

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MAY 17, 2019

Market Commentary

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The financial markets continued to react to shifting perceptions on trade policy. Any signs of progress are taken positively by the stock market, while anything that pulls the two sides apart is viewed as a negative. The threatened broader expansion of tariffs against Chinese goods would apply mostly to consumer goods, raise inflation in the short term, and dampen overall growth – but the cumulative impact of tariffs is not enough (by itself) to push the U.S. economy into a recession.

April figures on retail sales and industrial production disappointed. While not a disaster, much of the economic data have been consistent with a lackluster to moderate pace of growth in 2Q19. The University of Michigan's Consumer Sentiment Index hit a 15-year high in the mid-May reading, driven by improvement in expectations – however, the survey failed to fully reflect the recent escalation in trade tensions. The softer economic data, combined with mild inflation figures, helped to boost the market odds of a Fed rate hike by the end of the year.

Next week, trade policy perceptions will likely remain the driving force. While the federal funds futures market has been signaling a greater chance of a Fed rate cut by the end of the year, we haven't received such a signal from the Fed – and we're unlikely to see that in the minutes of the April 30-May 1 Federal Open Market Committee meeting. Lower aircraft orders should dominate the durable goods orders data on Friday.

Indices

	Last	Last Week	YTD return %
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DJIA	25862.68	25828.36	10.87%
NASDAQ	7898.05	7910.59	19.03%
S&P 500	2876.32	2870.72	14.74%
MSCI EAFE	1868.61	1861.04	8.65%
Russell 2000	1557.24	1570.06	15.47%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.75
Fed Funds	2.38	1.69
30-year mortgage	4.15	4.79

Currencies

	Last	1 year ago
Dollars per British Pound	1.280	1.352
Dollars per Euro	1.117	1.180
Japanese Yen per Dollar	109.85	110.77
Canadian Dollars per Dollar	1.346	1.281
Mexican Peso per Dollar	19.126	19.740

Commodities

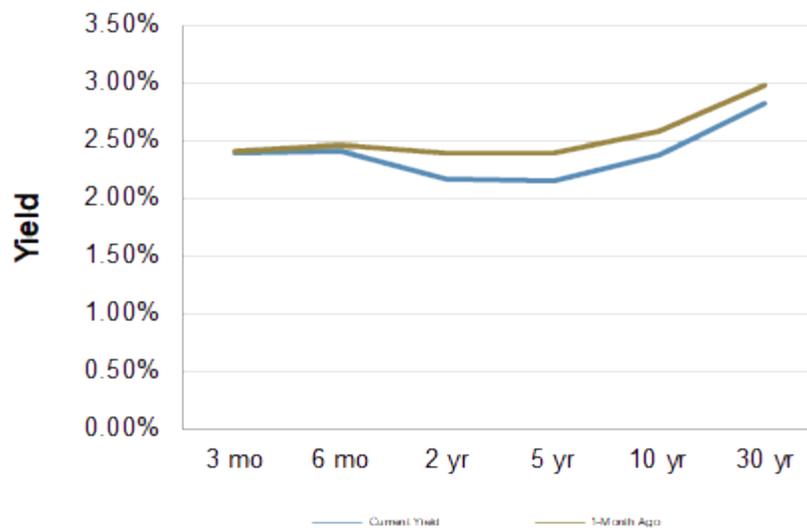
	Last	1 year ago
Crude Oil	62.87	71.49

Gold	1286.20	1289.40
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Bond Rates

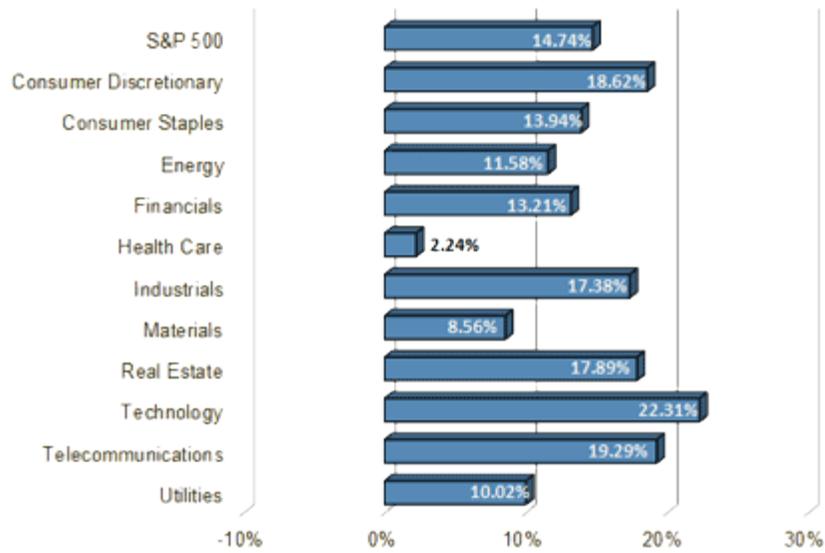
	Last	1 month ago
2-year treasury	2.17	2.39
10-year treasury	2.37	2.58
10-year municipal (TEY)	2.66	3.03

Treasury Yield Curve – 05/17/2019



As of close of business 05/16/2019

S&P Sector Performance (YTD) – 05/17/2019



As of close of business 05/16/2019

Economic Calendar

May 21	—	Small Business Optimism (April)
May 22	—	FOMC Minutes (April 30-May 1)
May 23	—	NJobless Claims (week ending May 18)
	—	New Home Sales (April)
May 24	—	Durable Goods Orders (April)
May 27	—	Memorial Day Holiday (markets closed)
May 28	—	CB Consumer Confidence (May)
June 3	—	ISM Manufacturing Index (May)

June 7	—	Employment Report (May)
June 19	—	FOMC Policy Decision
July 31	—	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.

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