

RAYMOND JAMES

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**JANUARY 4, 2019**

**Market Commentary**

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Volatility remained elevated in the first few days of 2019, reflecting renewed concerns about China and the ongoing uncertainties in trade policy. The federal funds futures shifted to signaling some chance (46% before the employment report, about 33% after) that the Fed would cut interest rates by the end of 2019. Fed Chairman Powell signaled some flexibility in monetary policy – not really news, but that seemed to help to soothe the stock market's fear.

The ISM Manufacturing Index fell more than expected – still signaling expansion, but at a slower pace in December. The December Employment Report was stronger than expected. Nonfarm payrolls rose by 312,000 (median forecast: +175,000), down 54,000 before seasonal adjustment. That left the three-month average at +254,000 (up from +190,000 in 3Q18). Average hourly earnings rose 0.4%, bringing the year-over-year increase to 3.2%. The unemployment rate rose to 3.9% (from 3.7%), reflecting an increase in labor force participation (likely a seasonal adjustment quirk, given that the increase was concentrated among teenagers and young adults).

Next week, some of the economic data releases (factory orders, trade balance) are expected to be postponed due to the partial government shutdown. FOMC minutes from the mid-December policy meeting ought to provide some insight into the Fed's policy debate for 2019. Fed Chairman Powell and Vice Chair Clarida will speak on Tuesday (Clarida after the market close) – both are expected to reinforce the idea of flexibility on monetary policy.

[Indices](#)

	Last	Last Week	YTD return %
DJIA	22686.22	23138.82	-2.75%
NASDAQ	6463.50	6579.49	-2.59%
S&P 500	2447.89	2488.83	-2.35%
MSCI EAFE	1710.22	1687.56	-0.56%
Russell 2000	1330.83	1331.82	-1.31%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.50
Fed Funds	2.40	1.41
30-year mortgage	4.44	4.10

### Currencies

	Last	1 year ago
Dollars per British Pound	1.263	1.355
Dollars per Euro	1.139	1.207
Japanese Yen per Dollar	107.68	112.75
Canadian Dollars per Dollar	1.349	1.249
Mexican Peso per Dollar	19.629	19.289

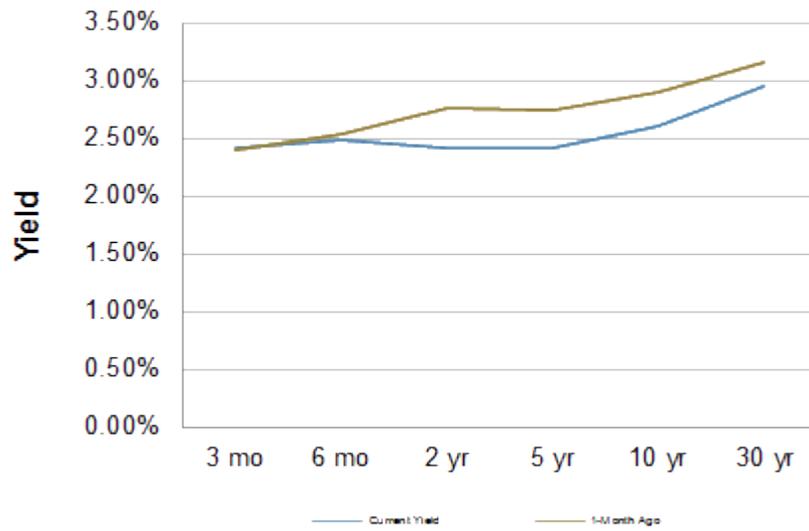
### Commodities

	Last	1 year ago
Crude Oil	47.09	62.01
Gold	1294.80	1321.60

### Bond Rates

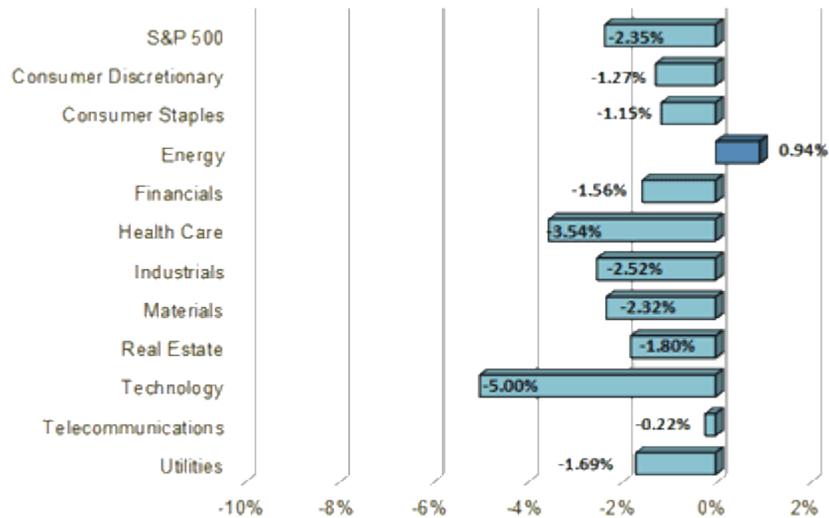
	Last	1 month ago
2-year treasury	2.42	2.76
10-year treasury	2.60	2.89
10-year municipal (TEY)	3.45	3.72

Treasury Yield Curve – 01/04/2019



As of close of business 01/03/2019

**S&P Sector Performance (YTD) – 01/04/2019**



As of close of business 01/03/2019

## Economic Calendar

- |                   |   |  |
|-------------------|---|--|
| <b>January 7</b>  | — | Factory Orders (November)  |
|                   | — | ISM Non-Manufacturing Index (December)                           |
| <b>January 8</b>  | — | Small Business Optimism Index (December)                         |
|                   | — | Trade Balance (December)   |
| <b>January 9</b>  | — | FOMC Minutes (Dec 18-19)   |
| <b>January 10</b> | — | Jobless Claims (week ending January 5)                           |
|                   | — | Fed Chairman Powell Speaks (Economic Club of Washington)         |
|                   | — | Fed VC Clarida Speaks ( "Economic Outlook and Monetary Policy" ) |
| <b>January 11</b> | — | Consumer Price Index (December)                                  |
| <b>January 15</b> | — | Producer Price Index (December)                                  |
| <b>January</b>    | — | Retail Sales (December)  |

<b>January 21</b>	—	MLK Holiday (markets closed)
<b>January 30</b>	—	Real GDP (4Q18, advance estimate)
	—	FOMC Policy Decision (Powell press conference)
<b>February 1</b>	—	Employment Report (January)
<b>March 20</b>	—	FOMC Policy Decision (Powell press conference)

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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 January 03, 2019.