

RAYMOND JAMES

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**DECEMBER 14, 2018**

**Market Commentary**

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There was plenty of economic data, but investors remained focused on trade policy and Brexit uncertainty. Intraday volatility remained elevated. Stock market weakness kept downward pressure on long-term interest rates.

Retail sales rose 0.2% in November, held down by a drop in gasoline sales (lower gasoline prices). Core sales, which exclude autos, gasoline and building materials, rose 0.6%, following a 0.7% gain in October (+4.6% y/y). Sales at department stores rose 0.4% (-0.2% y/y), while sales for non-store retailers (mail order and internet) jumped 2.3% (+10.8% y/y). Industrial production rose 0.6%, more than expected, but was boosted by gains in energy extraction and the output of utilities (cold weather). Manufacturing output was flat (+2.2% y/y), following a 0.1% decline in October (revised from +0.3%) – a soft trend in 4Q18. The Consumer Price Index rose as anticipated (+2.2% y/y ex-food and energy). The PPI rose 0.1% (+2.5% y/y), as higher food and transportation costs offset lower energy costs.

Next week, the focus will be on the Fed. The federal funds futures are pricing in about a 78% chance of a rate increase. Investors are expected to be more interested in the dot plot (the forecasts of individual Fed officials of the appropriate year-end federal funds rate for each of the next few years). The financial press and market participants focus far too much on the median of the dots (that is, how many rate increases in 2019), instead of the range. How many times will the Fed hike in 2019? The correct answer is “it depends.” A lot has changed since the September Federal Open Market Committee meeting (including a stock market decline) and moderate inflation should allow the Fed to be more cautious in raising rates next year.

**Indices**

	Last	Last Week	YTD return %
DJIA	24597.38	24947.67	-0.49%
NASDAQ	7070.34	7188.26	2.42%
S&P 500	2650.54	2695.95	-0.86%
MSCI EAFE	1773.46	1758.35	-13.52%
Russell 2000	1432.70	1477.41	-6.70%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	5.25	4.50
Fed Funds	2.19	1.16
30-year mortgage	4.72	3.97

### Currencies

	Last	1 year ago
Dollars per British Pound	1.264	1.343
Dollars per Euro	1.136	1.178
Japanese Yen per Dollar	113.63	112.39
Canadian Dollars per Dollar	1.336	1.280
Mexican Peso per Dollar	20.317	19.138

### Commodities

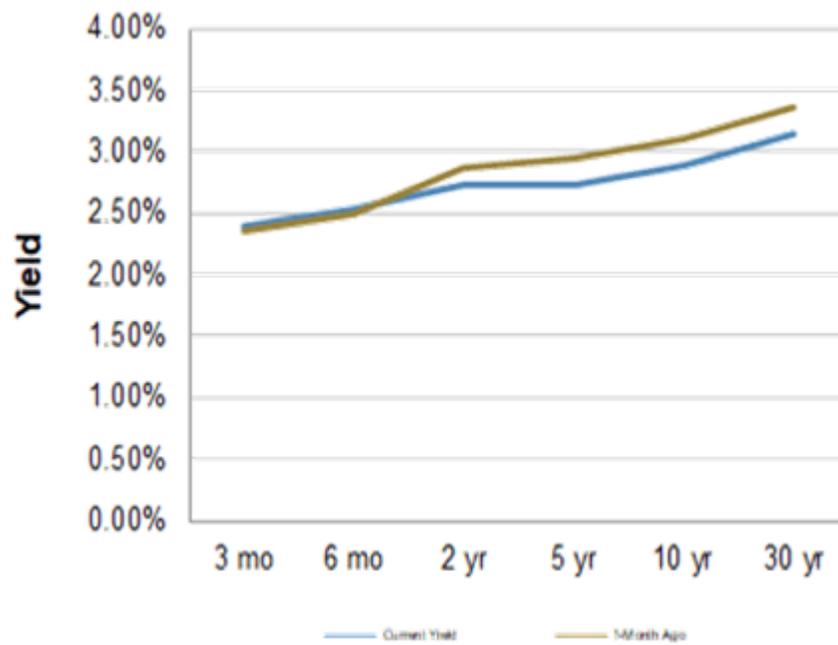
	Last	1 year ago
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Crude Oil	52.83	57.04
Gold	1246.20	1257.10

### Bond Rates

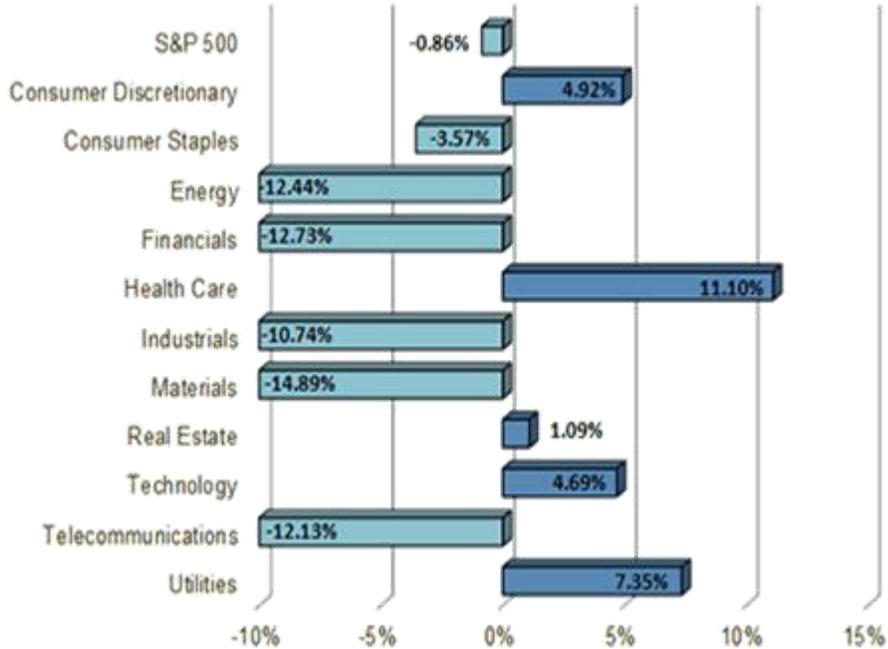
	Last	1 month ago
2-year treasury	2.73	2.86
10-year treasury	2.88	3.11
10-year municipal (TEY)	3.75	4.18

### Treasury Yield Curve – 12/14/2018



As of close of business 12/13/2018

### S&P Sector Performance (YTD) – 12/14/2018



As of close of business 12/13/2018

### Economic Calendar

<b>December 17</b>	—	Homebuilder Sentiment (December)
<b>December 18</b>	—	Building Permits, Housing Starts (November)
<b>December 19</b>	—	Current Account (3Q18)
	—	Existing Home Sales (November)
	—	FOMC Policy Decision
	—	Summary of Economic Projections (new dot plot)
	—	Powell press conference
<b>December 20</b>	—	Initial Claims (week ending December 15)

	—	Leading Economic Indicators (November)
<b>December 21</b>	—	Real GDP (3Q18, 3rd estimate)
	—	Personal Income and Spending (November)
	—	Durable Goods Orders (November)
	—	UM Consumer Sentiment (December)
<b>December 25</b>	—	Christmas (market closed)
<b>January 4</b>	—	Employment Report (December)
<b>January 30</b>	—	FOMC Policy Decision (Powell press conference)
<b>March 20</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.

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