

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

OCTOBER 26, 2018

Market Commentary

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

Financial market volatility remained elevated, as investors appeared to focus more on concerns about the future than near-term economic strength. The stock market weakness fueled an increase in bond prices (lower yields).

The economic data reports were mixed. Real GDP rose at a 3.5% annual rate in the advance estimate. While the headline figure was about as expected (median forecast: +3.3%), there were some surprises in the components (consumer spending, at 4.0%, was stronger than expected, while business fixed investment, at 0.8%, was surprisingly weak). The PCE Price Index rose at a 1.6% annual rate (overall and ex-food & energy), leading to expectations that the Fed may be slightly more gradual in raising short-term interest rates. Durable goods orders rose 0.8%, as a surge in orders for defense aircraft more than offset the expected pullback in civilian aircraft orders (ex-transportation, orders edged up 0.1%). New home sales were reported to have fallen 5.5% in September, and while these figures are often erratic, they were consistent with other signs of softness in housing.

Next week, the economic data focus will be on Friday's employment report. There are a number of other important figures, but it's unclear whether that will matter for the financial markets (which have been downplaying much of the recent economic data). Quarterly personal income and spending figures were included in the GDP report, but September data will give us some indication of the degree of momentum heading into 4Q18. The Employment Cost Index is the preferred measure of labor cost pressures, but you still need to adjust for productivity growth to gauge the inflationary impact.

Indices

	Last	Last Week	YTD return %
DJIA	24984.55	25379.45	1.07%
NASDAQ	7318.34	7485.14	6.01%
S&P 500	2705.57	2768.78	1.20%
MSCI EAFE	1784.14	1852.35	-13.00%
Russell 2000	1500.40	1560.75	-2.29%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.25	4.25
Fed Funds	2.18	1.16
30-year mortgage	4.99	4.09

Currencies

	Last	1 year ago
Dollars per British Pound	1.282	1.316
Dollars per Euro	1.138	1.165
Japanese Yen per Dollar	112.42	113.98
Canadian Dollars per Dollar	1.307	1.285
Mexican Peso per Dollar	19.484	19.204

