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WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 24, 2018

Market Commentary
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The White House imposed its second tranche (\$16 billion) of its increased tariffs on \$50 billion of Chinese goods, but investors generally remain hopeful that a deal can be struck.

In his Jackson Hole speech, Fed Chairman Jerome Powell downplayed the notion of the natural rate of unemployment (u^*) and that threat of higher inflation. The pace of future action will depend on whether the strength in the economy and the job market continues. The FOMC minutes from the July 31-August 1 policy meeting suggested a strong likelihood of a hike at the September 25-26 meeting. Beyond that, officials were uncertain of the economic impact of current trade conflicts.

The economic data reports were mixed. New and existing home sales figures fell short of expectations in July, while capital goods orders and shipments showed strength into early 3Q18.

Next week, the Bureau of Economic Analysis will release revised 2Q18 GDP growth figures on Wednesday, but Thursday's personal income and spending data, along with Tuesday's inventory and trade numbers, will help to set expectations for 3Q18 GDP. Most GDP components were close to what was assumed in the advance estimate. The story shouldn't change much. It was a strong quarter for consumer spending growth, but that followed an unusually weak 1Q18. A narrower trade deficit added more than a full percentage point to overall GDP growth in the advance estimate, but slower inventory growth subtracted 1.0 percentage point. Personal income and spending are expected to have risen moderately in July, while core inflation (as measured by the PCE Price Index ex-food & energy) should match the Fed's 2% goal on a year-over-year basis.

[Indices](#)

	Last	Last Week	YTD return %
DJIA	25656.98	25558.73	3.79%
NASDAQ	7878.46	7806.52	14.12%
S&P 500	2856.98	2840.69	6.86%
MSCI EAFE	1947.28	1922.55	-5.05%
Russell 2000	1717.05	1685.75	11.82%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.91	1.16
30-year mortgage	4.62	3.95

Currencies

	Last	1 year ago
Dollars per British Pound	1.281	1.280
Dollars per Euro	1.154	1.180
Japanese Yen per Dollar	111.29	109.56
Canadian Dollars per Dollar	1.308	1.252
Mexican Peso per Dollar	19.009	17.726

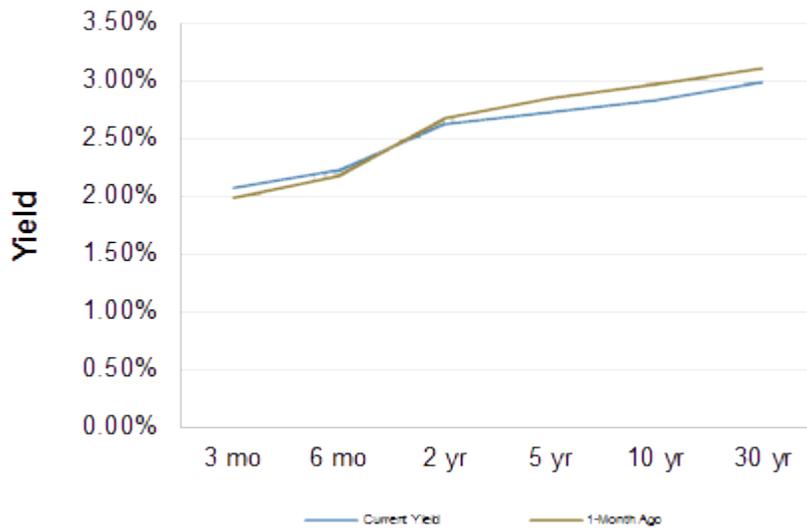
Commodities

	Last	1 year ago
Crude Oil	67.83	47.43
Gold	1194.00	1292.00

Bond Rates

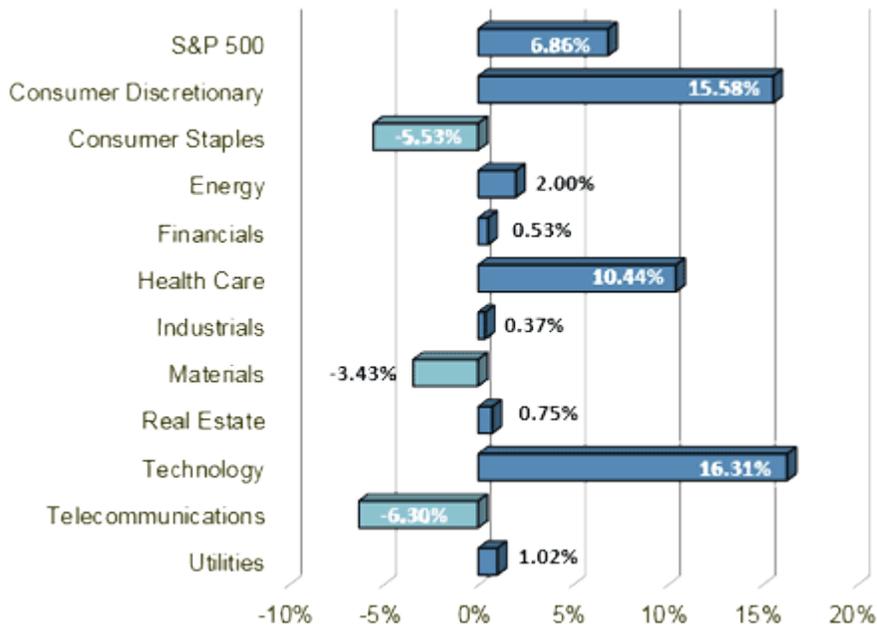
	Last	1 month ago
2-year treasury	2.62	2.67
10-year treasury	2.83	2.97
10-year municipal (TEY)	3.80	3.82

Treasury Yield Curve – 08/24/2018



As of close of business 08/23/2018

S&P Sector Performance (YTD) – 08/24/2018



As of close of business 08/23/2018

Economic Calendar

August 24	—	Durable Goods Orders (July)
	—	Powell Speaks (â€œMonetary Policy in a Changing Economyâ€•)
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 23, 2018.

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