

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 01, 2019

Market Commentary

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

President Trump indefinitely delayed the deadline to impose higher tariffs on Chinese goods, citing sufficient progress in trade talks. Stock market participants took some encouragement from that. The president's talks with Kim Jong Un broke off abruptly, with no agreement. Fed Chairman Powell did not surprise the markets in his monetary policy testimony to Congress. Economic data were mixed, but generally consistent with moderate growth in the near term.

Real GDP rose at a 2.6% annual rate in the "initial" estimate for 4Q18, although some of the details were in conflict with other data. Personal income was stronger than expected in December, boosted by farm subsidies and dividends, which reversed in January. Private-sector wage and salary growth was moderately strong in December but a bit slower in January. Consumer spending fell in December, partly reflecting declines in autos and energy (lower prices and lower consumption). The ISM Manufacturing Index fell a little short of expectations in February but remained consistent with moderate growth overall. The Conference Board's Consumer Confidence Index rebounded more than expected in February, while the University of Michigan's Consumer Sentiment Index fell from its mid-February reading (still up relative to January).

Next week, some delayed data (new home sales, trade balance) arrive, but the focus will likely be on the February employment figures. January payrolls growth seemed suspiciously strong, likely exaggerated by the seasonal adjustment. The trend (three-month average) in job growth should remain moderately strong, with continued upward pressure in wages.

Indices

	Last	Last Week	YTD return %
DJIA	25916.00	25850.63	11.10%
NASDAQ	7532.53	7459.71	13.52%
S&P 500	2784.49	2774.88	11.08%
MSCI EAFE	1873.72	1867.01	8.94%
Russell 2000	1575.55	1575.55	16.83%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.50
Fed Funds	2.40	1.41
30-year mortgage	4.53	4.52

Currencies

	Last	1 year ago
Dollars per British Pound	1.326	1.378
Dollars per Euro	1.137	1.227
Japanese Yen per Dollar	111.39	106.24
Canadian Dollars per Dollar	1.317	1.284
Mexican Peso per Dollar	19.281	18.851

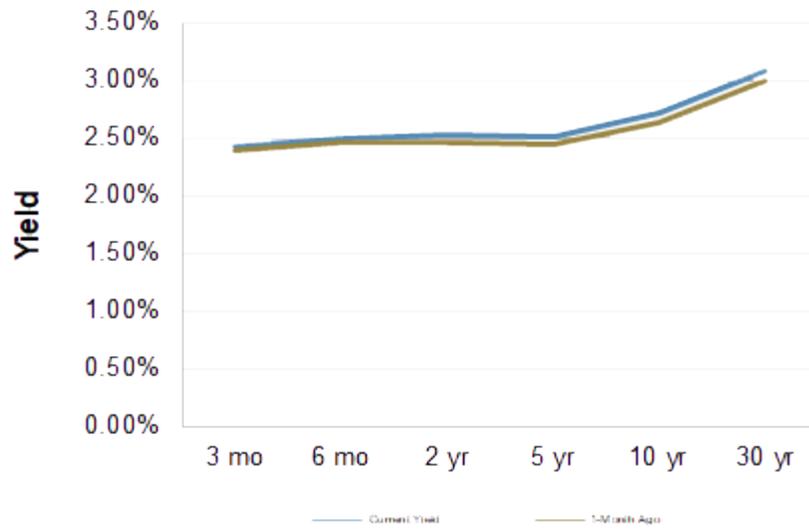
Commodities

	Last	1 year ago
Crude Oil	57.22	60.99
Gold	1316.10	1305.20

Bond Rates

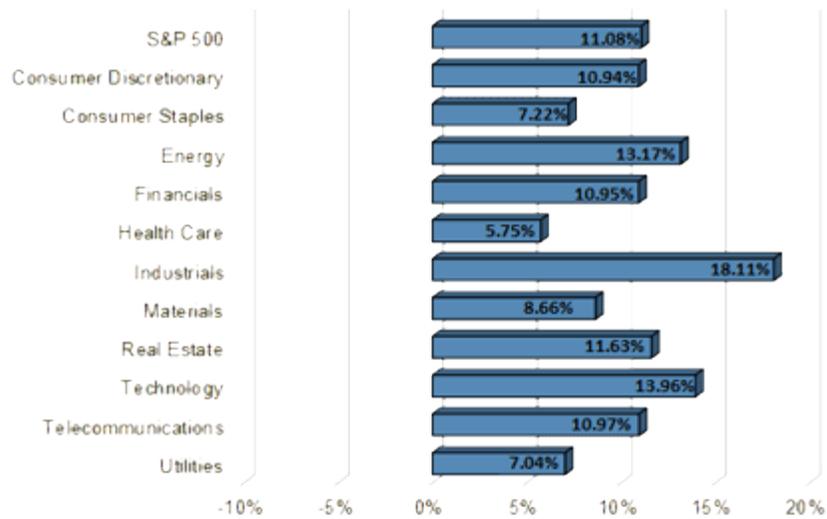
	Last	1 month ago
2-year treasury	2.52	2.46
10-year treasury	2.71	2.63
10-year municipal (TEY)	3.29	3.37

Treasury Yield Curve – 03/01/2019



As of close of business 02/28/2019

S&P Sector Performance (YTD) – 03/01/2019



As of close of business 02/28/2019

Economic Calendar

- March 5** — New Home Sales (December)

- ISM Non-Manufacturing Index (February)

- March 6** — ADP Payroll Estimate (February)

- Trade Balance (December)

- Fed Beige Book

- March 7** — Jobless Claims (week ending March 2)

- NF Productivity (4Q18)

- March 8** — Employment Report (February)

- Residential Construction (January)

- Fed Chairman Powell Speaks (â€œMon Policy and Normalization Reviewâ€•)

- March** — Consumer Price Index (February)

12

— Retail Sales (January)

March — Durable Goods Orders (January)

13

March — Industrial Production (February)

15

March — FOMC Policy Decision (Powell press conference)

20

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 28, 2019.