

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 26, 2019

Market Commentary

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Real GDP rose at a 2.1% annual rate in the advance estimate for 2Q19, vs. +3.1% (unrevised) in 1Q19. Beyond the headline figure, second quarter growth was stronger than it looks, but mixed. Slower inventory growth subtracted 0.86 percentage points from headline GDP growth, while net exports (a wider trade deficit) subtracted 0.65 ppt. Consumer spending growth rose at a 4.3% annual rate, rebounding from two soft quarters (+2.6% y/y). Business fixed investment fell 0.6%, with declines in business structures and transportation equipment (Boeing). Residential fixed investment (homebuilding and repairs) fell for the sixth consecutive quarter. Government spending rose more than anticipated, adding 0.85 ppt to headline growth, reflecting a 15.9% surge in federal nondefense spending (which followed declines in 4Q18 and 1Q19).

Next week, the Federal Open Market Committee is widely expected to lower the target range of the federal funds rate by 25 basis points. Given that rates are relatively close to the 0% lower bound, the Fed should be more aggressive (lowering rates sooner and faster) if it thinks it should move in that direction. However, there's no need to panic. Most Fed officials will see a 25 basis point cut as an insurance move, not the beginning of a series of rate reductions. Investors will be looking to the wording of the policy statement and to Chair Powell's press conference for clues about possible future moves.

There are a number of important upcoming economic data releases. June personal income and spending figures (Tuesday) will help to gauge the momentum in consumer spending growth into 3Q19. The ISM Manufacturing Index (Thursday) is expected to remain soft. Friday's nonfarm payroll figure will be subject to seasonal noise related to the end of the school year and the start of the summer travel season.

Indices

	Last	Last Week	YTD return %
DJIA	27140.98	27222.97	16.35%
NASDAQ	8238.54	8207.24	24.16%
S&P 500	3003.67	2995.11	19.82%
MSCI EAFE	1918.99	1906.32	11.58%
Russell 2000	1561.45	1555.62	15.79%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	5.00
Fed Funds	2.40	1.90
30-year mortgage	3.88	4.72

Currencies

	Last	1 year ago
Dollars per British Pound	1.246	1.310
Dollars per Euro	1.115	1.164
Japanese Yen per Dollar	108.63	111.23
Canadian Dollars per Dollar	1.317	1.307
Mexican Peso per Dollar	19.022	18.626

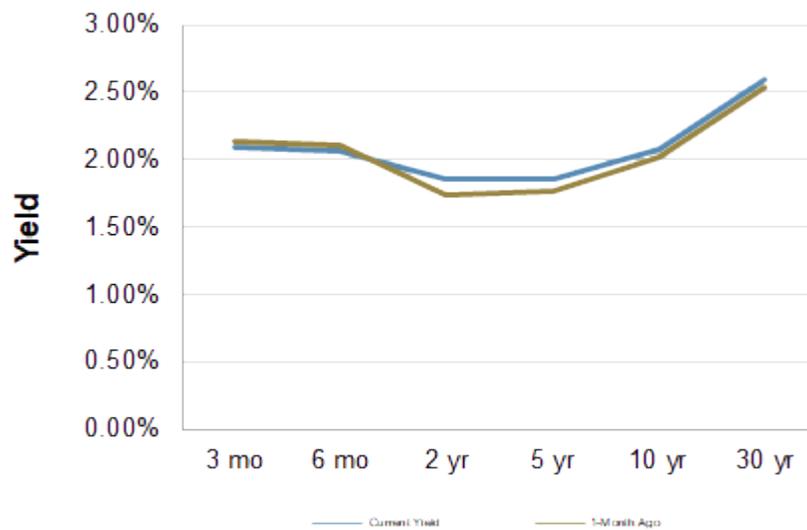
Commodities

	Last	1 year ago
Crude Oil	56.02	69.61
Gold	1427.50	1235.30

Bond Rates

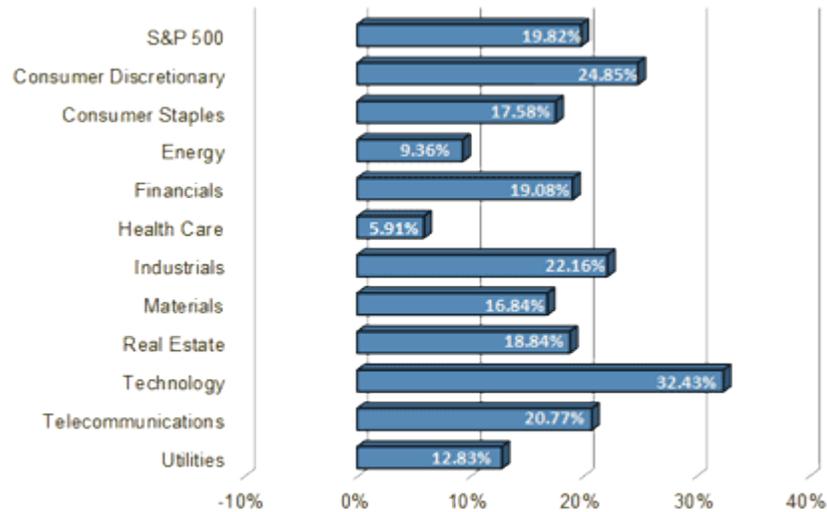
	Last	1 month ago
2-year treasury	1.85	1.74
10-year treasury	2.07	2.01
10-year municipal (TEY)	2.37	2.49

Treasury Yield Curve – 07/26/2019



As of close of business 07/25/2019

S&P Sector Performance (YTD) – 07/26/2019



As of close of business 07/25/2019

Economic Calendar

- | | | |
|----------------|---|---|
| July 30 | — | Personal Income and Spending (June + benchmark revisions) |
| | — | CB Consumer Confidence (July) |
| July 31 | — | ADP Payroll Estimate (July) |
| | — | Employment Report (July) |
| | — | FOMC Policy Decision |
| | — | Powell Press Conference |

- August 1** — ADP Payroll Estimate (July)
- ISM Manufacturing Index (July)
- August 2** — Employment Report (July)
- August 5** — ISM Non-Manufacturing Index (July)
- August 15** — Retail Sales (July)
- September 2** — Labor Day (markets closed)
- 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 July 25, 2019.