

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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Market Commentary

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The recently reported uptick in average hourly earnings (+2.9% y/y) and the surge in the government's borrowing needs (\$1 trillion-plus in the current fiscal year) have had some implications for the underlying fundamentals. However, the outlook hasn't been tumultuous enough to explain the multi-100-point intraday swings in the Dow. Something else is clearly going on. Stock market investors appear to be struggling to determine how the intersection of corporate tax cuts, a tight job market, increased government borrowing, and tighter Fed policy will effect valuations.

The Senate reached a two-year budget agreement, which was then approved by the House and signed by President Trump. Spending for FY18 and FY19 will exceed spending caps by about \$300 billion. The bill also increases the debt ceiling through March 1, 2019.

The economic calendar was thin. The January ISM non-manufacturing survey was stronger than anticipated. The December trade figures were in line with expectations.

Next week, we can expect market conditions to remain volatile. The economic data calendar heats up, but should not (by itself) be market-moving. Inflation figures can be quirky in January. Other data (retail sales, industrial production and residential construction) will be subject to seasonal noise.

Indices

	Last	Last Week	YTD return %
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DJIA	23860.46	26186.71	-3.47%
NASDAQ	6777.16	7385.86	-1.83%
S&P 500	2581.00	2821.98	-3.46%
MSCI EAFE	2022.67	2154.32	-1.37%
Russell 2000	1463.79	1579.87	-4.67%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.75
Fed Funds	1.41	0.66
30-year mortgage	4.49	4.13

Currencies

	Last	1 year ago
Dollars per British Pound	1.391	1.250
Dollars per Euro	1.225	1.066
Japanese Yen per Dollar	108.74	113.25
Canadian Dollars per Dollar	1.260	1.315
Mexican Peso per Dollar	18.895	20.350

Commodities

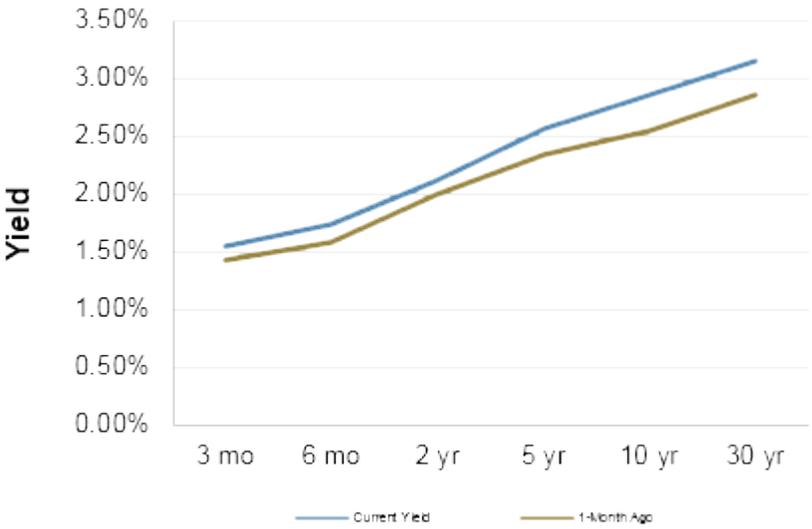
	Last	1 year ago
Crude Oil	61.15	53.00

Gold	1319.00	1236.80
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Bond Rates

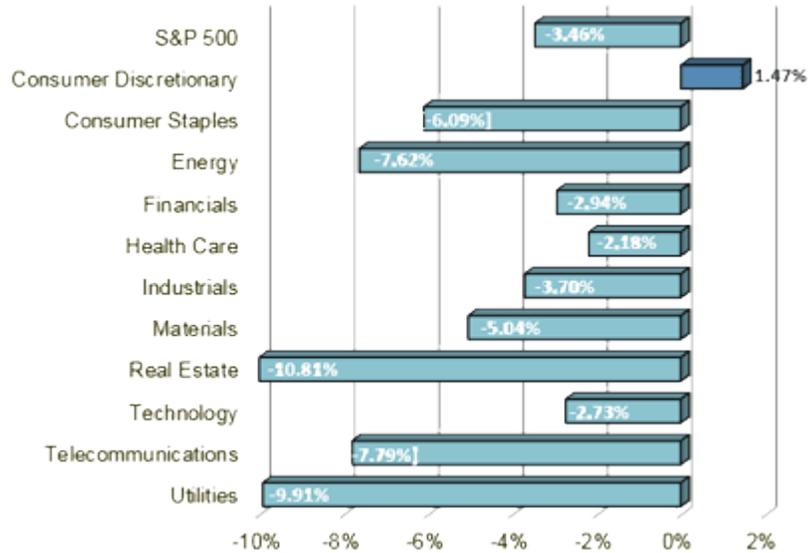
	Last	1 month ago
2-year treasury	2.11	1.99
10-year treasury	2.85	2.54
10-year municipal (TEY)	3.78	3.26

Treasury Yield Curve – 02/09/2018



As of close of business 02/08/2018

S&P Sector Performance (YTD) – 02/09/2018



As of close of business 02/08/2018

Economic Calendar

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|--------------------|---|--------------------------------------------|
| February 14 | — | Consumer Price Index (January) |
| | — | Real Hourly Earnings (January) |
| | — | Retail Sales (January) |
| February 15 | — | Jobless Claims (week ending February 10) |
| | — | Producer Price Index (January) |
| | — | Industrial Production (January) |
| February 16 | — | Building Permits, Housing Starts (January) |
| | — | Import Prices (January) |
| February 19 | — | Presidents Day (markets closed) |

February 21	—	FOMC minutes (January 31)
February 28	—	Powell Monetary Policy Testimony
March 9	—	Employment Report (February)
March 21	—	FOMC Policy Decision (Powell press conference)
May 2	—	FOMC Policy Decision (no press conference)
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 February 8, 2018.