

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 27, 2018

Market Commentary

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Real GDP rose at a 4.1% annual rate in the advance estimate for 2Q18 (about as expected), vs. +2.2% in 1Q18 (revised from +2.0%). Consumer spending (which accounts for 68% of GDP) rose at a 4.0% pace (vs. +0.5% in 1Q18) – a 2.2% pace for the first half of the year. Business fixed investment rose at a 7.3% annual rate (vs. 11.5% in 1Q18), with a further strong contribution in structures (reflecting the rebound in energy exploration) and mixed equipment spending (info-processing equipment 12.3%, industrial equipment -5.3%, transportation equipment -1.4%). Exports (mostly agricultural) surged, adding more than a full percentage point to the headline GDP growth figure (which is likely to unwind in the second half of the year). Inventories rose more slowly than in 1Q18, subtracting a percentage point from overall growth (that should reverse in the second half). Comprehensive benchmark revisions were mild and appear to have left the headline GDP data with some residual seasonality.

President Trump met with Jean-Claude Juncker, president of the European Commission, and the two agreed on a temporary truce in the trade conflict. That makes sense, as the November election is approaching and tariff fallout is making front page news. However, it remains unclear whether tensions will be settled after the election.

Next week, there are a lot of economic data releases and a Fed policy meeting, but the focus is expected to be on the July employment figures. Seasonal adjustment can be tricky in July (due to the end of the school year) and we may be overdue for a downside surprise in the payroll figure (focus on the three-month average). The Federal Open Market Committee will end with no change in rates. There is no Powell press conference (that will be a regular feature beginning in 2019) and no revised economic projects (no new dot plot). All we'll have to go on is the wording of the policy statement, which may change a little.

Indices

	Last	Last Week	YTD return %
DJIA	25527.07	25064.50	3.27%
NASDAQ	7852.18	7825.30	13.74%
S&P 500	2837.44	2804.49	6.13%
MSCI EAFE	2002.30	1970.94	-2.36%
Russell 2000	1695.36	1701.31	10.41%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.90	1.16
30-year mortgage	4.72	4.04

Currencies

	Last	1 year ago
Dollars per British Pound	1.310	1.307
Dollars per Euro	1.163	1.168
Japanese Yen per Dollar	111.23	111.26
Canadian Dollars per Dollar	1.307	1.255
Mexican Peso per Dollar	18.626	17.725

Commodities

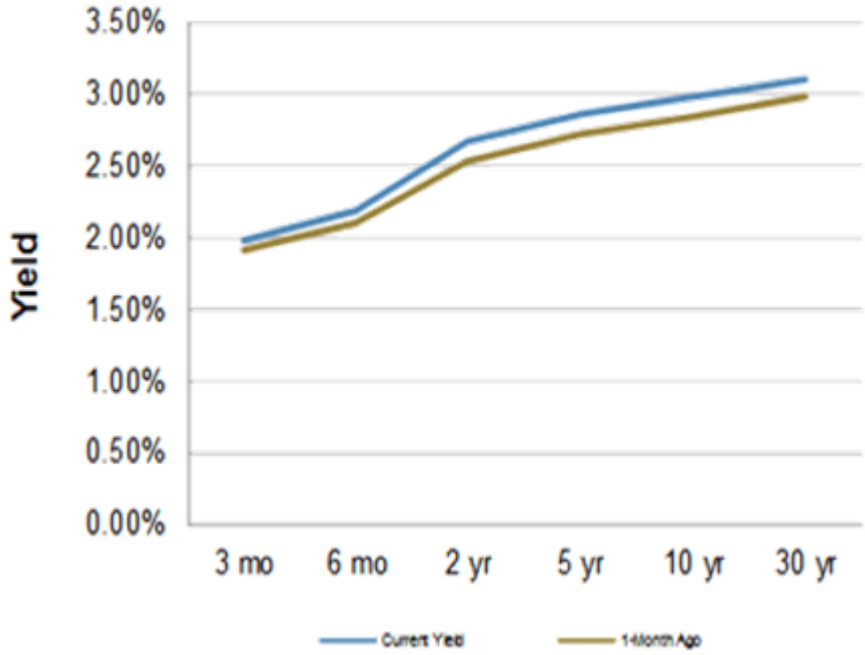
	Last	1 year ago
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Crude Oil	69.61	49.04
Gold	1235.30	1266.50

Bond Rates

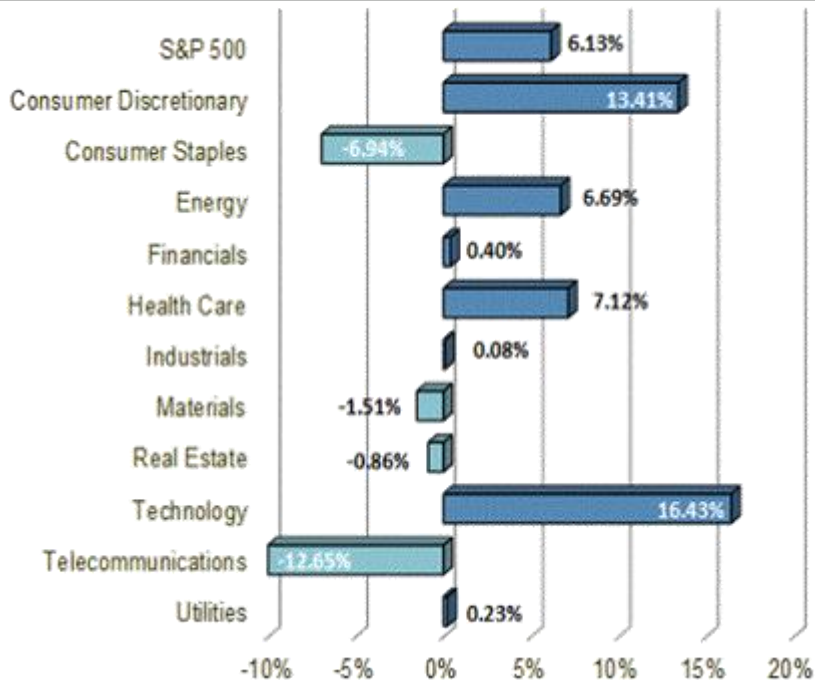
	Last	1 month ago
2-year treasury	2.67	2.52
10-year treasury	2.97	2.84
10-year municipal (TEY)	3.82	3.80

Treasury Yield Curve – 07/27/2018



As of close of business 07/26/2018

S&P Sector Performance (YTD) – 07/27/2018



As of close of business 07/26/2018

Economic Calendar

- | | | |
|-----------------|---|---|
| July 30 | — | Pending Home Sales Index (June) |
| July 31 | — | Employment Cost Index (2Q18) |
| | — | Personal Income and Spending (June) |
| | — | CB Consumer Confidence (July) |
| August 1 | — | ADP Payroll Estimate (July) |
| | — | ISM Manufacturing Index (July) |
| | — | Fed Policy Decision (no press conference) |
| | — | Motor Vehicle Sales (July) |

August 2	—	Jobless Claims (week ending July 28)
August 3	—	Employment Report (July)
August 10	—	Consumer Price Index (July)
September 3	—	Labor Day (markets closed)
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 26, 2018.