

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 19, 2019

Market Commentary

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

Retail sales results for June were stronger than expected, consistent with a pickup in consumer spending growth in 2Q19 (although that follows a weak 1Q19). Industrial production was flat, but manufacturing output picked up a bit in June (still in an overall downtrend in 2019).

The Fed's Beige Book (the anecdotal summary of economic conditions from around the country) noted that "economic activity continued to expand at a modest pace overall from mid-May through early July." Businesses reported pressure from tariffs and rising labor costs, but "firms' ability to pass on cost increases to final prices was restrained by brisk competition."

Next week, earnings reports are expected to remain the dominant factor for equities. The government will release the advance estimate of 2Q19 GDP growth on Friday. Consumer spending growth should rebound, following a soft first quarter, but business fixed investment is expected to slow. Inventories and foreign trade are uncertain, but we ought to get some idea with the advance economic indicators report on Thursday. The GDP report will include benchmark revisions covering the last five years, but that is unlikely to alter the overall picture.

Indices

	Last	Last Week	YTD return %
DJIA	27222.97	27088.08	16.70%

NASDAQ	8207.24	8196.04	23.69%
S&P 500	2995.11	2999.91	19.48%
MSCI EAFE	1906.32	1919.61	10.84%
Russell 2000	1555.62	1557.92	15.35%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	5.00
Fed Funds	2.37	1.90
30-year mortgage	3.89	4.64

Currencies

	Last	1 year ago
Dollars per British Pound	1.255	1.301
Dollars per Euro	1.128	1.164
Japanese Yen per Dollar	107.30	112.47
Canadian Dollars per Dollar	1.303	1.327
Mexican Peso per Dollar	18.943	19.051

Commodities

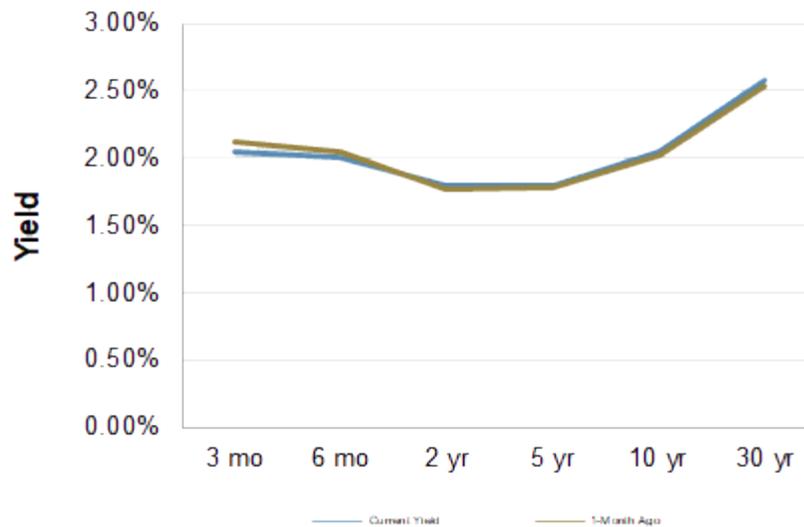
	Last	1 year ago
Crude Oil	55.30	69.46

Gold	1428.10	1224.00
------	---------	---------

Bond Rates

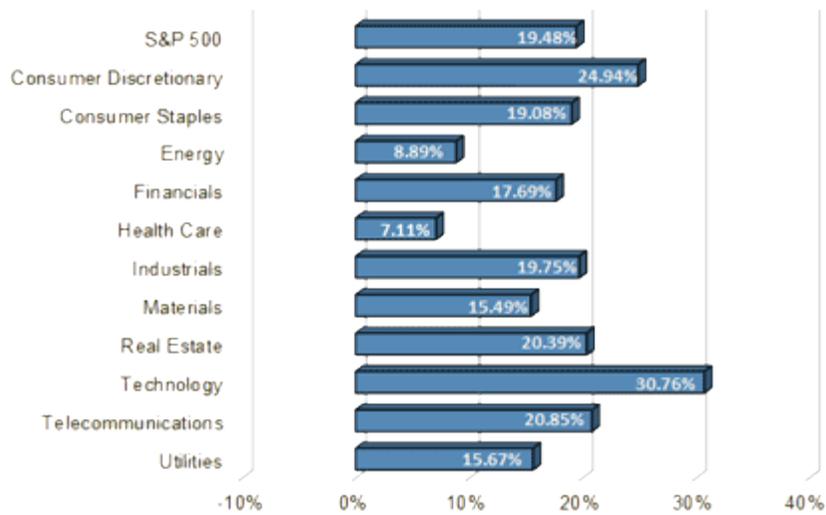
	Last	1 month ago
2-year treasury	1.79	1.77
10-year treasury	2.04	2.02
10-year municipal (TEY)	2.42	2.49

Treasury Yield Curve – 07/19/2019



As of close of business 07/18/2019

S&P Sector Performance (YTD) – 07/19/2019



As of close of business 07/18/2019

Economic Calendar

- | | | |
|----------------|---|--|
| July 23 | — | Existing Home Sales (June) |
| July 24 | — | New Home Sales (June) |
| July 25 | — | Initial Jobless Claims (week ending July 20) |
| | — | Durable Goods Orders (June) |
| | — | Advance Economic Indicators (June) |
| July 26 | — | Real GDP (2Q19 advance estimate + benchmark revisions) |
| July 30 | — | Personal Income and Spending (June) |
| | — | CB Consumer Confidence (July) |

July 31	—	FOMC Policy Decision
August 1	—	ISM Manufacturing Index (July)
August 2	—	Employment Report (July)
September 18	—	FOMC Policy Decision

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 July 18, 2019.