

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JUNE 14, 2019

Market Commentary

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

The May retail sales data remained consistent with moderately strong growth in consumer spending in the near term. Industrial production was boosted by a rebound on the output of utilities and a pickup in auto output in May, but manufacturing ex-autos was flat. The University of Michigan's Consumer Sentiment Index slipped in mid-June, reflecting concerns about tariffs and slower job growth, but remained relatively high by historical standards.

Ex-food and energy, the Consumer Price Index rose less than expected in May. The report on producer prices showed limited pipeline inflation pressures, but the figures do not fully reflect tariffs. Downward pressure from a softer global economy may be partly offsetting the tariff impact.

Next week, the focus will be on the Federal Open Market Committee meeting. While there is some chance that we could see a rate cut, it's probably too soon for the Fed to move (a July 31 cut is much more likely). Expect the FOMC to remove the word "patient" from the policy statement, to promise to monitor the situation "closely," and to "act as appropriate" to sustain the economic expansion. Fed officials will revise their projections of growth, unemployment, and inflation, and we'll get a refreshed dot plot (senior Fed officials' expectations of the appropriate year-end target for the federal funds rate). Over the last several months, the stock market has been hypersensitive to minor changes in the Fed policy outlook. Fed Chair Powell will have to work hard to clarify expectations.

Indices

| | Last | Last Week | YTD return % |
|--|------|-----------|--------------|
|--|------|-----------|--------------|

| | | | |
|--------------|----------|----------|--------|
| DJIA | 26106.77 | 25720.66 | 11.91% |
| NASDAQ | 7837.13 | 7615.56 | 18.11% |
| S&P 500 | 2891.64 | 2843.49 | 15.35% |
| MSCI EAFE | 1879.37 | 1854.18 | 9.27% |
| Russell 2000 | 1535.80 | 1503.54 | 13.88% |

Consumer Money Rates

| | Last | 1 year ago |
|------------------|------|------------|
| Prime Rate | 5.50 | 4.75 |
| Fed Funds | 2.36 | 1.89 |
| 30-year mortgage | 3.92 | 4.68 |

Currencies

| | Last | 1 year ago |
|-----------------------------|--------|------------|
| Dollars per British Pound | 1.267 | 1.326 |
| Dollars per Euro | 1.128 | 1.157 |
| Japanese Yen per Dollar | 108.38 | 110.63 |
| Canadian Dollars per Dollar | 1.333 | 1.311 |
| Mexican Peso per Dollar | 19.195 | 20.880 |

Commodities

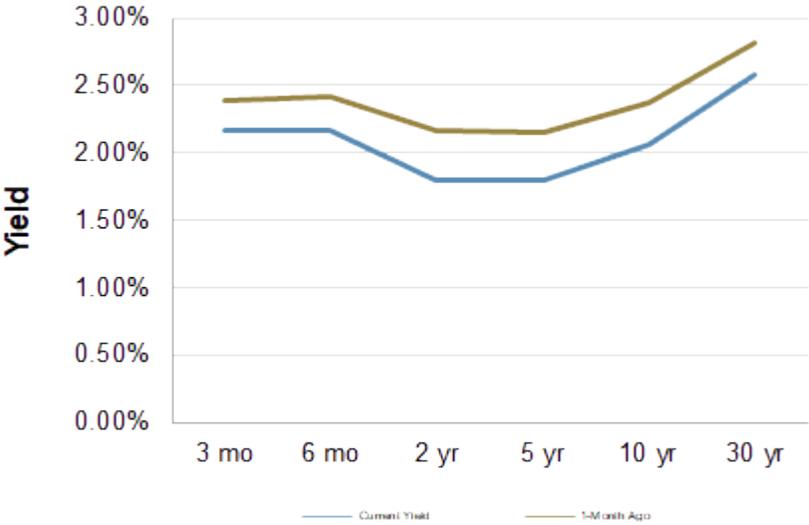
| | Last | 1 year ago |
|-----------|-------|------------|
| Crude Oil | 52.28 | 66.89 |

| | | |
|------|---------|---------|
| Gold | 1343.70 | 1308.30 |
|------|---------|---------|

Bond Rates

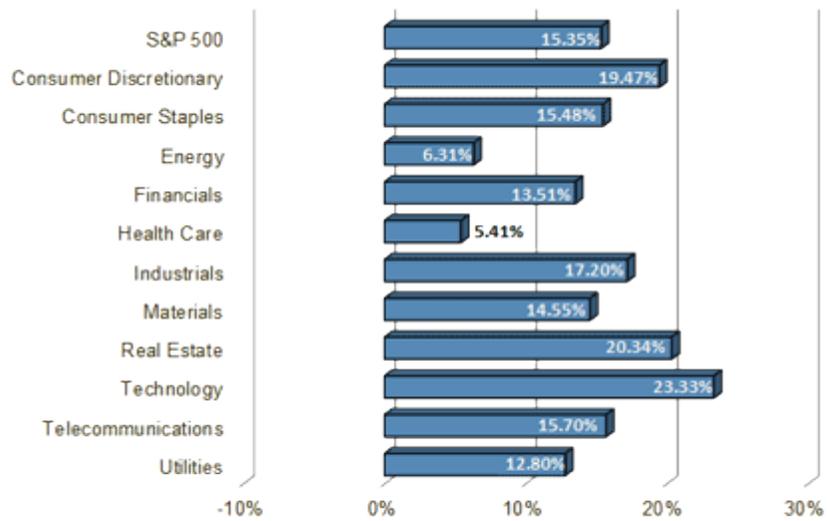
| | Last | 1 month ago |
|-------------------------|------|-------------|
| 2-year treasury | 1.80 | 2.17 |
| 10-year treasury | 2.06 | 2.37 |
| 10-year municipal (TEY) | 2.54 | 2.66 |

Treasury Yield Curve – 06/14/2019



As of close of business 06/13/2019

S&P Sector Performance (YTD) – 06/14/2019



As of close of business 06/13/2019

Economic Calendar

| | | |
|----------------|---|---------------------------------------|
| June 17 | — | Homebuilder Sentiment (June) |
| June 18 | — | Building Permit, Housing Starts (May) |
| June 19 | — | FOMC Policy Decision |
| | — | Revised Fed Forecasts |
| | — | Powell Press Conference |
| June 20 | — | Jobless Claims (week ending June 15) |
| | — | Leading Economic Indicators (May) |
| June 21 | — | Existing Home Sales (May) |

| | | |
|---------------------|---|---|
| June 25 | — | CB Consumer Confidence (June) |
| June 26 | — | Durable Goods Orders (May) |
| July 4 | — | Independence Day Holiday (markets closed) |
| July 5 | — | Employment Report (June) |
| July 31 | — | FOMC Policy Decision |
| September 18 | — | 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.

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 June 13, 2019.