

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 20, 2019

Market Commentary

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

Stock market participants remained optimistic, despite impeachment. The economic data were mixed, but consistent with moderate growth in the overall economy.

The House approved (largely along party line) two articles of impeachment against President Trump. There is wide expectation that he will be acquitted in the Senate, whenever that trial takes place.

Real GDP rose at a 2.1% annual rate in the third estimate for 3Q19, same as the second estimate. November personal income and spending data were consistent with about a 2.2% pace of spending growth in 4Q19 (spending accounts for 68% of gross domestic product) – that estimate will change as more information becomes available. Industrial production rose 1.1%, reflecting a rebound from the effects of the GM strike. The Index of Leading Economic Indicators was flat, following three consecutive monthly declines.

Next week, the economic data bunch up on Monday. Durable goods orders tend to be choppy, but seasonal adjustment adds further noise in November and December. Aircraft orders are quirky. Ex-transportation, the data are likely to suggest some stability, but a bigger test will come in 1Q20 (with the production halt of the Boeing 737 Max). New home sales are erratic, but the underlying trend has improved.

Indices

	Last	Last Week	YTD return %
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DJIA	28376.96	28132.05	21.65%
NASDAQ	8887.22	8717.32	33.94%
S&P 500	3205.37	3168.57	27.86%
MSCI EAFE	2022.03	1983.83	17.57%
Russell 2000	1667.09	1644.81	23.62%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.75	5.25
Fed Funds	1.54	2.19
30-year mortgage	3.83	4.64

Currencies

	Last	1 year ago
Dollars per British Pound	1.308	1.261
Dollars per Euro	1.111	1.138
Japanese Yen per Dollar	109.55	112.48
Canadian Dollars per Dollar	1.312	1.348
Mexican Peso per Dollar	18.965	20.116

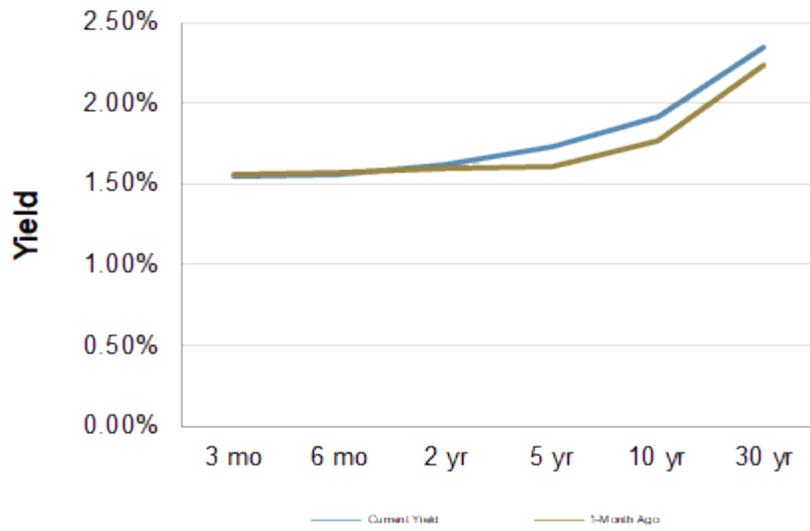
Commodities

	Last	1 year ago
Crude Oil	60.93	47.20
Gold	1478.70	1256.40

Bond Rates

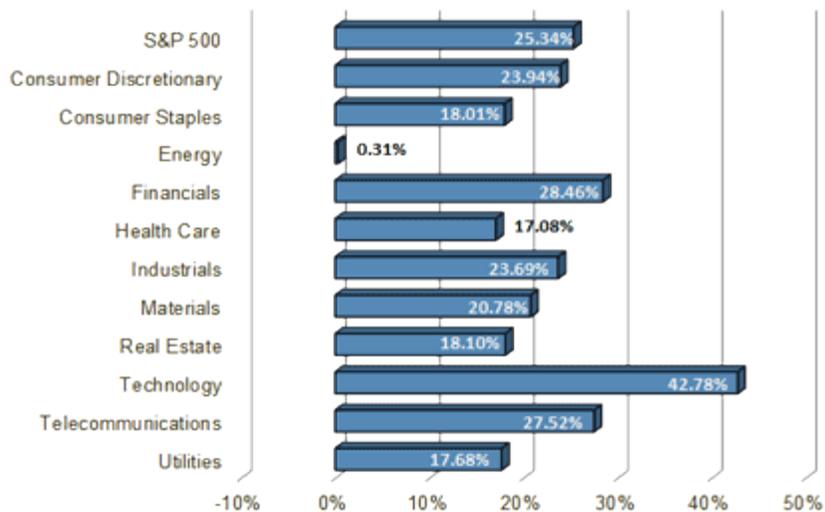
	Last	1 month ago
2-year treasury	1.62	1.60
10-year treasury	1.91	1.77
10-year municipal (TEY)	2.29	2.33

Treasury Yield Curve – 12/20/2019



As of close of business 12/19/2019

S&P Sector Performance (YTD) – 12/20/2019



As of close of business 12/19/2019

Economic Calendar

December 23	—	Durable Goods Orders (November)
	—	New Home Sales
December 25	—	Christmas Holiday (markets closed)
December 26	—	Jobless Claims (week ending December 21)
December 30	—	Chicago Business Barometer (December)
December 31	—	CB Consumer Confidence (December)
January 1	—	New Year's Day (markets closed)

January 3	—	ISM Manufacturing Index (December)
	—	FOMC Minutes (12/10-11)
January 10	—	Employment Report (December)
January 20	—	MLK Day (markets closed)
January 29	—	FOMC Policy Decision
January 30	—	Real GDP (4Q19, advance estimate)
February 2	—	Super Bowl LIV
February 3	—	Iowa Caucus

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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 December 19, 2019.