

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

SEPTEMBER 7, 2018

Market Commentary

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The ISM surveys for August were on the strong side of expectations. The employment report indicated a tight job market. Nonfarm payrolls rose by 201,000 (median forecast: +190,000), although the two previous months were revised a net 50,000 lower, leaving the three-month average at +185,000 (+183,000 for the private sector). The unemployment rate held steady at 3.9% (3.853% before rounding), as labor force participation dipped (likely reflecting seasonal noise). Average Hourly Earnings rose 0.4% (+0.37% before rounding), up 2.9% y/y (the three-month average was up 2.8%, while the CPI rose 2.9% for the 12 months ending in July). Bear in mind that the wage figures are often revised in the following month.

Trade policy concerns lingered, but with little concrete news. There was continued optimism that a deal can be worked out with Canada by the end of the month, but the threat of increased tariffs on an additional \$200 billion in Chinese goods hung in the air (President Trump said that tariffs on \$267 billion in Chinese goods were “ready to go”). Trump also threatened to make Japan the next target for a trade revamp.

Next week, trade policy will remain important. The mid-month economic data reports have some potential to surprise, but are unlikely to alter the overall economic picture or expectations for Federal Reserve policy. Inflation figures are expected to be moderate, with only a modest impact from tariffs. Retail sales should continue to advance – and figures should help to gauge the strength of the consumer in 3Q18. Industrial production is subject to seasonal distortions (quirks in July and August).

Indices

	Last	Last Week	YTD return %
DJIA	25995.87	25986.92	5.16%
NASDAQ	7922.73	8088.36	14.77%
S&P 500	2878.05	2901.13	7.65%
MSCI EAFE	1914.37	1976.20	-6.65%
Russell 2000	1714.47	1732.35	11.65%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.91	1.16
30-year mortgage	4.70	3.86

Currencies

	Last	1 year ago
Dollars per British Pound	1.293	1.310
Dollars per Euro	1.162	1.192
Japanese Yen per Dollar	110.75	108.45
Canadian Dollars per Dollar	1.314	1.223
Mexican Peso per Dollar	19.184	17.784

Commodities

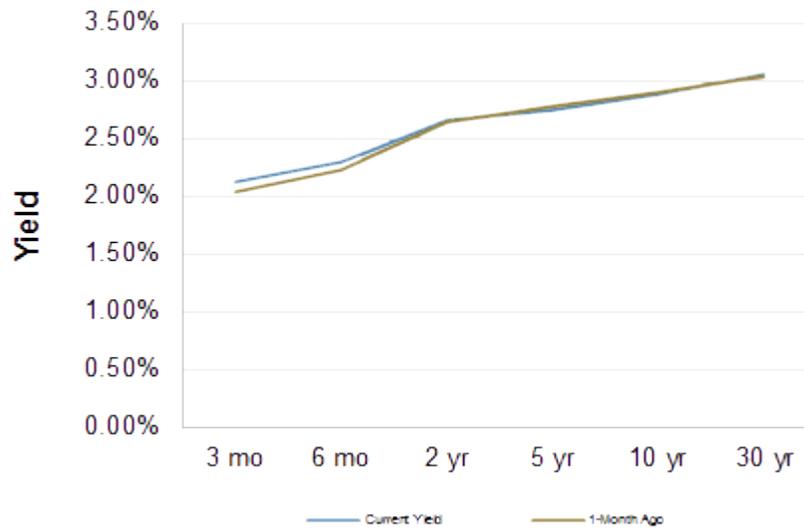
	Last	1 year ago
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Crude Oil	67.77	49.10
Gold	1204.30	1338.80

Bond Rates

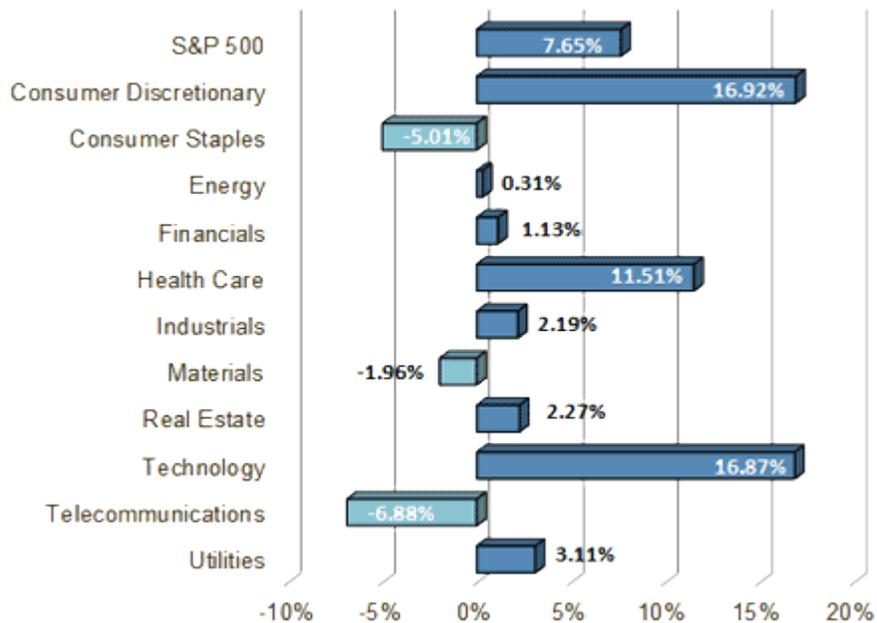
	Last	1 month ago
2-year treasury	2.65	2.63
10-year treasury	2.88	2.89
10-year municipal (TEY)	3.85	3.88

Treasury Yield Curve – 09/07/2018



As of close of business 09/06/2018

S&P Sector Performance (YTD) – 09/07/2018



As of close of business 09/06/2018

Economic Calendar

September 11	—	Small Business Optimism Index (August)
September 12	—	Producer Price Index (August)
	—	Fed Beige Book
September 13	—	European Central Bank Policy Meeting
	—	Jobless Claims (week ending September 8)
	—	Consumer Price Index (August)
September 14	—	Retail Sales (August)
	—	Import Prices (August)

	—	Industrial Production (August)
September 19	—	Building Permits, Housing Starts (August)
September 20	—	Existing Home Sales (August)
	—	Leading Economic Indicators (August)
September 26	—	Fed Policy Decision (Powell press conference)
October 5	—	Employment Report (September)
October 8	—	Columbus Day Holiday (bond market closed)
November 6	—	Election Day

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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 September 6, 2018.

