

RAYMOND JAMES

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**FEBRUARY 15, 2019**

**Market Commentary**

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

Negotiations on trade and the budget remained central, but the economic data also had some impact on the markets. Congress reached, and President Trump signed, a budget agreement, avoiding another government shutdown – but the president declared a national emergency to build his border wall. President Trump signaled a willingness for trade negotiations with China to continue beyond the March 1 deadline for increased tariffs.

The delayed retail sales report for December was surprisingly weak (-1.2%), leading economists to lower their expectations for 4Q18 GDP growth. Industrial production for January also surprised to the downside (manufacturing output down 0.9%), reflecting an unwinding of a mild-weather boost in December. The Consumer Price Index was flat in January, but core inflation in goods picked up (+0.4%). Yet, the PPI and import price figures showed a moderation in pipeline inflation pressure. Small business optimism weakened in January (still high by historical standards), but the University of Michigan's Consumer Sentiment Index rebounded more than expected in mid-February (a bounce following the end of the government shutdown).

Next week, the Fed will remain a key focus for the financial markets with the FOMC minutes on Wednesday and the Monetary Policy Report to Congress on Friday (Fed Governor Quarles will also speak about the Fed's balance sheet on Friday afternoon). The week's data has some market-moving potential. The delayed December data on durable goods orders is expected to reflect a jump in aircraft orders, although these figures are often quirky in December and January. Watch orders and shipments of nondefense capital equipment ex-aircraft, which had exhibited a weak trend in October and November. Components of the Index of Leading Economic Indicators were mixed.

## Indices

	Last	Last Week	YTD return %
DJIA	25439.39	25169.53	9.05%
NASDAQ	7426.95	7288.35	11.93%
S&P 500	2745.73	2706.05	9.53%
MSCI EAFE	1828.80	1822.51	6.33%
Russell 2000	1545.11	1505.63	14.57%

## Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.50
Fed Funds	2.40	1.41
30-year mortgage	4.46	4.57

## Currencies

	Last	1 year ago
Dollars per British Pound	1.280	1.410
Dollars per Euro	1.130	1.251
Japanese Yen per Dollar	110.48	106.13
Canadian Dollars per Dollar	1.330	1.248
Mexican Peso per Dollar	19.257	18.502

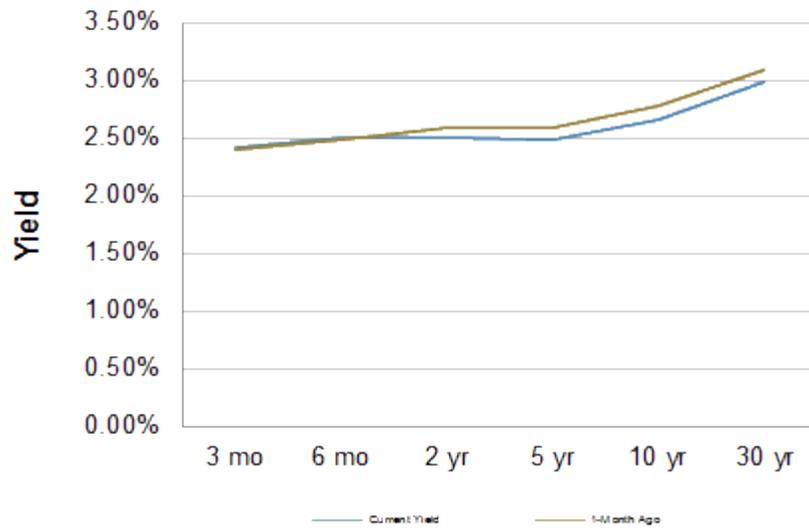
### Commodities

	Last	1 year ago
Crude Oil	54.41	61.34
Gold	1313.90	1355.30

### Bond Rates

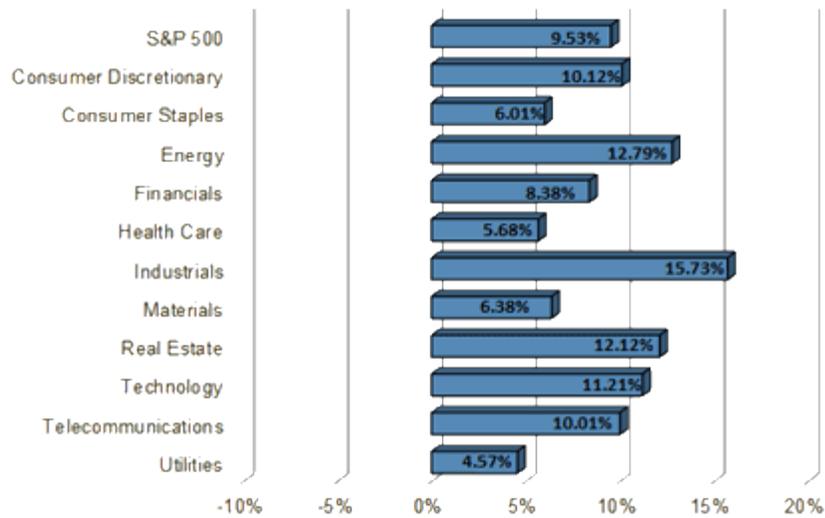
	Last	1 month ago
2-year treasury	2.50	2.58
10-year treasury	2.66	2.77
10-year municipal (TEY)	3.32	3.46

Treasury Yield Curve – 02/15/2019



As of close of business 02/14/2019

**S&P Sector Performance (YTD) – 02/15/2019**



As of close of business 02/14/2019

## Economic Calendar

- February 18** — Presidents Day (markets closed)
  
- February 19** — Homebuilder Sentiment (February)
  
- February 20** — FOMC Minutes (January 29-30)
  
- February 21** — Jobless Claims (week ending February 16)
  - Durable Goods Orders (December)
  - Existing Home Sales (January)
  - Leading Economic Indicators (January)
  
- February 22** — Fedâ€™s Monetary Policy Report to Congress
  - Fed Governor Quarles Speaks (on the Fedâ€™s balance sheet)
  
- February 26** — Building Permits, Housing Starts (December)
  - CB Consumer Confidence (February)
  - Powell Monetary Policy Testimony (Senate)
  
- February 27** — Powell Monetary Policy Testimony (House)
  
- February 28** — Real GDP (4Q18, â€œinitialâ€ estimate)

- March 8** — ISM Manufacturing Index (February)
- March 8** — Employment Report (February)
- March 20** — FOMC Policy Decision (Powell 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 February 14, 2019.