

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 7, 2019

Market Commentary

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Trade policy remained the primary concern for financial market participants. However, expectations that the Federal Reserve will lower short-term interest rates buoyed the stock market indices. Bond yields fell.

Fed Chair Powell said that officials don't know how or when trade negotiations and other issues will be resolved, but *"we are closely monitoring the implications of these developments for the U.S. economic outlook and, as always, we will act as appropriate to sustain the expansion, with a strong labor market and inflation near our symmetric 2% objective."*

The May Employment Report was disappointing but hardly a disaster. Nonfarm payrolls rose by 75,000 (median forecast: +185,000), with a net downward revision of 75,000 to the two previous months. Seasonal adjustment issues likely shifted some of May's strength into April (reported +224,000), but the underlying trend in job growth appears to have slowed. Manufacturing and construction showed modest gains in May, while retail employment continued to fall (likely reflecting the shift toward online sales). The unemployment rate held steady at 3.6%, but for the key age cohort (those aged 25-54) it fell to 2.9%. Average hourly earnings rose 0.2% (+3.1% y/y), up 0.3% for production workers (+3.4% y/y).

Next week, unless postponed or canceled, a 5% tariff on imports from Mexico is set to go into effect on Monday. We are in the "quiet period" ahead of the June 18-19 Federal Open Market Committee, so we won't get any comments from senior Fed officials. There are three important data releases. Lower gasoline prices (after seasonal adjustment) should limit the increase in the Consumer Price Index, although core inflation is expected to remain mild. Unit motor vehicle sales rebounded in May, which should drive the headline retail sales figure higher. Industrial production is expected to have remained soft.

Indices

	Last	Last Week	YTD return %
DJIA	25720.66	25169.88	10.26%
NASDAQ	7615.56	7567.72	14.77%
S&P 500	2843.49	2788.86	13.43%
MSCI EAFE	1854.18	1825.98	7.81%
Russell 2000	1503.54	1485.53	11.49%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.75
Fed Funds	2.37	1.69
30-year mortgage	3.91	4.68

Currencies

	Last	1 year ago
Dollars per British Pound	1.269	1.342
Dollars per Euro	1.128	1.180
Japanese Yen per Dollar	108.40	109.70
Canadian Dollars per Dollar	1.336	1.297
Mexican Peso per Dollar	19.688	20.474

Commodities

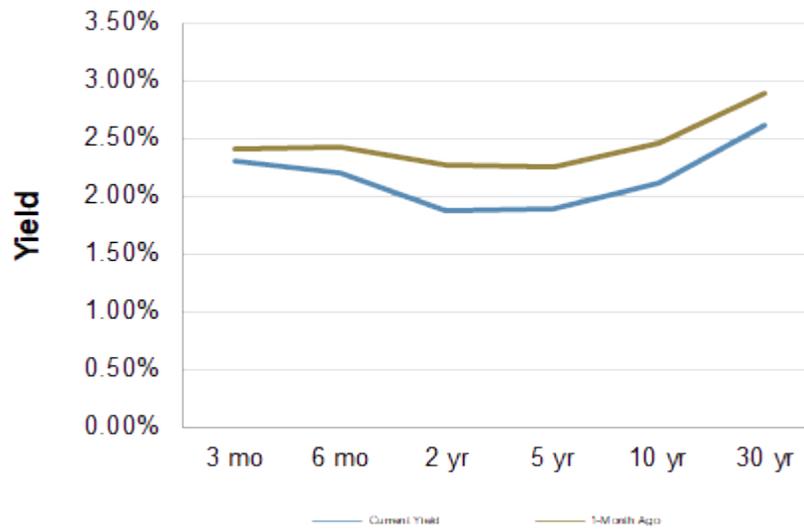
	Last	1 year ago
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Crude Oil	52.59	65.95
Gold	1342.70	1303.00

Bond Rates

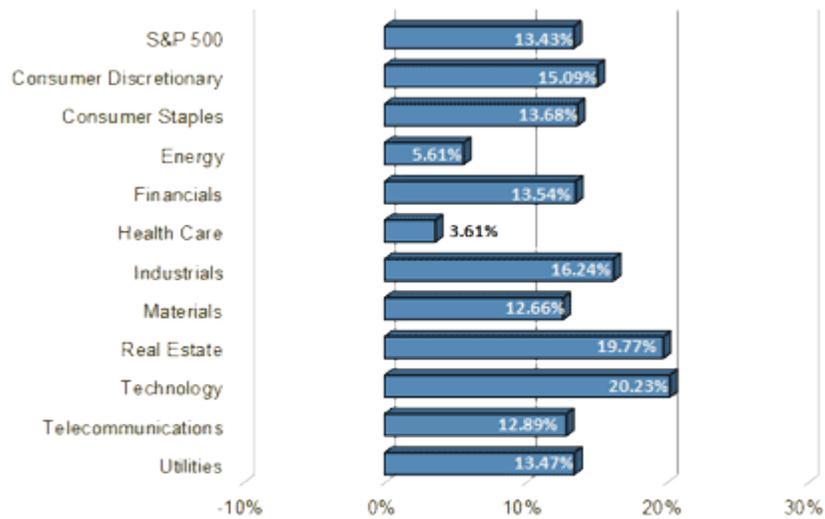
	Last	1 month ago
2-year treasury	1.87	2.26
10-year treasury	2.12	2.45
10-year municipal (TEY)	2.54	2.74

Treasury Yield Curve – 06/07/2019



As of close of business 06/06/2019

S&P Sector Performance (YTD) – 06/07/2019



As of close of business 06/06/2019

Economic Calendar

- | | | |
|----------------|---|----------------------------------------|
| June 11 | — | Small Business Optimism Index (May) |
| | — | Producer Price Index (May) |
| June 12 | — | Consumer Price Index (May) |
| June 13 | — | Initial Claims (week ending June 8) |
| | — | Import Prices (May) |
| June 14 | — | Retail Sales (May) |
| | — | Industrial Production (May) |
| | — | UM Consumer Sentiment Index (mid-June) |

June 18	—	Building Permit, Housing Starts (May)
June 19	—	FOMC Policy Decision
July 4	—	Independence Day Holiday (markets closed)
July 5	—	Employment Report (June)
July 31	—	FOMC Policy Decision
September 18	—	FOMC Policy Decision

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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 June 6, 2019.