

# RAYMOND JAMES

## WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**JANUARY 11, 2019**

**Market Commentary**

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

Fed Chairman Powell continued to signal that monetary policy will remain flexible and that muted inflation readings allow the Fed to be “patient” in deciding when to raise short-term interest rates (he said the same thing in his December 19 press conference). The FOMC minutes showed that “recent developments, including the volatility in financial markets and the increased concerns about global growth, made the appropriate extent and timing of future policy firming less clear than earlier.” Hence, the FOMC “could afford to be patient about further policy firming.”

Reports on factory orders and the trade balance were postponed due to the partial government shutdown. The Consumer Price Index slipped 0.1% in December (+1.9% y/y), held down by the drop in gasoline prices. Real (inflation-adjusted) average hourly earnings rose 1.1% year-over-year (+1.5% for production workers), and we should see further improvement in the data for January. The ISM Non-Manufacturing Index slowed in December, but remained relatively strong by historical standards.

Next week, the government shutdown means that the reports on retail sales and residential construction activity will be delayed. Reports from the Bureau of Labor Statistics (PPI, import prices) and the Federal Reserve (Beige Book, industrial production) will still be released on time. Earnings reporting season gets underway, and investors may be more interested in the forward guidance than in the actual results for 4Q18. Financial market participants will continue to focus on the trade policy and federal budget stalemates. Any signs of progress would be taken well by the stock market.

### Indices

	Last	Last Week	YTD return %
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DJIA	24001.92	22686.22	2.89%
NASDAQ	6986.07	6463.50	5.29%
S&P 500	2596.64	2447.89	3.58%
MSCI EAFE	1787.05	1710.22	3.91%
Russell 2000	1445.43	1330.83	7.18%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.50
Fed Funds	2.40	1.41
30-year mortgage	4.59	4.14

### Currencies

	Last	1 year ago
Dollars per British Pound	1.275	1.354
Dollars per Euro	1.150	1.203
Japanese Yen per Dollar	108.43	111.26
Canadian Dollars per Dollar	1.324	1.252
Mexican Peso per Dollar	19.127	19.272

### Commodities

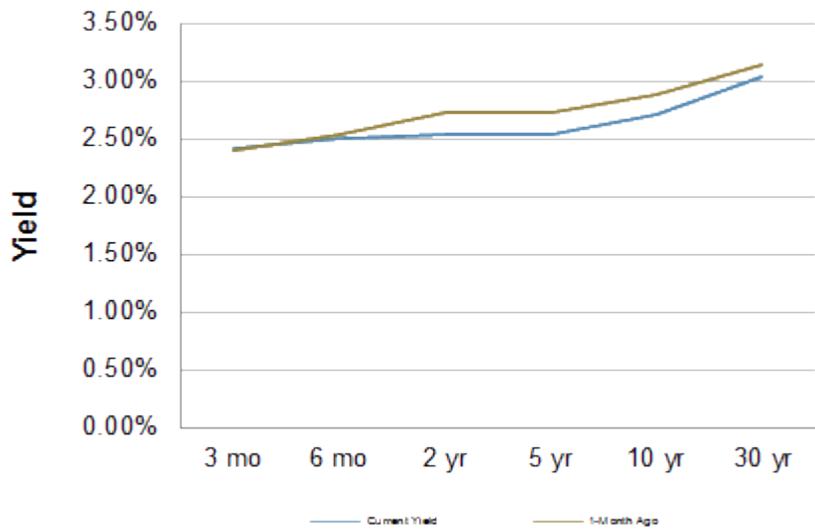
	Last	1 year ago
Crude Oil	52.59	63.80

Gold	1287.40	1322.50
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**Bond Rates**

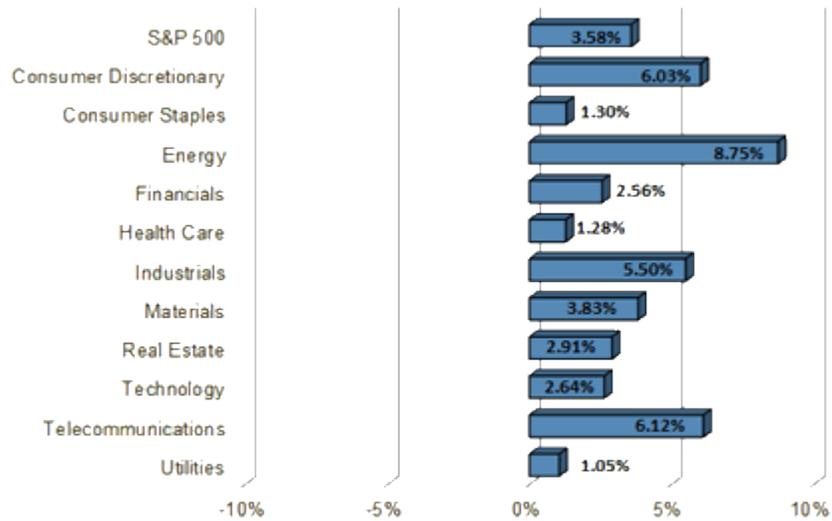
	Last	1 month ago
2-year treasury	2.54	2.73
10-year treasury	2.71	2.88
10-year municipal (TEY)	3.51	3.75

**Treasury Yield Curve – 01/11/2019**



As of close of business 01/10/2019

**S&P Sector Performance (YTD) – 01/11/2019**



As of close of business 01/10/2019

### Economic Calendar

- |                   |   |   |
|-------------------|---|---|
| <b>January 15</b> | — | Producer Price Index (December)             |
| <b>January 16</b> | — | Import Prices (December)                    |
|                   | — | Retail Sales (December)                     |
|                   | — | Fed Beige Book                              |
| <b>January 17</b> | — | Jobless Claims (week ending January 12)     |
|                   | — | Building Permits, Housing Starts (December) |
| <b>January 18</b> | — | Industrial Production (December)            |
|                   | — | UM Consumer Sentiment (mid-January)         |

<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 11, 2018.