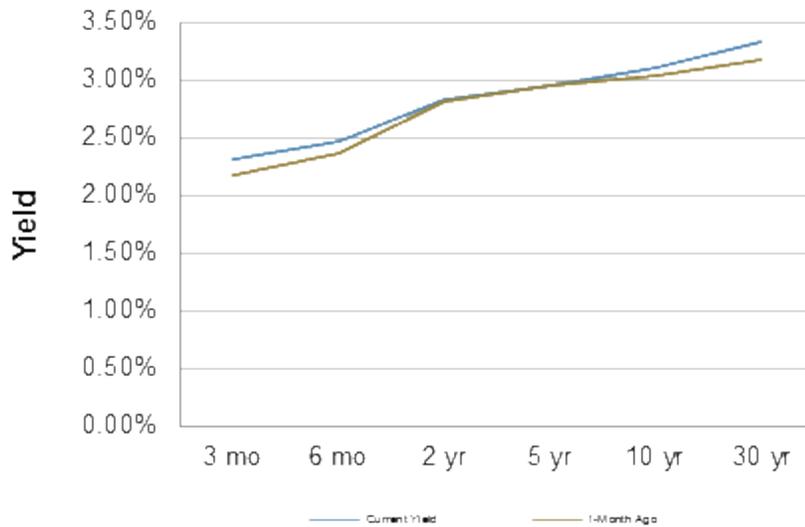
Commodities

	Last	1 year ago
Crude Oil	67.33	52.64
Gold	1232.40	1269.60

Bond Rates

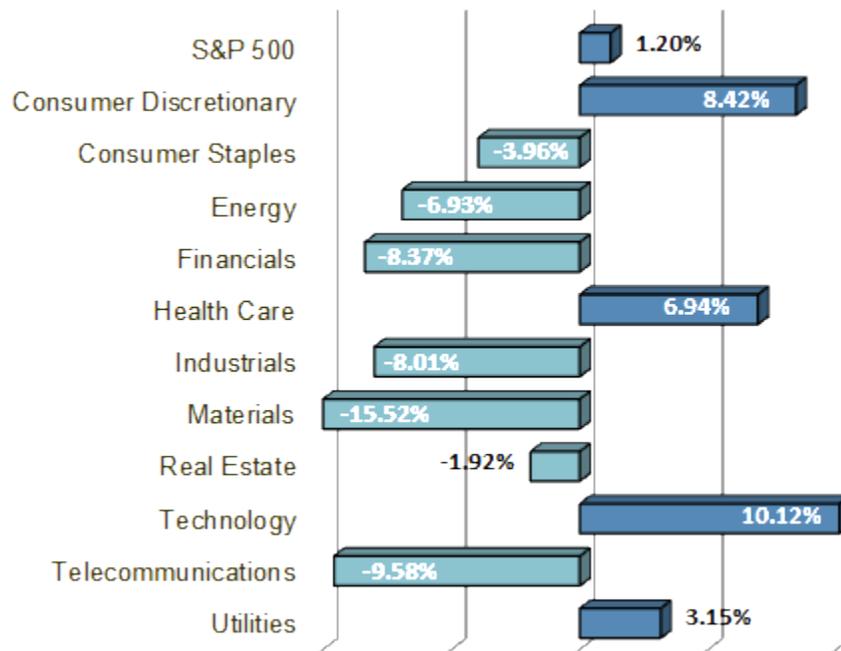
	Last	1 month ago
2-year treasury	2.83	2.81
10-year treasury	3.10	3.04
10-year municipal (TEY)	4.20	4.05

Treasury Yield Curve – 10/26/2018



As of close of business 10/25/2018

S&P Sector Performance (YTD) – 10/26/2018



As of close of business 10/25/2018

Economic Calendar

October 29	—	Personal Income and Spending (September)
October 30	—	CB Consumer Confidence (October)
October 31	—	ADP Payroll Estimate (October)
	—	Employment Cost Index (3Q18)
	—	Chicago Business Barometer (October)
November 1	—	Jobless Claims (week ending October 27)
	—	NF Productivity (3Q18, preliminary)
	—	ISM Manufacturing Index (October)

- November 2** — Employment Report (October)
- November 6** — Election Day
- November 8** — FOMC Policy Decision (no press conference)

All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc. and are subject to change. There is no assurance any of the forecasts mentioned will occur or that any trends mentioned will continue in the future. Investing involves risks including the possible loss of capital. Past performance is not a guarantee of future results. International investing is subject to additional risks such as currency fluctuations, different financial accounting standards by country, and possible political and economic risks, which may be greater in emerging markets. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, and state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Taxable Equivalent Yield (TEY) assumes a 35% tax rate.

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 October 25, 2018.

John McRae

Financial Advisor

512 22nd Avenue, Meridian, MS 39301/ 601.484.5273

john.mcrae@raymondjames.com

To opt out of receiving future emails from us, please reply to this email with the word "Unsubscribe" in the subject line. The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee the foregoing material is accurate or complete.

© 2018 Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#). Securities offered through Raymond James Financial Services, Inc., member [FINRA](#) / [SIPC](#), and are not insured by any financial institution insurance, the FDIC/NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal. The financial institution and the investment center are not registered broker/dealers and are independent of Raymond James Financial Services. Investment advisory services offered through Raymond James Financial Services Advisors, Inc.

Raymond James Financial Services does not accept orders and/or instructions regarding your account by email, voice mail, fax or any alternate method. Transactional details do not supersede normal trade confirmations or statements. Email sent through the internet is not secure or confidential. Raymond James Financial Services reserves the right to monitor all email. Any information provided in this email has been prepared from sources believed to be reliable, but is not guaranteed by Raymond James Financial Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. Raymond James Financial Services and its employees may own options, rights or warrants to purchase any of the securities mentioned in this email. This email is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.