

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 17, 2018

Market Commentary

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

Shifting trade policy perceptions continued to drive the stock market on a day-to-day basis. Turkey is not a large part of the global economy, but its troubles were added to concerns about emerging market economies (EMEs) in general. The EMEs have been battered by Fed rate increases and the impact of trade policy uncertainty on supply chains. Turkey finally took steps to stem capital outflows, and investors were encouraged by the prospects of China returning to the bargaining table (a delegation will arrive at the end of the week, but don't get your hopes up).

The economic data reports were not especially market-moving. Retail sales rose a bit more than expected in July, although June figures were revised down. Industrial production rose just 0.1%, but June figures were revised higher. Residential construction data were mixed, but single-family permits rose and continued to exhibit a strong year-over-year trend.

Next week, shifting trade policy perceptions will continue to matter, but the market focus will be on Fed Chair Powell's speech at the Kansas City Fed's annual monetary policy symposium in Jackson Hole (euphemistically referred to as "Fed Camp"). In the past, the Fed chair's speech has often been a big deal for the financial markets. Powell's speech is entitled "Monetary Policy in a Changing Economy," which suggests the possibility of a change in the Fed's current approach (the federal funds futures market is currently pricing in about a 96% chance of a September 26 rate hike, with better-than-even odds, about 66%, of a December 19 follow-up).

Indices

	Last	Last Week	YTD return %
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DJIA	25558.73	25509.23	3.40%
NASDAQ	7806.52	7891.78	13.08%
S&P 500	2840.69	2853.58	6.25%
MSCI EAFE	1922.55	1987.28	-6.25%
Russell 2000	1685.75	1690.89	9.78%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.91	1.16
30-year mortgage	4.64	3.95

Currencies

	Last	1 year ago
Dollars per British Pound	1.272	1.287
Dollars per Euro	1.138	1.172
Japanese Yen per Dollar	110.90	109.57
Canadian Dollars per Dollar	1.316	1.268
Mexican Peso per Dollar	18.984	17.849

Commodities

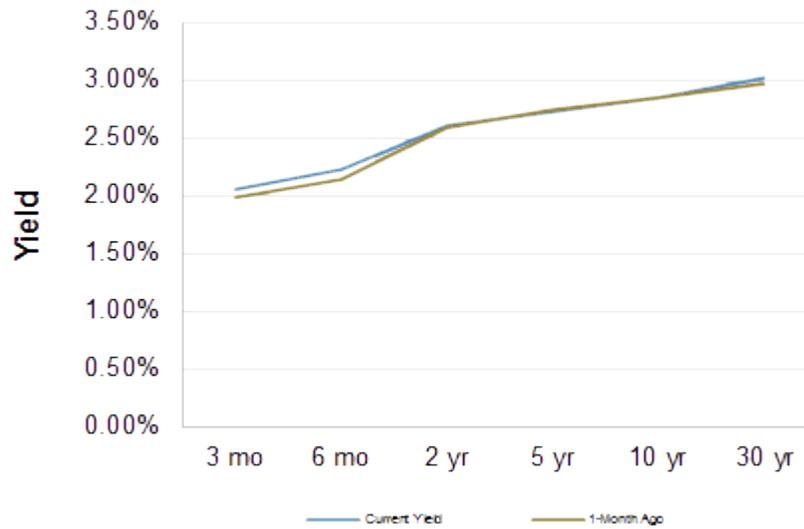
	Last	1 year ago
Crude Oil	65.46	47.09

Gold	1184.00	1291.60
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Bond Rates

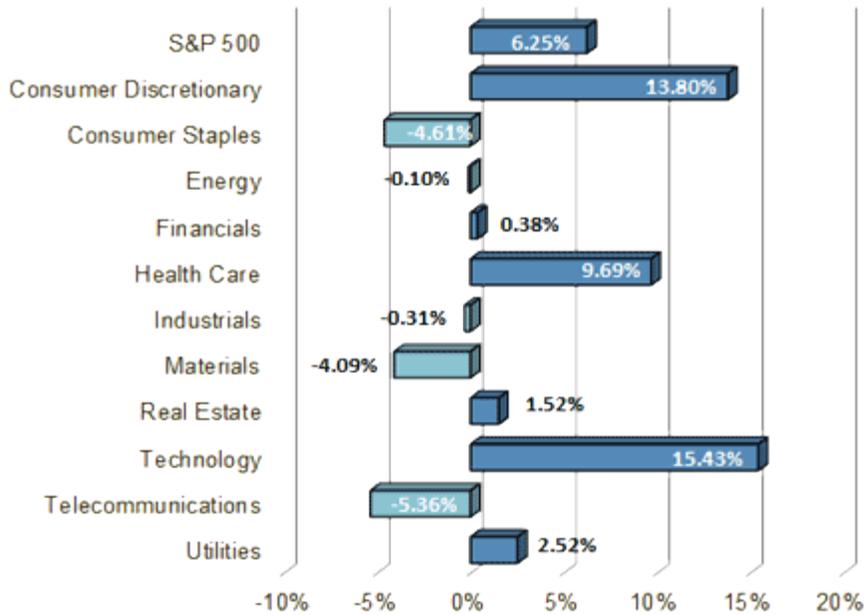
	Last	1 month ago
2-year treasury	2.61	2.59
10-year treasury	2.85	2.85
10-year municipal (TEY)	3.80	3.75

Treasury Yield Curve – 08/17/2018



As of close of business 08/16/2018

S&P Sector Performance (YTD) – 08/17/2018



As of close of business 08/16/2018

Economic Calendar

- August 22** — Existing Home Sales (July)
- FOMC Minutes (August 1)
- August 23** — Jobless Claims (week ending August 18)
- New Home Sales (July)
- August 24** — Durable Goods Orders (July)
- Powell Speaks ("Monetary Policy in a Changing Economy")

- August 28** — CB Consumer Sentiment (August)

- August 29** — Real GDP (2Q18, 2nd estimate)

- August 30** — Personal Income and Spending (July)

- September 3** — Labor Day (markets closed)

- September 7** — Employment Report (August)

- 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 August 16, 2018.

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