

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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Market Commentary

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Iran's missile attack on U.S. targets in Iraq and the downing of a Boeing 737 that had taken off from Tehran (on route to Kyiv) had a short-lived impact on the financial markets as tensions quickly de-escalated.

The December Employment Report was close to expectations. Nonfarm payrolls rose by 145,000 (median forecast: +160,000), with a net downward revision of 14,000 to October and November. Private-sector payrolls rose by 139,000, leaving the three-month average at 182,000 – a 162,000 average in 2019 (vs. 215,000 in 2018, although the 2018 figure will be revised lower in next month's benchmark revision). The unemployment rate held steady at 3.5% (benchmark revisions to the household survey data were minor). For those aged 25 to 54, the unemployment rate remained at 3.0%, while the employment/population ratio hit 80.4%, the highest since the 2001 recession. Despite the tight job market, average hourly earnings rose just 0.1% (+2.9% y/y).

The ISM Non-Manufacturing Index rose to 55.0 in December, vs. 53.9 in November and 54.7 in October, consistent with moderate growth in the overall economy. Unit motor vehicle sales fell to a 16.7 million seasonally adjusted annual rate in December, vs. 17.1 million in November and 17.4 million a year ago.

Next week, the mid-month economic data reports will help to fill in the picture for 4Q19, but are unlikely to move the financial markets (which ought to be more interested in geopolitical developments). Retail sales are expected to post a moderate gain in December (watch for possible revisions to November). Industrial production should be about flat. The CPI should end the year up by about 2.3% overall and ex-food & energy – however, the PCE Price Index, the Fed's preferred inflation gauge, has been trending well below that.

Indices

	Last	Last Week	YTD return %
DJIA	28956.90	28868.80	1.47%
NASDAQ	9203.43	9092.19	2.57%
S&P 500	3274.70	3257.85	1.36%
MSCI EAFE	2036.11	2048.95	-0.04%
Russell 2000	1664.99	1666.77	-0.21%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.75	5.50
Fed Funds	1.75	2.40
30-year mortgage	3.75	4.59

Currencies

	Last	1 year ago
Dollars per British Pound	1.307	1.275
Dollars per Euro	1.111	1.150
Japanese Yen per Dollar	109.52	108.43
Canadian Dollars per Dollar	1.306	1.324
Mexican Peso per Dollar	18.839	19.127

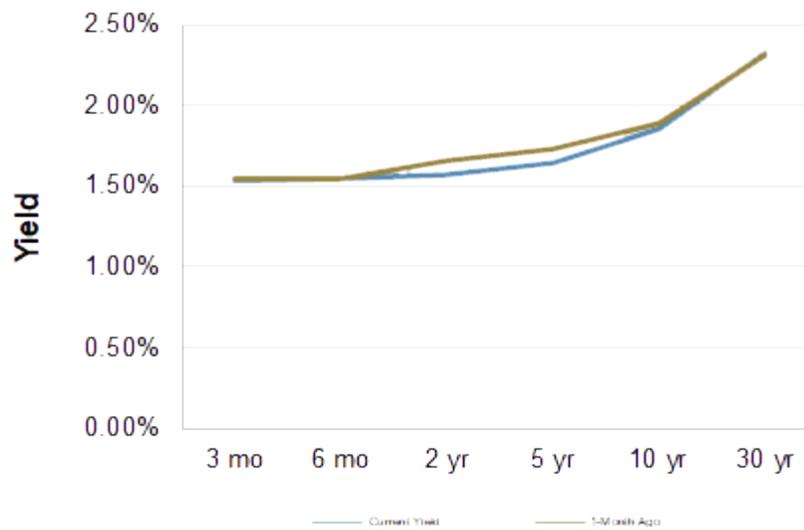
Commodities

	Last	1 year ago
Crude Oil	59.56	52.59
Gold	1554.30	1287.40

Bond Rates

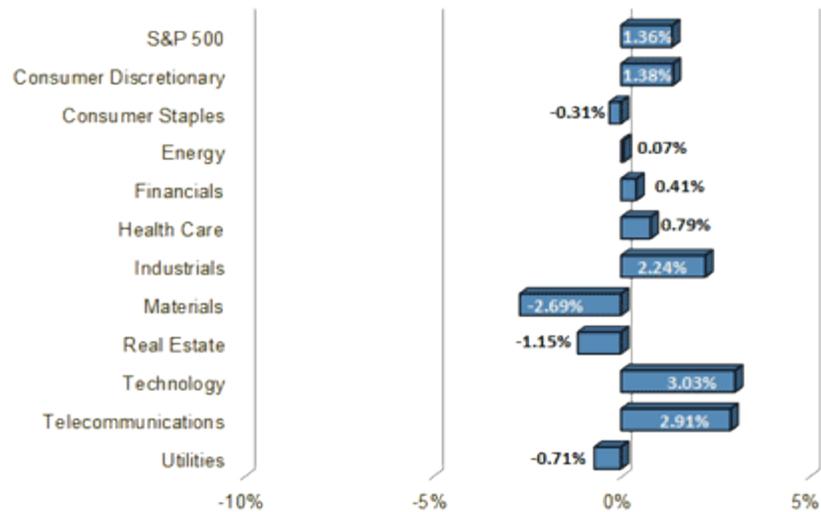
	Last	1 month ago
2-year treasury	1.58	1.66
10-year treasury	1.85	1.89
10-year municipal (TEY)	2.12	2.28

Treasury Yield Curve – 01/10/2020



As of close of business 01/09/2020

S&P Sector Performance (YTD) – 01/10/2020



As of close of business 01/09/2020

Economic Calendar

January 13	—	CFP National Championship (New Orleans)
January 14	—	Small Business Optimism (December)
	—	Consumer Price Index (December)
January 15	—	Producer Price Index (December)
	—	Fed Beige Book
January 16	—	Jobless Claims (week ending January 11)

	—	Retail Sales (December)
	—	Homebuilder Sentiment (January)
January 17	—	Building Permits, Housing Starts (December)
January 17	—	Industrial Production (December)
January 20	—	MLK Day (markets closed)
January 20	—	IMF World Economic Outlook (Davos)
January 29	—	FOMC Policy Decision
January 30	—	Real GDP (4Q19, advance estimate)
February 2	—	Super Bowl LIV
February 3	—	Iowa Caucus
February 3	—	Employment Report (January)

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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 January 9, 2020.