RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 21, 2018

Market Commentary
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Financial markets were expecting a "dovish" rate hike from the Fed – an increase in short-term interest rates and an indication that the central bank would likely refrain from raising rates in 2019. Prior to the Fed's announcement, the federal funds futures had all but priced out any rate increase for next year. In the revised dot plot, officials differed in their policy expectations, but the median forecast was for two rate increases in 2019. The policy statement noted that Fed officials expect "some further gradual increases" will likely be warranted. In his post-meeting press conference, Chairman Powell said that "the economy has been growing at a strong pace, the unemployment rate has been near record lows, and inflation has been low and stable." He acknowledged the emergence of "some crosscurrents," principally a slowing in global growth and a tightening in financial conditions. However, "these developments have not fundamentally altered the outlook." Fed officials lowered their outlooks for GDP growth in 2019 and reduced their expectations for inflation, but only slightly. Powell emphasized that "actual policy will, as always, be adjusted as incoming data shed light on the state of the economy, the outlook, and the changing balance of risk."

Stock market investors were disappointed that the Fed remained in tightening mode. The showdown over the federal budget also rattled nerves.

For the most part, financial market participants have generally ignored the economic data releases in recent weeks (the focus is on the 2019 outlook and attending risks). November figures suggested the 4Q18 was a strong quarter for consumer spending growth, but a soft one for capital spending.

Next week, peace on earth, goodwill toward men. Financial market activity should be thin in the holiday week. The few economic data releases are not expected to be market-moving.

Indices

	Last	Last Week	YTD return %
DJIA	22859.60	24597.38	-7.52%
NASDAQ	6528.41	7070.34	-5.43%
S&P 500	2467.42	2650.54	-7.71%
MSCI EAFE	1713.27	1773.46	-16.46%
Russell 2000	1326.00	1432.70	-13.64%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.50
Fed Funds	2.39	1.41
30-year mortgage	4.64	4.10

Currencies

	Last	1 year ago
Dollars per British Pound	1.266	1.339
Dollars per Euro	1.145	1.185

Japanese Yen per Dollar	111.28	113.39
Canadian Dollars per Dollar	1.351	1.274
Mexican Peso per Dollar	19.891	19.516

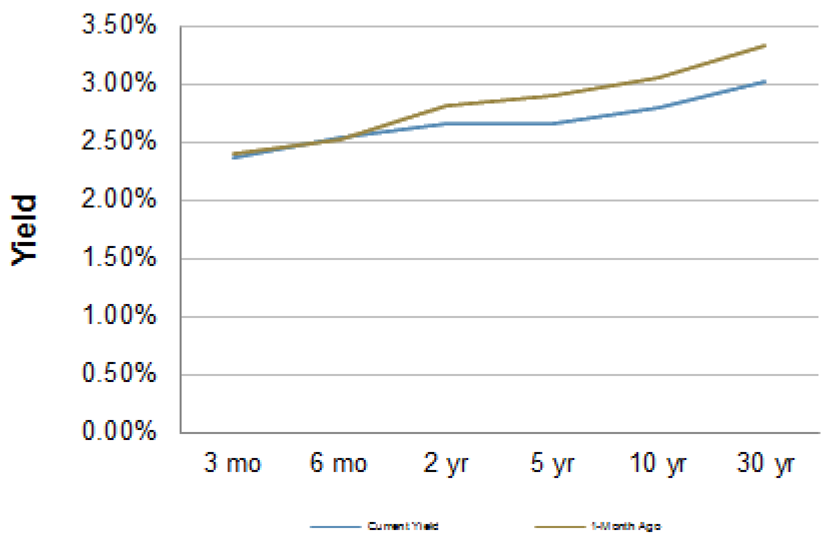
Commodities

	Last	1 year ago
Crude Oil	45.88	58.36
Gold	1267.90	1270.60

Bond Rates

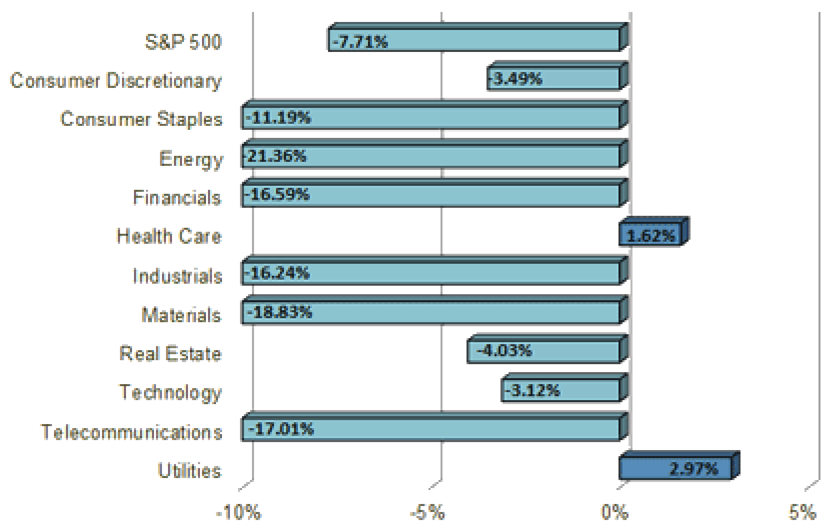
	Last	1 month ago
2-year treasury	2.66	2.81
10-year treasury	2.79	3.06
10-year municipal (TEY)	3.62	4.09

Treasury Yield Curve – 12/21/2018



As of close of business 12/20/2018

S&P Sector Performance (YTD) – 12/21/2018



As of close of business 12/20/2018

Economic Calendar

December 25	—	Christmas (market closed)
December 27	—	Jobless Claims (week ending December 22)
	—	New Home Sales (November)
	—	CB Consumer Confidence (December)
December 28	—	Advance Economic Indicators (November)
	—	Chicago Business Barometer (December)
	—	Pending Home Sales Index (November)
January 1	—	New Yearâ€™s Day (markets closed)
January 3	—	ADP Payroll Estimate (December)
	—	ISM Manufacturing Index (December)
	—	Motor Vehicle Sales (December)
January 4	—	Employment Report (December)
January 16	—	Retail Sales (December)
January 21	—	MLK Holiday (markets closed)

January 30	—	FOMC Policy Decision (Powell press conference)
March 20	—	FOMC Policy Decision (Powell press conference)