

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 16, 2019

Market Commentary

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President Trump delayed, to December 15, about 60% of the tariff increases (10% on the remaining \$300 billion in Chinese goods) that had been slated for September 1. These were mostly items likely to be purchased during the holiday season.

The spread between the 10-year Treasury note yield and the 2-year yield briefly dipped below 0. An inverted yield curve signals a strong likelihood of entering a recession within the next 12 months, but the odds of a recession had already been rising as the yield curve has flattened (moreover, the spread between the 10-year Treasury note yield and the 3-month bill rate has been inverted since May).

Retail sales results for July were stronger than expected, while manufacturing output was weaker than anticipated. Residential construction data showed improvement in single-family building permits (although still down year over year). Core consumer price inflation remained moderate.

Next week, investors will be focused on the FOMC minutes from the July 30-31 policy meeting and Chair Powell's Jackson Hole speech. Recall that President Trump announced further tariffs on August 1, the day after the FOMC meeting, and recent global data have been weaker, so the minutes are unlikely to provide a read on what the Fed is currently thinking. However, we should see a discussion of the risks, with an indication of which way the Fed was leaning regarding future rate cuts. The theme of this year's monetary policy symposium in Jackson Hole is "Challenges for Monetary Policy." Investors will be looking to Chair Powell's speech for clues about what the Fed will do in the weeks ahead. Following a flat trend from September to June, the Index of Leading Economic Indicators is expected to have risen by about 0.5% in July, reflecting a jump in building permits, a dip in jobless claims, and a higher stock market (all of which are likely to reverse in August).

Indices

	Last	Last Week	YTD return %
DJIA	25579.39	26378.19	9.65%
NASDAQ	7766.62	8039.16	17.05%
S&P 500	2847.60	2938.09	13.59%
MSCI EAFE	1797.33	1846.36	4.50%
Russell 2000	1461.65	1532.13	8.39%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.25	5.00
Fed Funds	2.11	1.91
30-year mortgage	3.60	4.64

Currencies

	Last	1 year ago
Dollars per British Pound	1.209	1.272
Dollars per Euro	1.111	1.138
Japanese Yen per Dollar	106.12	110.90

Canadian Dollars per Dollar	1.331	1.316
Mexican Peso per Dollar	19.609	18.984

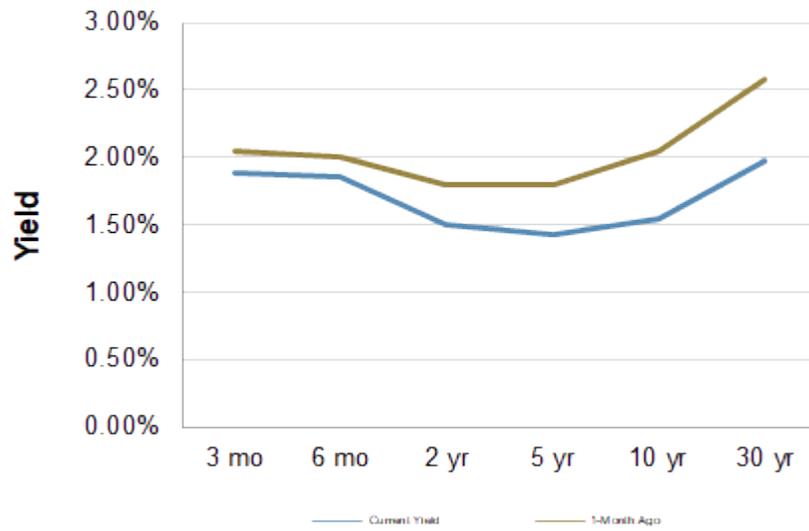
Commodities

	Last	1 year ago
Crude Oil	52.47	65.46
Gold	1531.20	1184.00

Bond Rates

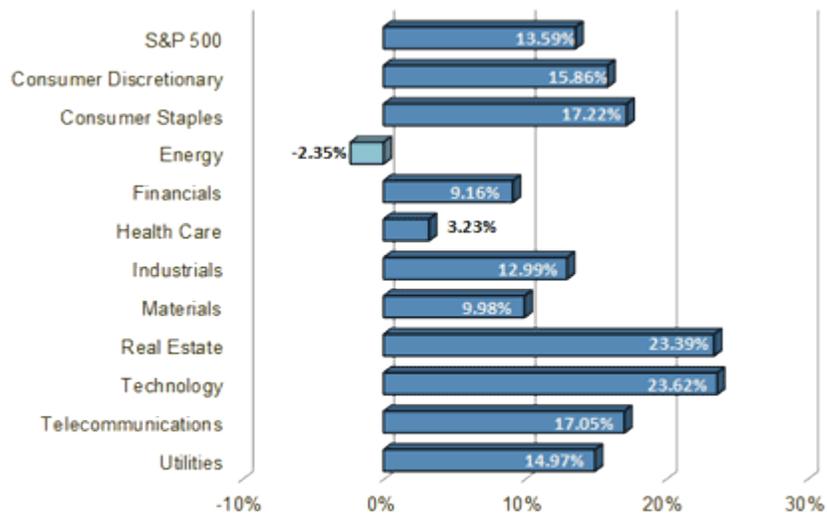
	Last	1 month ago
2-year treasury	1.50	1.79
10-year treasury	1.54	2.04
10-year municipal (TEY)	1.92	2.42

Treasury Yield Curve – 08/16/2019



As of close of business 08/15/2019

S&P Sector Performance (YTD) – 08/16/2019



As of close of business 08/15/2019

Economic Calendar

- August 21** — Existing Home Sales (July)
- FOMC Minutes (July 30-31)
- August 22** — Jobless Claims (week ending July 17)
- Leading Economic Indicators (July)
- August 23** — New Home Sales (July)

- Fed Chair Powell speech (‘‘Challenges for Monetary Policy’’)
- August 26** — Durable Goods Orders (July)
- August 29** — Real GDP (2Q19, 2nd estimate)
- September 2** — Labor Day (markets closed)
- 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 15, 2019.