

RAYMOND JAMES

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**SEPTEMBER 20, 2019**

**Market Commentary**

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

As expected, the Federal Open Market Committee lowered the federal funds target range by 25 basis points, to 1.75-2.00%. Of the 10 FOMC members, two dissented in favor of no change and one dissented in favor of a 50 basis-point cut. The wording of the policy statement was little changed from the one in late July and the Fed's economic projections were largely the same as in June.

Funding pressures were elevated in the repo market, reflecting stronger-than-expected demand for short-term funds (related to corporate tax payments and Treasury note auction settlements), pushing the effective federal funds rate above the top of its target range. At the end of the week, the New York Fed announced "a series of overnight and term repurchase agreement (repo) operations to help maintain the federal funds rate within the target range."

The economic data (industrial production, residential construction, existing home sales) were generally on the strong side of expectations, although the financial markets largely ignored the reports. The weekend attack on a Saudi oil production facility boosted oil prices, but had a limited impact on equities in general. Investors remain encouraged about the prospects for a mini deal on trade – one that would halt the escalation in trade tensions, perhaps even de-escalate a little, but fall far short of a complete deal.

Next week, the economic data releases may contain a surprise or two, but financial market participants will likely be focused on other things. Little revision is expected in the 3rd estimate of second quarter GDP growth. The advance economic indicators, durable goods orders and shipments, and personal spending data will help to fill in the 3Q19 GDP picture.

**Indices**

	Last	Last Week	YTD return %
DJIA	27094.79	27182.45	16.15%
NASDAQ	8182.88	8194.47	23.32%
S&P 500	3006.79	3009.57	19.94%
MSCI EAFE	1905.01	1905.31	10.76%
Russell 2000	1561.47	1575.07	15.79%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	5.00
Fed Funds	2.15	1.91
30-year mortgage	3.77	4.87

### Currencies

	Last	1 year ago
Dollars per British Pound	1.247	1.314
Dollars per Euro	1.103	1.167
Japanese Yen per Dollar	108.45	112.28
Canadian Dollars per Dollar	1.329	1.293
Mexican Peso per Dollar	19.397	18.776

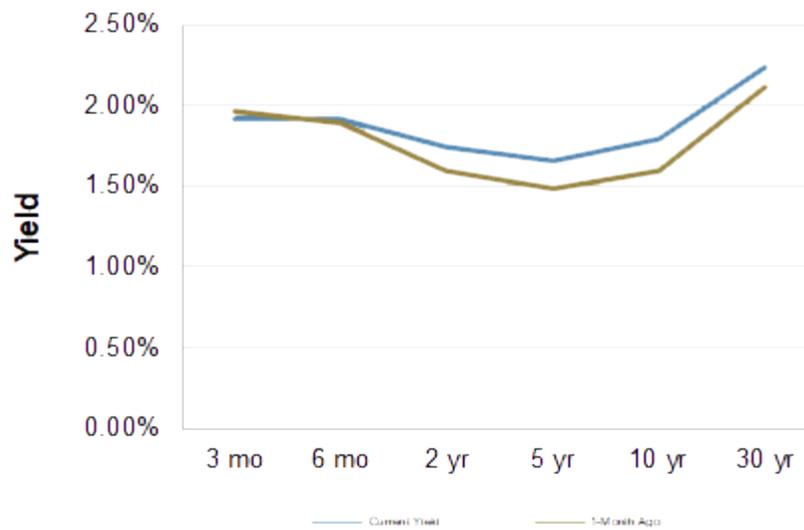
### Commodities

	Last	1 year ago
Crude Oil	58.11	71.12
Gold	1515.80	1208.30

### Bond Rates

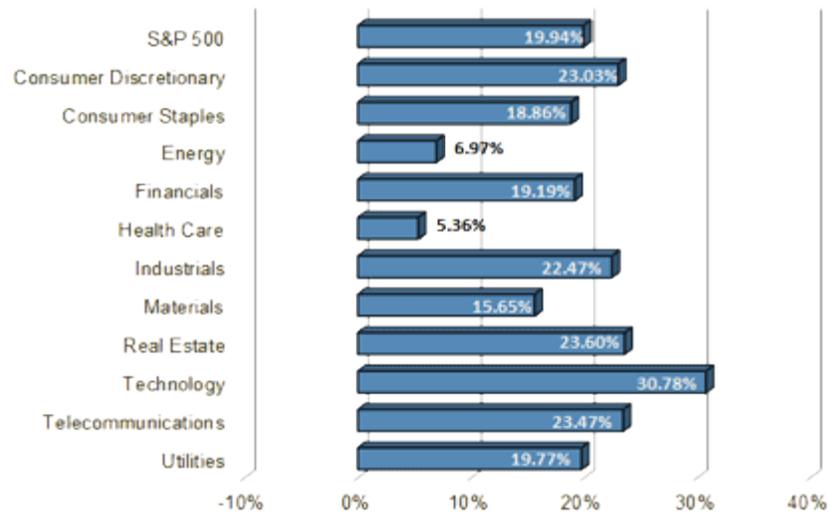
	Last	1 month ago
2-year treasury	1.75	1.59
10-year treasury	1.79	1.60
10-year municipal (TEY)	2.37	1.98

### Treasury Yield Curve – 09/20/2019



As of close of business 09/19/2019

## S&P Sector Performance (YTD) – 09/20/2019



As  
business 09/19/2019

of close of

## Economic Calendar

<b>September 24</b>	—	CB Consumer Confidence (September)
<b>September 25</b>	—	New Home Sales (August)
<b>September 26</b>	—	Jobless Claims (week ending September 21)
	—	Real GDP (2Q19, 3rd estimate)
	—	Advance Economic Indicators (August)
	—	Pending Home Sales Index (August)

<b>September 27</b>	—	Personal Income and Spending (August)
	—	Durable Goods Orders (August)
	—	UM Consumer Sentiment (September)
<b>October 1</b>	—	ISM Manufacturing Index (September)
<b>October 4</b>	—	Employment Report (September)
<b>October 30</b>	—	FOMC Policy Decision
<b>December 11</b>	—	FOMC Policy Decision

All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc. and are subject to change. There is no assurance any of the forecasts mentioned will occur or that any trends mentioned will continue in the future. Investing involves risks including the possible loss of capital. Past performance is not a guarantee of future results. International investing is subject to additional risks such as currency fluctuations, different financial accounting standards by country, and possible political and economic risks, which may be greater in emerging markets. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, and state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Taxable Equivalent Yield (TEY) assumes a 35% tax rate.

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 September 19, 2019.