

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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Market Commentary

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As anticipated (and following 25% tariffs on \$50 billion in Chinese goods enacted earlier), President Trump imposed 10% tariffs (rising to 25% in 2019) on an additional \$200 billion in Chinese goods, including intermediate goods, capital equipment, and consumer goods (the lower 10% phase is meant to limit the impact during the holiday shopping period). The stock market rose, possibly reflecting trade policy news fatigue. However, the impact of tariffs and foreign retaliation against U.S. exports, while significant for some sectors, has been very minor for the overall economy and inflation. Moreover, even if trade tensions continue to escalate, the damage to the U.S. economy should be limited. However, the long-term consequences (a possible exclusion from the rapidly growing Chinese domestic market, greater distrust among our allies, higher input costs in general) are likely to be major.

The economic data calendar was light. August residential construction figures and existing home sales data reinforced the view that the housing sector has likely plateaued. That's not the end of the world. Residential fixed investment accounts for less than 4% of Gross Domestic Product. However, housing has traditionally been the canary in the coalmine – that is, one of the most cyclically sensitive sectors of the economy. The current softness in housing reflects higher building costs and affordability issues.

Next week, the Federal Open Market Committee is widely expected to raise the federal funds target range another 25 basis points (to 2.00-2.25%) and officials are likely to drop the phrase *“the stance of monetary policy remains accommodative”* from the policy statement. We'll get the revised economic projections of senior Fed officials, including a refreshed dot plot (now out to 4Q21), and Chairman Powell will give a post-meeting press conference. The economic data releases are not expected to be market-moving, but durable goods shipments, the advance economic indicators report (wholesale and retail inventories, merchandise trade deficit), and personal spending numbers will help to fill in the 3Q18 GDP picture.

Indices

	Last	Last Week	YTD return %
DJIA	26656.98	26145.99	7.84%
NASDAQ	8028.23	8013.71	16.29%
S&P 500	2930.75	2904.18	9.62%
MSCI EAFE	1981.81	1929.86	-3.36%
Russell 2000	1720.18	1714.32	12.03%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	4.25
Fed Funds	1.91	1.16
30-year mortgage	4.87	3.97

Currencies

	Last	1 year ago
Dollars per British Pound	1.327	1.358
Dollars per Euro	1.178	1.194
Japanese Yen per Dollar	112.49	112.48
Canadian Dollars per Dollar	1.290	1.233
Mexican Peso per Dollar	18.830	17.880

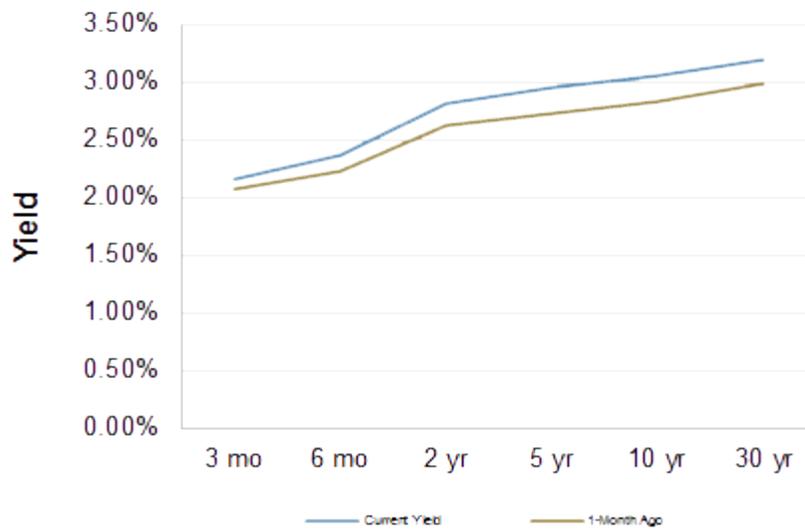
Commodities

	Last	1 year ago
Crude Oil	71.12	50.55
Gold	1211.30	1294.80

Bond Rates

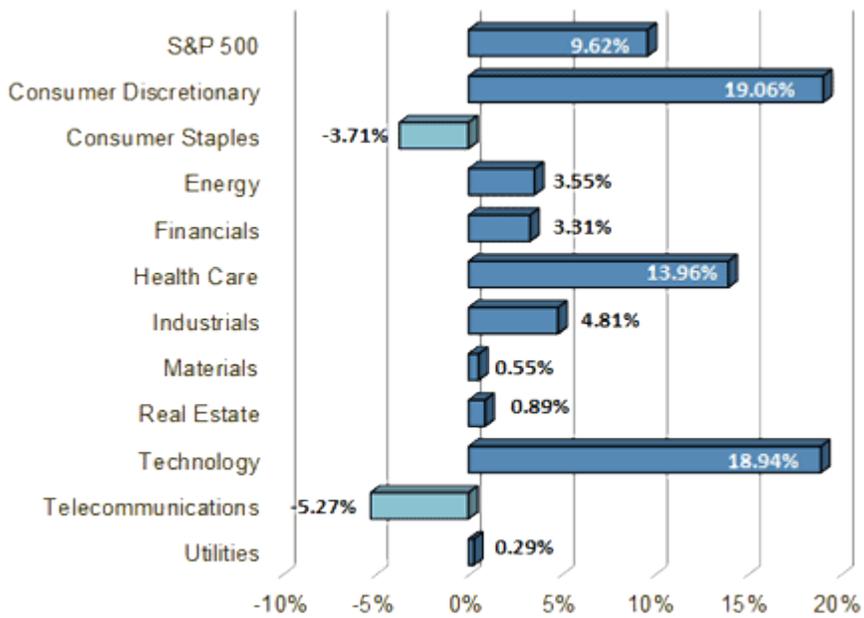
	Last	1 month ago
2-year treasury	2.81	2.62
10-year treasury	3.06	2.83
10-year municipal (TEY)	4.05	3.80

Treasury Yield Curve – 09/21/2018



As of close of business 09/20/2018

S&P Sector Performance (YTD) – 09/21/2018



As of close of business 09/20/2018

Economic Calendar

- | | | |
|---------------------|---|---|
| September 25 | — | CB Consumer Confidence (September) |
| September 26 | — | New Home Sales (August) |
| | — | FOMC Policy Decision |
| | — | Fed Summary of Economic Projections |
| | — | Powell press conference |
| September 27 | — | Jobless Claims (week ending September 22) |
| | — | Real GDP (2Q18, 3rd estimate) |
| | — | Durable Goods Orders (August) |

	—	Advance Economic Indicators (August)
	—	Pending Home Sales Index (August)
September 28	—	Personal Income and Spending (August)
	—	Chicago Business Barometer (September)
	—	UM Consumer Sentiment (September)
October 1	—	ISM Manufacturing Index (September)
October 2	—	Fed Chairman Powell Speaks
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 20, 2018.