

RAYMOND JAMES

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 2, 2019

**Market Commentary**

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The Federal Open Market Committee cut short-term interest rates by 25 basis points and voted to end the reduction in the Fed's balance sheet two months early, citing *"the implications of global developments for the economic outlook as well as muted inflation pressures."* In his post-meeting press conference, Fed Chair Jerome Powell said the move was intended *"to insure against downside risks from weak global growth and trade policy uncertainty; to help offset the effects these factors are currently having on the economy; and to promote a faster return of inflation to our 2% objective."* This was a *"mid-cycle adjustment,"* according to Powell, taken to provide a bit more accommodation, and was not expected to be the start of a series of rate cuts. However, he suggested that the central bank was open to further cuts if warranted.

The next day, President Trump tweeted that he would impose a 10% tariff on the remaining \$300 billion or so in Chinese imports into the U.S. Unlike previous tariffs, which applied largely to intermediate goods and materials (components for manufacturing), this latest round hits finished goods, including consumer goods.

The July Employment Report was about as anticipated. Nonfarm payrolls rose by 164,000 (helped by the seasonal adjustment in education and auto production), with a net downward revision of 41,000 to the two previous months. The unemployment rate held steady at 3.7%. Average hourly earnings rose 0.3% (+3.2% y/y – a moderate pace). The ISM Manufacturing Index was a bit softer than expected, while the Chicago Business Barometer sailed further into contraction territory.

Next week, the economic calendar thins out considerably. Neither the ISM Non-Manufacturing Index nor the Producer Price Index is expected to be market-moving.

## Indices

	Last	Last Week	YTD return %
DJIA	26583.42	27140.98	13.96%
NASDAQ	8111.12	8238.54	22.24%
S&P 500	2953.56	23003.67	17.82%
MSCI EAFE	1894.34	1918.99	10.14%
Russell 2000	1550.76	1561.45	14.99%

## Consumer Money Rates

	Last	1 year ago
Prime Rate	5.25	5.00
Fed Funds	2.37	1.90
30-year mortgage	3.77	4.72

## Currencies

	Last	1 year ago
Dollars per British Pound	1.213	1.302
Dollars per Euro	1.109	1.166
Japanese Yen per Dollar	107.34	111.66
Canadian Dollars per Dollar	1.321	1.301
Mexican Peso per Dollar	19.243	18.642

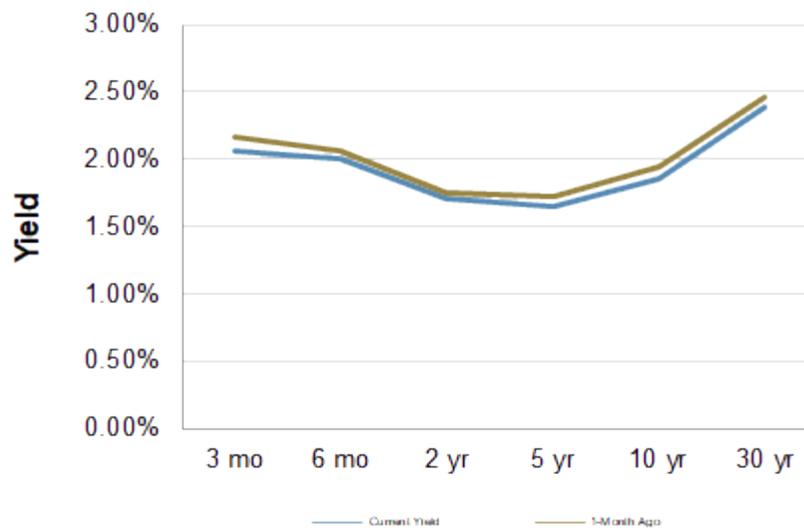
## Commodities

	Last	1 year ago
Crude Oil	53.95	68.96
Gold	1432.40	1220.10

### Bond Rates

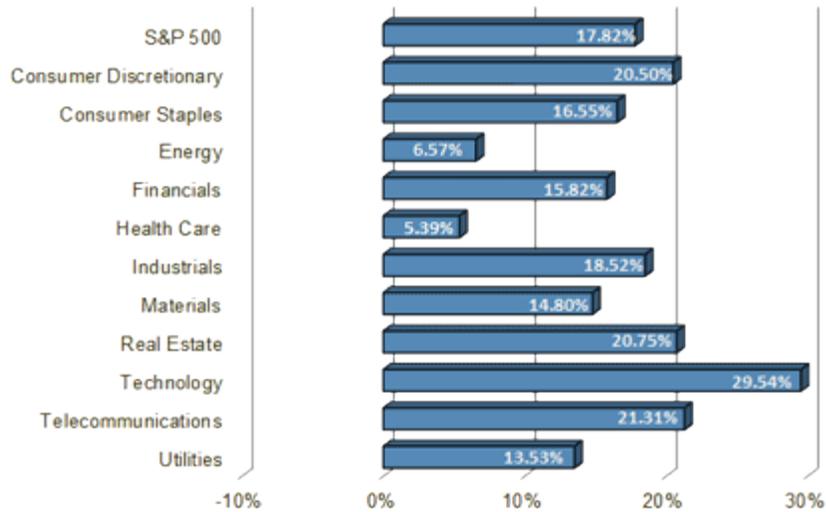
	Last	1 month ago
2-year treasury	1.70	1.75
10-year treasury	1.85	1.94
10-year municipal (TEY)	2.29	2.46

### Treasury Yield Curve – 08/02/2019



As of close of business 08/01/2019

## S&P Sector Performance (YTD) – 08/02/2019



As of close of business 08/01/2019

## Economic Calendar

<b>August 5</b>	—	ISM Non-Manufacturing Index (July)
<b>August 8</b>	—	Jobless Claims (week ending August 3)
<b>August 9</b>	—	Producer Price Index (July)
<b>August 13</b>	—	Consumer Price Index (July)
<b>August 14</b>	—	Import Prices (July)
<b>August 15</b>	—	Retail Sales (July)

	—	NF Productivity (2Q19, preliminary)
	—	Industrial Production (July)
<b>August 16</b>	—	Building Permits, Housing Starts (July)
<b>August 21</b>	—	FOMC Minutes (July 30-31)
<b>August 26</b>	—	Durable Goods Orders (July)
<b>September 2</b>	—	Labor Day (markets closed)
<b>September 6</b>	—	Employment Report (August)
<b>September 18</b>	—	FOMC Policy Decision
<b>October 30</b>	—	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 1, 2019.

