

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 05, 2019

Market Commentary

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

Financial market participants have downplayed much of the economic data reports in recent months, driven instead by trade policy perceptions and Fed policy expectations. Investors were encouraged by a trade truce with China (no additional tariffs for the time being, but no rollback of previous tariffs). Prospects for a monetary policy ease were dampened by an upside surprise in nonfarm payrolls. The market is fully factoring in a 25-basis-point cut on July 30, but the odds of a 50-basis-point move have evaporated.

The June Employment Report showed a stronger-than-expected gain in nonfarm payrolls in June (+224,000), although the underlying trend has slowed (private-sector payrolls averaged a 161,000 monthly gain in the first half of 2019, vs. +215,000 in 2018). Average hourly earnings rose 0.2%, up 3.1% year-over-year. The unemployment rate edged up to 3.7% (not statistically significant), while details showed a surge in summer jobs for teenagers and young adults. The week's other data reports were mixed. The ISM manufacturing Index edged lower, with growth in new orders flat and unfilled orders falling further (not a good sign).

Next week, Fed Chair Powell will deliver his semiannual monetary policy testimony to Congress. We're unlikely to learn much that's new, but investors will be looking for clues regarding the prospects for interest rate cuts.

Indices

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

| | | | |
|--------------|----------|----------|--------|
| DJIA | 26966.00 | 26526.58 | 15.60% |
| NASDAQ | 8170.23 | 7967.76 | 23.13% |
| S&P 500 | 2995.82 | 2924.92 | 19.51% |
| MSCI EAFE | 1949.70 | 1913.83 | 13.36% |
| Russell 2000 | 1572.12 | 1546.55 | 16.58% |

Consumer Money Rates

| | Last | 1 year ago |
|------------------|------|------------|
| Prime Rate | 5.50 | 5.00 |
| Fed Funds | 2.39 | 1.90 |
| 30-year mortgage | 3.77 | 4.69 |

Currencies

| | Last | 1 year ago |
|-----------------------------|--------|------------|
| Dollars per British Pound | 1.258 | 1.322 |
| Dollars per Euro | 1.129 | 1.169 |
| Japanese Yen per Dollar | 107.82 | 110.64 |
| Canadian Dollars per Dollar | 1.305 | 1.313 |
| Mexican Peso per Dollar | 19.006 | 19.212 |

Commodities

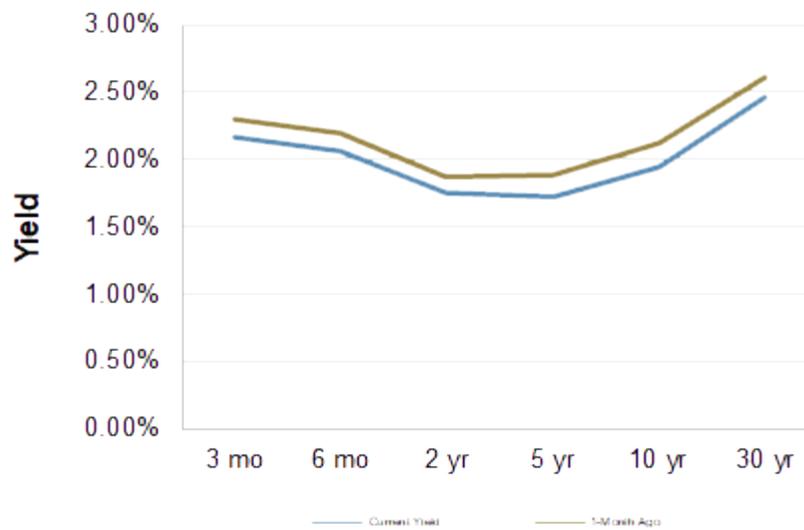
| | Last | 1 year ago |
|-----------|-------|------------|
| Crude Oil | 57.34 | 72.94 |

| | | |
|------|---------|---------|
| Gold | 1420.90 | 1258.80 |
|------|---------|---------|

Bond Rates

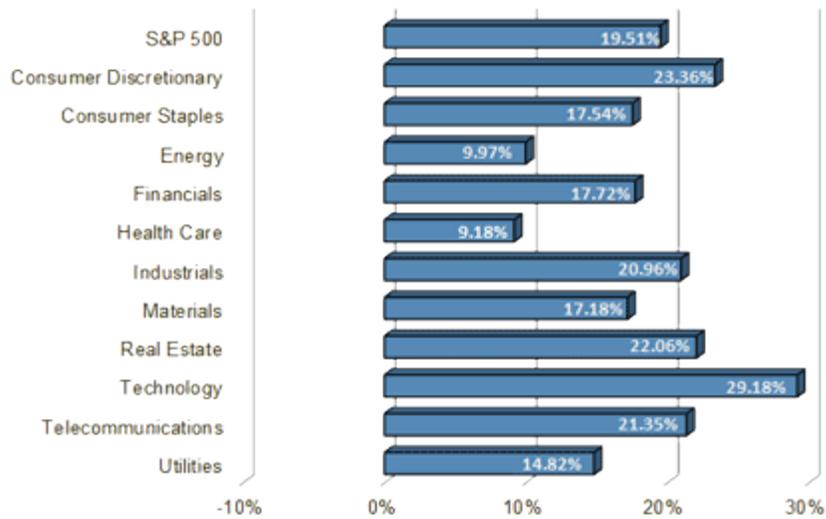
| | Last | 1 month ago |
|-------------------------|------|-------------|
| 2-year treasury | 1.75 | 1.87 |
| 10-year treasury | 1.94 | 2.12 |
| 10-year municipal (TEY) | 2.46 | 2.54 |

Treasury Yield Curve – 07/05/2019



As of close of business 07/04/2019

S&P Sector Performance (YTD) – 07/05/2019



As of close of business 07/04/2019

Economic Calendar

- | | | |
|----------------|---|---|
| July 10 | — | Powell Monetary Policy Testimony (House Financial Services) |
| | — | FOMC Minutes (June 18-19) |
| July 11 | — | Jobless Claims (week ending July 6) |
| | — | Consumer Price Index (June) |
| | — | Powell Monetary Policy Testimony (Senate Banking Committee) |
| July 12 | — | Producer Price Index (June) |
| July 16 | — | Retail Sales (June) |
| | — | Industrial Production (June) |

- July 17** — Building Permits, Housing Starts (June)
- Fed Beige Book
- July 18** — Jobless Claims (week ending July 13)
- Leading Economic Indicators (June)
- July 26** — Real GDP (2Q19 advance estimate + benchmark revisions)
- July 31** — FOMC Policy Decision
- August 2** — Employment Report (July)
- 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 04, 2019.