

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 22, 2019

Market Commentary

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As anticipated, Federal Reserve policymakers left short-term interest rates unchanged and provided some details about the ending of the balance sheet runoff (slowing in May, ending in September, although a further runoff in mortgages will be offset by increased purchases of Treasuries starting in October). The revised dot plot showed that a majority of Fed officials expect to hold rates steady over the course of this year. In contrast, the federal funds futures market is now pricing in a likelihood of a rate cut by the end of the year.

U.S. investors did not appear to be rattled by ongoing Brexit difficulties, but succumbed to recession fears following weak European manufacturing sentiment data and an inverted yield curve (three-month to five-year). A simple yield curve model of recessions is now showing about a 30% chance of entering a downturn in the next 12 months. The baseline forecast is that the economic expansion will continue (the fundamentals remain sound), but the downside risks are what's important, and there is some chance that we could talk ourselves into a recession.

Next week, the Bureau of Economic Analysis will issue revised 4Q18 GDP data on Thursday (this is called the "third" estimate, even though it's actually the second estimate). Fourth quarter growth is expected to be revised down from 2.6% in the "initial" estimate, reflecting somewhat softer consumer spending. February personal income and January consumer spending data arrive on Friday. Farm subsidies and dividends distorted income figures in December and January, but wage and salary growth remained on a moderately strong track (although weather ought to have dampened labor income in February).

[Indices](#)

	Last	Last Week	YTD return %
DJIA	25962.51	25709.94	11.30%
NASDAQ	7838.96	7630.91	18.14%
S&P 500	2854.88	2808.48	13.88%
MSCI EAFE	1900.10	1874.70	10.48%
Russell 2000	1562.41	1549.64	15.86%

Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.50
Fed Funds	2.40	1.42
30-year mortgage	4.29	4.54

Currencies

	Last	1 year ago
Dollars per British Pound	1.311	1.410
Dollars per Euro	1.137	1.230
Japanese Yen per Dollar	110.82	105.28
Canadian Dollars per Dollar	1.336	1.294
Mexican Peso per Dollar	18.861	18.636

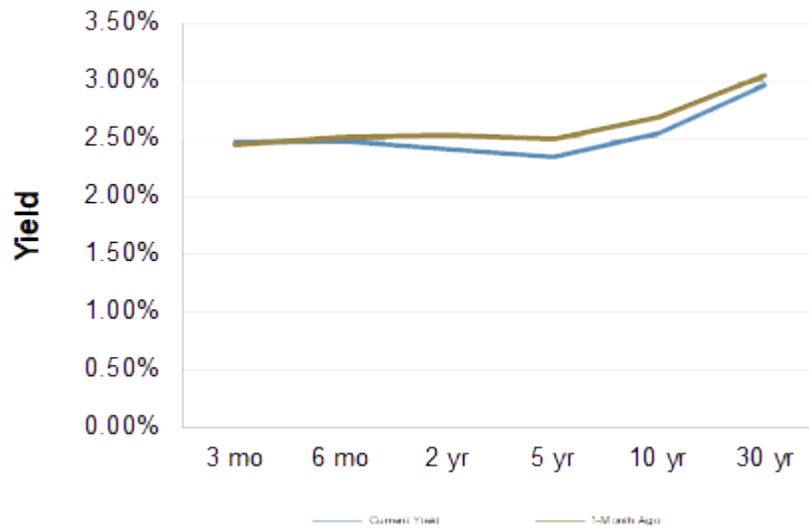
Commodities

	Last	1 year ago
Crude Oil	59.98	64.30
Gold	1313.60	1333.20

Bond Rates

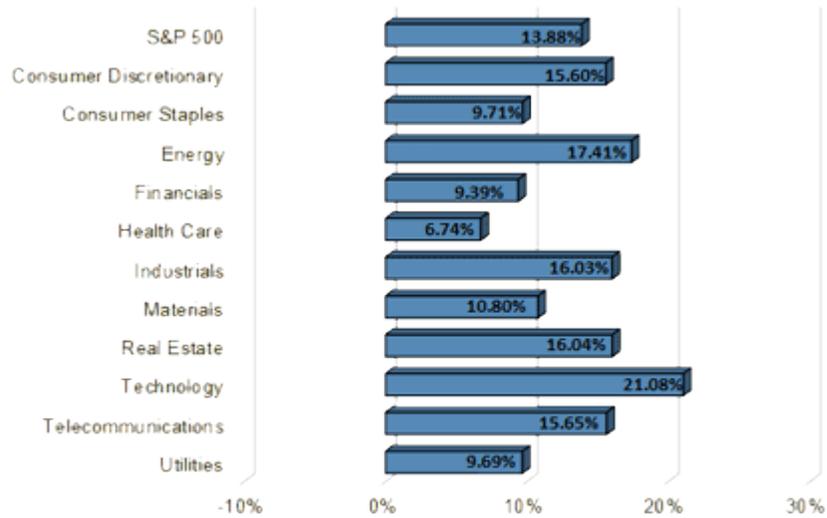
	Last	1 month ago
2-year treasury	2.40	2.52
10-year treasury	2.54	2.68
10-year municipal (TEY)	3.09	3.34

Treasury Yield Curve – 03/22/2019



As of close of business 03/21/2019

S&P Sector Performance (YTD) – 03/22/2019



As of close of business 03/21/2019

Economic Calendar

March 26	—	Building Permits, Housing Starts (February)
	—	CB Consumer Confidence (March)
March 27	—	Trade Balance (January)
	—	Current Account Deficit (4Q18)
March 28	—	Jobless Claims (week ending March 23)
	—	Real GDP (4Q18, "revised" estimate)
	—	Pending Home Sales Index (February)
March 29	—	Personal Income (February) and Spending (January)
	—	New Home Sales (February)
April 1	—	Retail Sales (February)
	—	ISM Manufacturing Index (March)
April 2	—	Durable Goods Orders (February)
April 5	—	Employment Report (March)
April 19	—	Good Friday Holiday (markets closed)

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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 March 21, 2019.