

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 23, 2019

Market Commentary

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The minutes of the July 30-31 Federal Open Market Committee (when the Fed lowered short-term interest rates by 25 basis points) showed that officials were split. “A couple” preferred a 50 basis point cut, while “several” favored no change. “Most” viewed the 25 basis point rate cut as “a recalibration of the stance of policy” or “a mid-cycle adjustment.” Contrary to financial market expectations, there was no presumption that further rate cuts would be needed.

In his Jackson Hole speech, Fed Chair Powell said that the Fed has been monitoring “three factors that are weighing on this favorable outlook: slowing global growth, trade policy uncertainty and muted inflation.” He noted that “the three weeks since our July meeting have been eventful.” Another round of tariffs has been announced, there is “further evidence of a global slowdown,” and geopolitical events (Brexit, Hong Kong, Italy) “have been much in the news.” Based on the Fed’s assessment of the implications of these developments, the Fed “will act as appropriate to sustain the expansion.” That suggests a strong likelihood that the Fed will cut rates again at the September 17-18 FOMC meeting (already factored into the markets).

Meanwhile, China announced retaliatory tariffs against U.S. exports.

Next week, the economic data calendar picks up, but investors are expected to be more focused on trade policy developments and the global economic outlook. The estimate of 2Q19 GDP growth is expected to be revised slightly lower than in the advance reading (+2.1%). Durable goods orders, advance economic indicators and personal spending data will help to fill in the picture for early 3Q19.

Indices

	Last	Last Week	YTD return %
DJIA	26252.24	25579.39	12.54%
NASDAQ	7991.39	7766.62	20.44%
S&P 500	2922.95	2847.60	16.60%
MSCI EAFE	1829.29	1797.33	6.36%
Russell 2000	1506.00	1461.65	11.67%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.25	5.00
Fed Funds	2.10	1.91
30-year mortgage	3.65	4.62

Currencies

	Last	1 year ago
Dollars per British Pound	1.225	1.281
Dollars per Euro	1.108	1.154
Japanese Yen per Dollar	106.44	111.29
Canadian Dollars per Dollar	1.330	1.308
Mexican Peso per Dollar	19.830	19.009

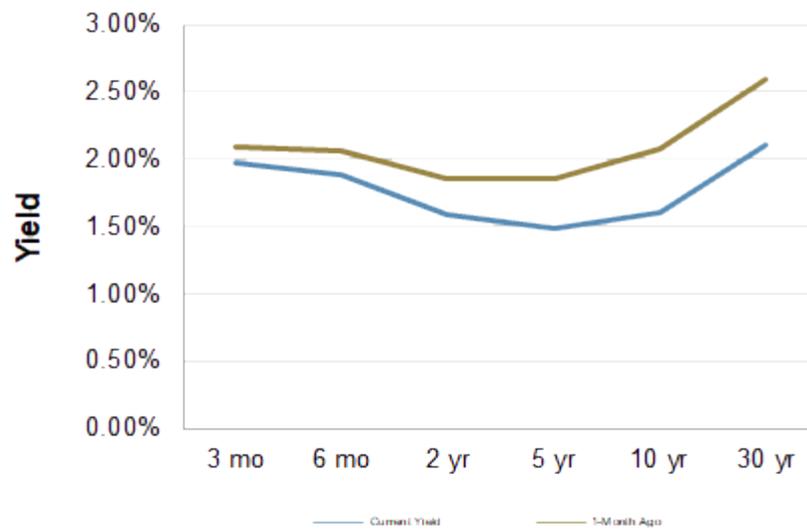
Commodities

	Last	1 year ago
Crude Oil	55.35	67.83
Gold	1508.50	1194.00

Bond Rates

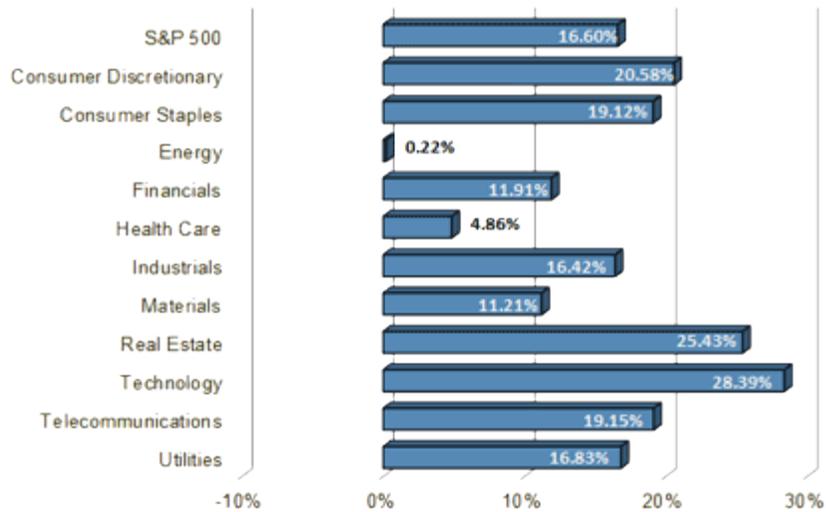
	Last	1 month ago
2-year treasury	1.59	1.85
10-year treasury	1.60	2.07
10-year municipal (TEY)	1.98	2.37

Treasury Yield Curve – 08/23/2019



As of close of business 08/22/2019

S&P Sector Performance (YTD) – 08/23/2019



As of close of business 08/22/2019

Economic Calendar

August 26	—	Durable Goods Orders (July)
August 27	—	CB Consumer Confidence (August)
August 29	—	Real GDP (2Q19, 2nd estimate)
	—	Advance Economic Indicators (July)
August 30	—	Personal Income and Spending (July)
	—	Chicago Business Barometer (August)

September 2	—	Labor Day (markets closed)
September 3	—	ISM Manufacturing Index (August)
September 6	—	Employment Report (August)
September 18	—	FOMC Policy Decision
October 30	—	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 August 22, 2019.