

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

OCTOBER 18, 2019

Market Commentary

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The trade truce between the U.S. and China may not be much of a deal according to Chinese officials (who wanted further talks), but investors didn't seem to mind (after rallying the previous week). The U.K. and the European Union reached a deal on Brexit, which still had to be approved by Parliament. In its World Economic Outlook, the IMF downgraded its outlook for global growth, noting that "trade growth has come to a near standstill." China reported slower GDP growth.

The U.S. economic data were generally on the weak side of expectations. Retail sales fell unexpectedly in September, with core sales rising only slightly (a clear loss of momentum closing out the third quarter). Industrial production fell, reflecting the strike at General Motors (GM). Residential construction figures were mixed, but showed further improvement in single-family activity. The Index of Leading Economic Indicators fell 0.1% following a 0.2% decline in August (revised from 0.0%), consistent with a slower pace of growth in the near term and an increased chance of a recession in 2020.

Next week, the economic calendar thins out. Home sales figures are expected to have been mixed in September, but the near-term trends are higher. Aircraft orders are expected to have fallen, pushing the headline durable goods figure lower. There is also likely to be some effect from the GM strike. Ex-transportation, the trend in orders is expected to be weak, but not terrible (that is, not the kind of plunge that we would see during a recession). Earnings reports will remain an important driver of equities, while investors will look ahead to the following week, when we get the Fed policy decision, the first look at third quarter GDP, the October Employment Report, and the ISM manufacturing data.

Indices

	Last	Last Week	YTD return %
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DJIA	27025.88	26496.67	15.85%
NASDAQ	8156.85	7950.78	22.93%
S&P 500	2997.95	2938.13	19.59%
MSCI EAFE	1922.29	1853.25	11.77%
Russell 2000	1541.84	1453.25	14.33%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.00	5.25
Fed Funds	1.85	2.17
30-year mortgage	3.79	4.97

Currencies

	Last	1 year ago
Dollars per British Pound	1.289	1.302
Dollars per Euro	1.113	1.145
Japanese Yen per Dollar	108.66	112.21
Canadian Dollars per Dollar	1.314	1.309
Mexican Peso per Dollar	19.198	19.155

Commodities

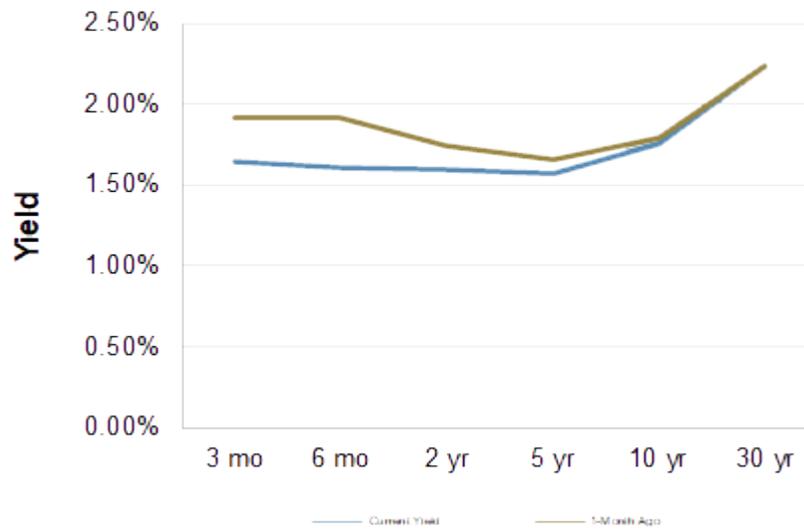
	Last	1 year ago
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Crude Oil	53.93	68.65
Gold	1498.30	1230.10

Bond Rates

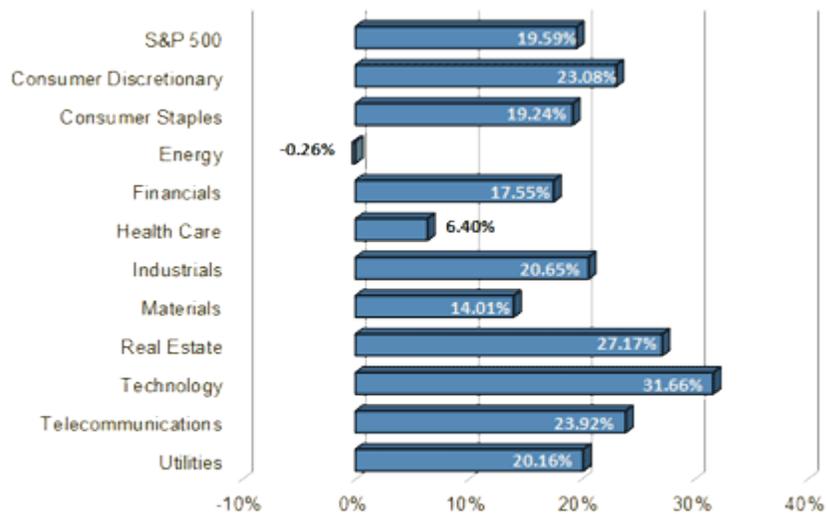
	Last	1 month ago
2-year treasury	1.59	1.75
10-year treasury	1.76	1.79
10-year municipal (TEY)	2.28	2.37

Treasury Yield Curve – 10/18/2019



As of close of business 10/17/2019

S&P Sector Performance (YTD) – 10/18/2019



As of close of business 10/17/2019

Economic Calendar

October 22	—	Existing Home Sales (September)
October 24	—	Jobless Claims (week ending October 12)
	—	Durable Goods Orders (September)
	—	New Home Sales (September)
October 25	—	UM Consumer Sentiment (October)
October 29	—	CB Consumer Confidence (October)
October 30	—	Real GDP (3Q19, advance estimate)

	—	FOMC Policy Decision
October 31	—	Employment Cost Index (3Q19)
	—	Personal Income and Spending (September)
November 4	—	Employment Report (October)
November 4	—	ISM Manufacturing Index
November 11	—	Veterans Day (bond market closed)
November 28	—	Thanksgiving Holiday (markets closed)
December 11	—	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 October 17, 2019.

