

RAYMOND JAMES

# WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**FEBRUARY 23, 2018**

## **Market Commentary**

**by Scott J. Brown, Ph.D., Chief Economist**

Stock market volatility continued, although action much less erratic than in recent weeks. Earnings optimism seemed to offset fears of tighter Fed policy.

The economic calendar was thin. Fed policy meeting minutes didn't tell us anything we didn't already know. Treasury supply (2-, 5-, and 7-year note auctions) lifted long-term interest rates somewhat, but bond yields edged back down a bit by the end of the week.

Next week, the focus will be on Fed Chair Powell's monetary policy testimony to Congress. The House Financial Services Committee has shifted the hearing to Tuesday (from Wednesday) – the written testimony will be available on the Fed's website at 8:30 a.m., the press lockup is 7:00-8:30 (which means that stories will hit at 8:30), and the actual hearing starts at 10:00 (which is important for the markets, in that the body language matters). Powell will repeat his prepared remarks to the Senate Banking Committee on Thursday (there's a small chance that something new may come up in the Q&A). The 2<sup>nd</sup> estimate of 4Q17 GDP growth is expected to be close to the advance estimate, but you never know (the underlying story shouldn't change much). Other figures will help in refining estimates of 1Q18 GDP.

### **Indices**

	Last	Last Week	YTD return %
DJIA	24962.48	25200.37	0.98%

NASDAQ	7210.09	7256.43	4.44%
S&P 500	2703.96	2731.20	1.14%
MSCI EAFE	2057.74	2058.66	0.34%
Russell 2000	1529.99	1537.20	-0.36%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	4.50	3.75
Fed Funds	1.41	0.66
30-year mortgage	4.57	4.18

### Currencies

	Last	1 year ago
Dollars per British Pound	1.396	1.245
Dollars per Euro	1.233	1.056
Japanese Yen per Dollar	106.75	112.61
Canadian Dollars per Dollar	1.271	1.316
Mexican Peso per Dollar	18.605	19.907

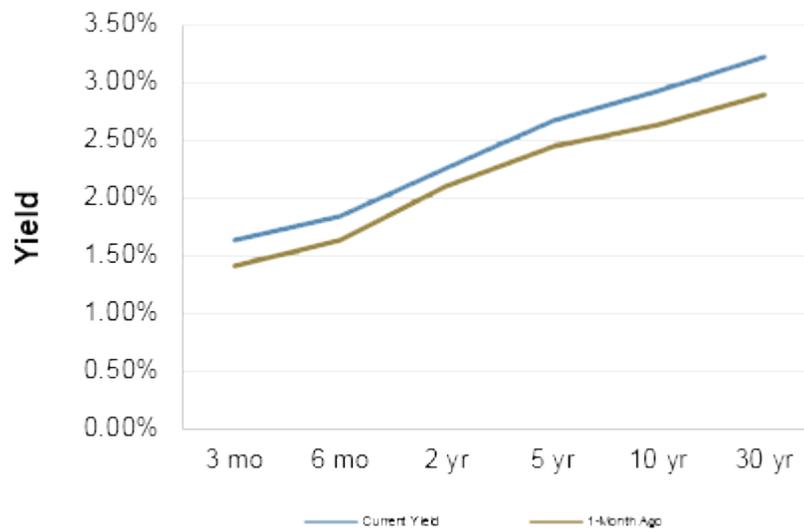
### Commodities

	Last	1 year ago
Crude Oil	62.77	53.59
Gold	1332.70	1233.30

## Bond Rates

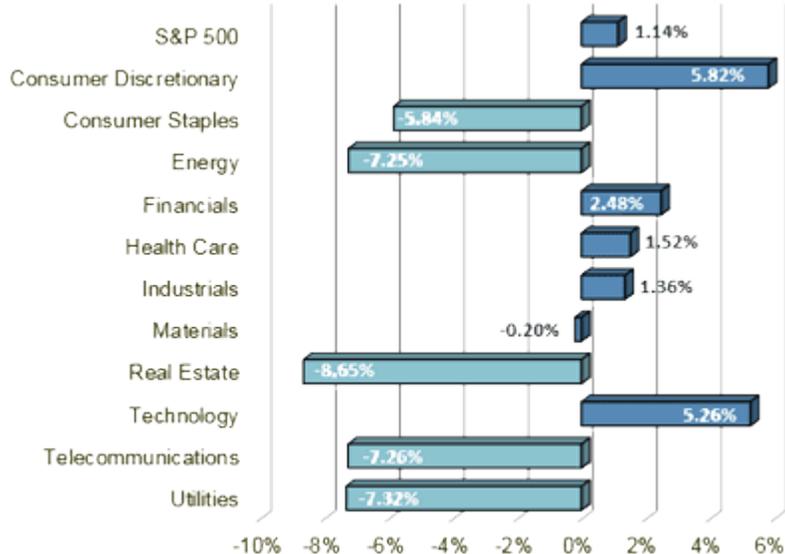
	Last	1 month ago
2-year treasury	2.25	2.10
10-year treasury	2.93	2.63
10-year municipal (TEY)	3.83	3.42

## Treasury Yield Curve – 02/23/2018



As of close of business 02/22/2018

## S&P Sector Performance (YTD) – 02/23/2018



As of close of business 02/22/2018

### Economic Calendar

- |                    |   |   |
|--------------------|---|---|
| <b>February 26</b> | — | New Home Sales (January)                  |
| <b>February 27</b> | — | Powell Monetary Policy Testimony (House)  |
|                    | — | Durable Goods Orders (January)            |
|                    | — | CB Consumer Confidence (February)         |
| <b>February 28</b> | — | Real GDP (4Q17, 2nd estimate)             |
|                    | — | Chicago Business Barometer (February)     |
| <b>March 1</b>     | — | Personal Income and Spending (January)    |
|                    | — | ISM Manufacturing Index (February)        |
|                    | — | Powell Monetary Policy Testimony (Senate) |

<b>March 9</b>	—	Employment Report (February)
<b>March 21</b>	—	FOMC Policy Decision (Powell press conference)
<b>May 2</b>	—	FOMC Policy Decision (no press conference)
<b>June 13</b>	—	FOMC 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 February 22, 2018.