

RAYMOND JAMES

# WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**MARCH 29, 2019**

## **Market Commentary**

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

As expected, the estimate of 4Q18 GDP growth was revised lower (to a 2.2% annual rate, vs. +2.6% in the "initial" estimate), with downward revisions to each of the major components. Other figures were consistent with a relatively modest pace of growth into early 2019, although the partial government shutdown likely contributed to that. Personal spending growth failed to rebound as much as expected in January, while inflation figures were milder than anticipated.

Financial market participants continued to downplay the economic data reports. There's no sign that a recession has currently started. That's not the point. Much of the recent concern has been about the prospects for a recession later this year or in 2020. Economic data for April and May will be important and should show some improvement. Market participants also seem to be indifferent to the prospects for a messy Brexit. Yet, hopes for a U.S./China trade deal remain an important driver.

Next week, the Census Bureau will continue to play catch-up, releasing delayed reports on retail sales and durable goods orders. These will help to fill in the 1Q19 picture. More importantly, the ISM surveys and the employment report will help to gauge the current strength of the economy. Weather (mild in January, worse than usual in February) appears to have generated some volatility in nonfarm payrolls (strong in January, weak in February), but the underlying trend has remained moderate – and we should see the March gain close to that trend.

### **Indices**

	Last	Last Week	YTD return %
--	------	-----------	--------------

DJIA	25717.46	25962.51	10.25%
NASDAQ	7669.16	7838.96	15.58%
S&P 500	2815.44	2854.88	12.31%
MSCI EAFE	1875.96	1900.10	8.49%
Russell 2000	1535.10	1562.41	13.83%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	5.50	4.75
Fed Funds	2.41	1.68
30-year mortgage	4.07	4.51

### Currencies

	Last	1 year ago
Dollars per British Pound	1.319	1.408
Dollars per Euro	1.124	1.231
Japanese Yen per Dollar	110.51	106.85
Canadian Dollars per Dollar	1.341	1.292
Mexican Peso per Dollar	19.362	18.305

### Commodities

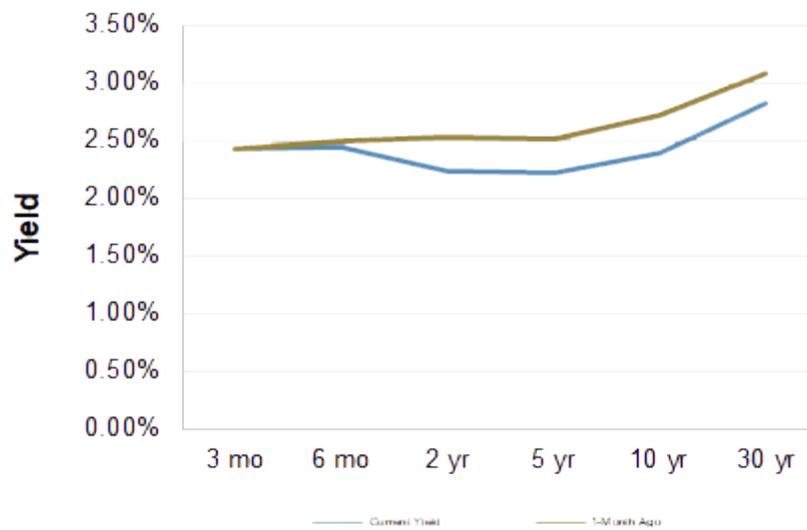
	Last	1 year ago
Crude Oil	59.41	64.38

Gold	1316.90	1330.00
------	---------	---------

### Bond Rates

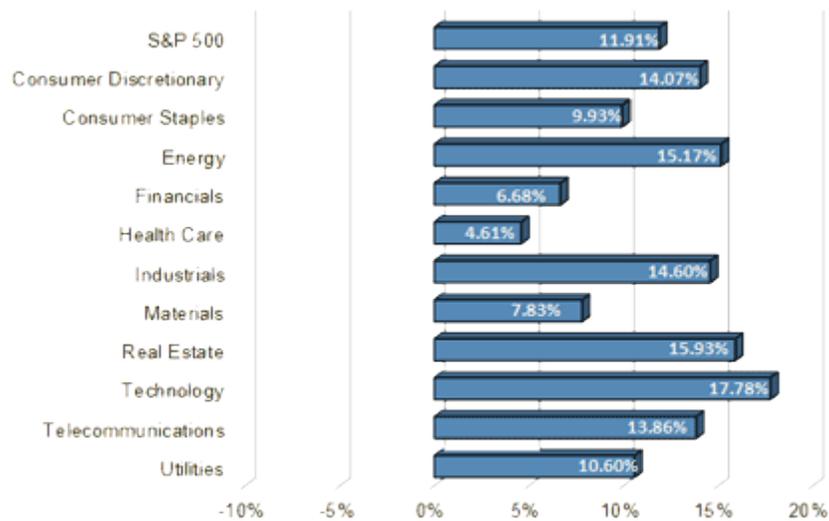
	Last	1 month ago
2-year treasury	2.23	2.52
10-year treasury	2.39	2.71
10-year municipal (TEY)	3.91	3.29

### Treasury Yield Curve – 03/29/2019



As of close of business 03/28/2019

### S&P Sector Performance (YTD) – 03/29/2019



As of close of business 03/28/2019

### Economic Calendar

- |                |   |                                       |
|----------------|---|---------------------------------------|
| <b>April 1</b> | — | Retail Sales (February)               |
|                | — | ISM Manufacturing Index (March)       |
| <b>April 2</b> | — | Durable Goods Orders (February)       |
|                | — | Motor Vehicle Sales (March)           |
| <b>April 3</b> | — | ADP Payroll Estimate (March)          |
|                | — | ISM Non-Manufacturing Index (March)   |
| <b>April 4</b> | — | Jobless Claims (week ending March 30) |
| <b>April 5</b> | — | Employment Report (March)             |

<b>April 10</b>	—	Consumer Price Index (March)
	—	FOMC Minutes (3/19-20)
<b>April 19</b>	—	Retail Sales (March)
<b>April 19</b>	—	Good Friday Holiday (markets closed)
<b>May 1</b>	—	FOMC Policy Decision (Powell press conference)

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 March 28, 2019.

[Raymond James Financial Services, Inc. Member FINRA/SIPC](#)