

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 13, 2018

Market Commentary

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Once again, the economic data took a backseat to trade policy concerns. Trade tensions escalated as China responded to U.S. tariffs (a 25% tariff on \$34 billion in Chinese goods imposed on July 6), with increased tariffs on \$34 billion in U.S. exports. The U.S. indicated that it would retaliate against the Chinese retaliation with a 10% tariff on an additional \$400 billion in Chinese goods. President Trump has also threatened to impose tariffs on \$350 billion in imported motor vehicles and parts, which would bring the total to around \$850 billion of U.S. imports (4.6% of GDP).

The Federal Reserve's Monetary Policy Report repeated two key themes. The first is that (even after the June 13 rate hike) officials still view policy as "accommodative" - that is, not "neutral." The second is that further gradual increases in short-term interest rates are expected. Policymakers generally see some remaining slack in the labor market, which allows the Fed to move gradually. The report mentioned trade policy uncertainty as a factor holding down long-term Treasury yields and restraining equity prices.

Next week, there may be some market reaction if we get a surprise in the retail sales report, but the focus is going to be on Fed Chair Powell's monetary policy testimony to the Senate Banking Committee (Tuesday). Powell's written testimony will be released an hour and a half before the hearing begins, but there's always a chance that something will come up in the Q&A. Powell will repeat his testimony to the House Financial Services Committee on Wednesday.

Indices

	Last	Last Week	YTD return %
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DJIA	24924.89	7823.92	0.83%
NASDAQ	7823.92	7586.43	13.33%
S&P 500	2798.29	2736.61	4.66%
MSCI EAFE	1966.12	1954.39	-4.13%
Russell 2000	1690.28	1679.48	10.08%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.90	1.16
30-year mortgage	4.65	4.03

Currencies

	Last	1 year ago
Dollars per British Pound	1.321	1.297
Dollars per Euro	1.167	1.163
Japanese Yen per Dollar	112.55	111.91
Canadian Dollars per Dollar	1.315	1.259
Mexican Peso per Dollar	18.980	17.486

Commodities

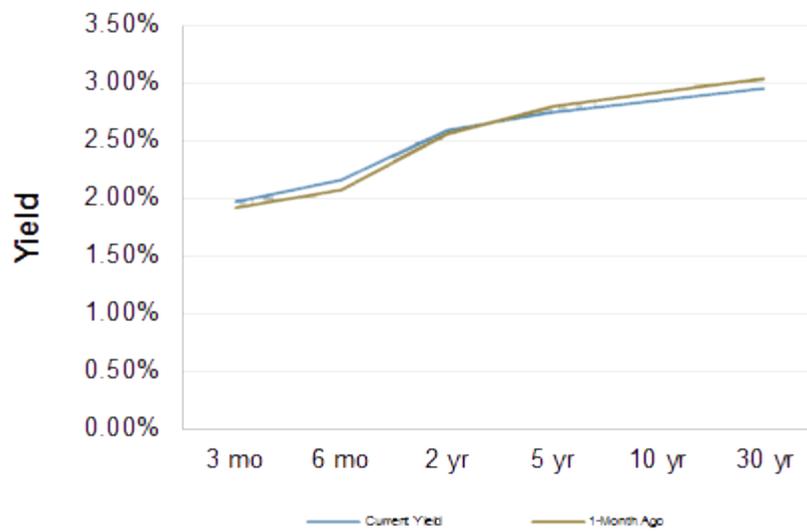
	Last	1 year ago
Crude Oil	70.33	46.92

Gold	1246.60	1252.10
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Bond Rates

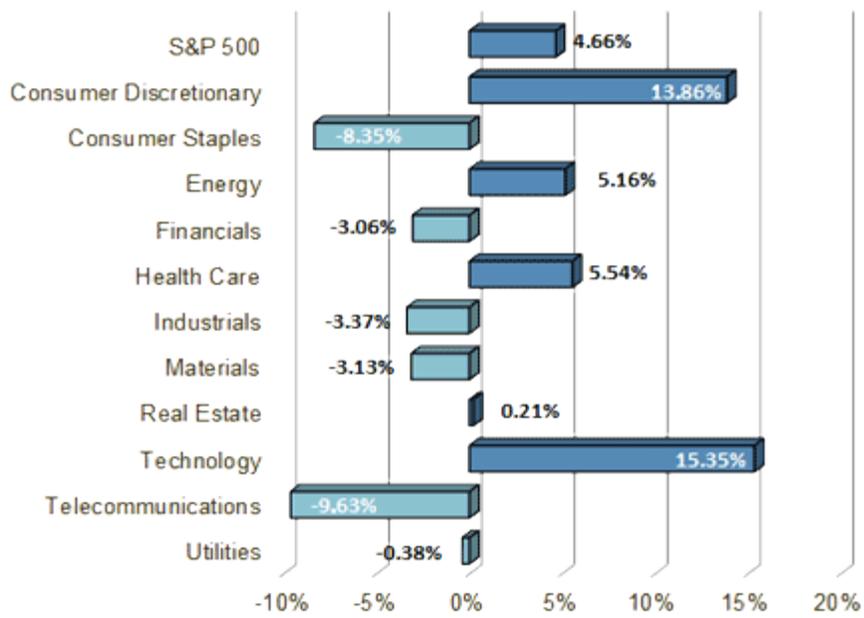
	Last	1 month ago
2-year treasury	2.58	2.55
10-year treasury	2.84	2.92
10-year municipal (TEY)	3.80	3.85

Treasury Yield Curve – 07/13/2018



As of close of business 07/12/2018

S&P Sector Performance (YTD) – 07/13/2018



As of close of business 07/12/2018

Economic Calendar

- July 16** — Retail Sales (June)

- July 17** — Industrial Production (June)

- Powell Monetary Policy Testimony (Senate Banking Committee)

- July 18** — Building Permits, Housing Starts (June)

- Powell Monetary Policy Testimony (House Financial Services Committee)

- Fed Beige Book

July 19	—	Jobless Claims (week ending July 14)
	—	Leading Economic Indicators (June)
July 26	—	Durable Goods Orders (June)
July 27	—	Real GDP (advance 2Q18 + comprehensive benchmark revisions)
August 1	—	Fed Policy Decision (no press conference)
August 3	—	Employment Report
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 July 12, 2018.