumer price data were in line with expectations (laundry equipment rose 7.4%, following a 9.6% jump in April, reflecting tariffs on washing machines). The Producer Price Index rose more than anticipated, with further pipeline pressures, but there has been little flow through to prices at the consumer level. The report on import prices showed further increases in supplies and materials, but little inflation in imported finished goods.

President Trump went ahead with tariffs on Chinese goods and China responded quickly with tariffs on U.S. exports.

Next week, there are no major economic data releases. Residential homebuilding figures are noisy. Existing home sales are likely to rise, but supply limitations and affordability issues are constraints. Trade policy is likely to remain a key focus for the financial markets.

Indices

	Last	Last Week	YTD return %
DJIA	25175.31	25241.41	1.85%
NASDAQ	7761.04	7635.07	12.42%
S&P 500	2782.49	2770.37	4.07%
MSCI EAFE	2015.24	2021.08	-1.73%
Russell 2000	1684.73	1667.78	9.72%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.89	1.16
30-year mortgage	4.68	4.00

Currencies

	Last	1 year ago
Dollars per British Pound	1.326	1.276
Dollars per Euro	1.157	1.115
Japanese Yen per Dollar	110.63	110.93
Canadian Dollars per Dollar	1.311	1.327
Mexican Peso per Dollar	20.880	18.043

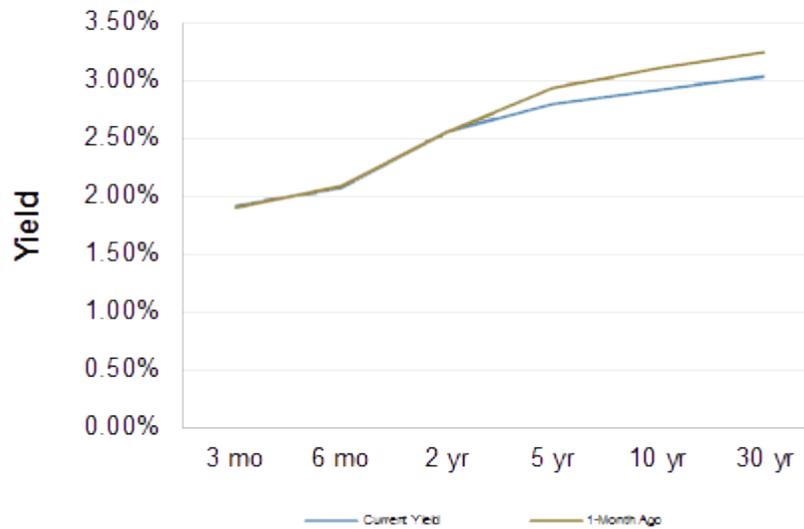
Commodities

	Last	1 year ago
Crude Oil	66.89	44.46
Gold	1308.30	1254.60

Bond Rates

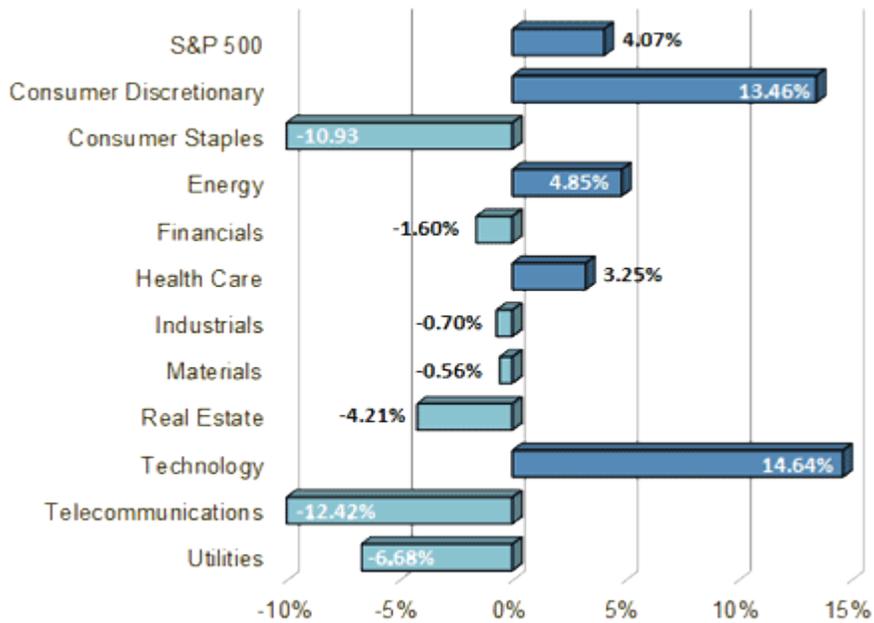
	Last	1 month ago
2-year treasury	2.55	2.56
10-year treasury	2.92	3.10
10-year municipal (TEY)	3.85	3.91

Treasury Yield Curve – 06/15/2018



As of close of business 06/14/2018

S&P Sector Performance (YTD) – 06/15/2018



As of close of business 06/14/2018

Economic Calendar

June 18	—	Homebuilder Sentiment (June)
June 19	—	Building Permits, Housing Starts (May)
June 20	—	Existing Home Sales (May)
June 21	—	Jobless Claims (week ending June 16)
June 25	—	New Home Sales (May)
June 26	—	CB Consumer Confidence (June)
June 27	—	Durable Goods Orders (May)

July 4	—	Independence Day Holiday (markets closed)
July 6	—	Employment Report (June)
August 1	—	Fed Policy Decision (no press conference)
September 26	—	Fed 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 June 14, 2018.