

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

SEPTEMBER 6, 2019

Market Commentary

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

The ISM surveys for August were mixed and the employment report disappointed, but investors were encouraged by prospects for U.S./China trade talks, which are set to resume at a high level in early October.

The ISM manufacturing index was weaker than expected in August, with the headline composite, new orders, production, and employment each falling below the breakeven level (although it had already been clear from the Federal Reserve's industrial production data that factory output has been declining since December). The ISM's non-manufacturing survey results were stronger than expected, consistent with moderate growth in the overall economy.

Nonfarm payrolls rose by 130,000 in the initial estimate for August, despite a 25,000 boost from hiring for the 2020 census. Private-sector payrolls rose by 96,000, with a net 35,000 downward revision to June and July, leaving the three-month average at +129,000 (significantly slower than last year, but still beyond a pace needed to absorb new entrants into the workforce). Average hourly earnings rose 0.4% (+3.2% y/y), up 0.5% (+3.5% y/y) for production workers. The unemployment rate held steady at 3.7%, as labor force participation increased.

Next week, the key data arrive toward the end of the week. The Consumer Price Index should reflect a dip in gasoline prices, with moderate core inflation. Following three strong months, retail sales growth is likely to be more moderate in August (unit motor vehicle sales were little changed and gasoline sales should edge lower).

Indices

	Last	Last Week	YTD return %
DJIA	26728.15	26362.25	14.58%
NASDAQ	8116.83	7973.40	22.33%
S&P 500	2976.00	2924.58	18.71%
MSCI EAFE	1873.80	1831.36	8.95%
Russell 2000	1510.75	1496.72	12.03%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.25	5.00
Fed Funds	2.11	1.91
30-year mortgage	3.57	4.70

Currencies

	Last	1 year ago
Dollars per British Pound	1.233	1.293
Dollars per Euro	1.104	1.162
Japanese Yen per Dollar	106.94	110.75
Canadian Dollars per Dollar	1.323	1.314
Mexican Peso per Dollar	19.738	19.184

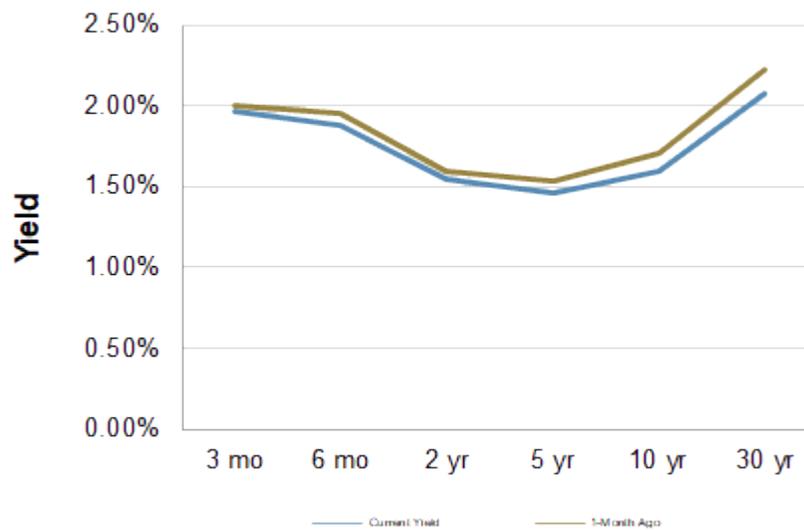
Commodities

	Last	1 year ago
Crude Oil	56.30	67.77
Gold	1525.50	1200.40

Bond Rates

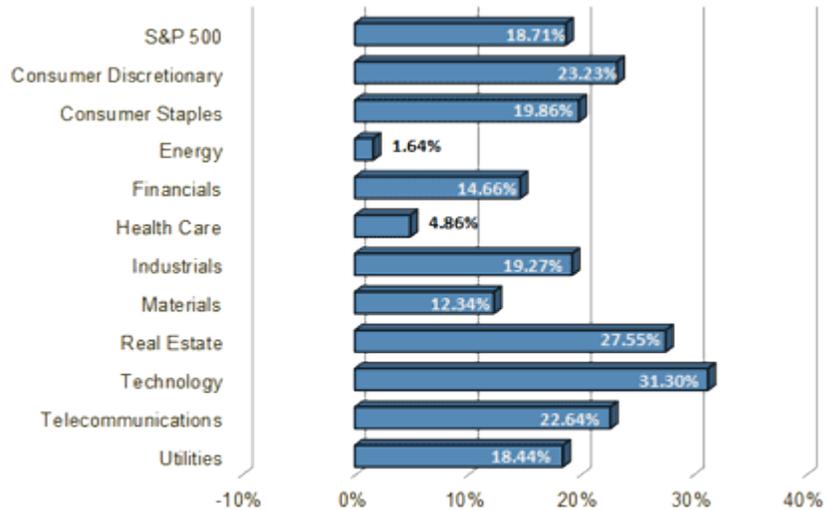
	Last	1 month ago
2-year treasury	1.55	1.60
10-year treasury	1.59	1.70
10-year municipal (TEY)	2.01	2.06

Treasury Yield Curve – 09/06/2019



As of close of business 09/05/2019

S&P Sector Performance (YTD) – 09/06/2019



As of close of business 09/05/2019

Economic Calendar

- | | | |
|---------------------|---|--|
| September 10 | — | Small Business Optimism (August) |
| September 11 | — | Producer Price Index (August) |
| September 12 | — | ECP Policy Decision |
| | — | Jobless Claims (week ending September 7) |
| | — | Consumer Price Index (August) |
| September 13 | — | Import Prices (August) |

- Retail Sales (August)
- UM Consumer Sentiment (mid-September)
- September 17** — Industrial Production (August)
- September 18** — FOMC Policy Decision
- October 4** — Employment Report (September)
- October 30** — FOMC Policy Decision

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 September 6, 2019.

JOHN MCRAE

Branch Manager

Branch 4CU/SD 9593

T 601-484-5273