

WEEKLY MARKETS SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MAY 1, 2020

Market Commentary

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

Real GDP fell at a 4.8% annual rate in the advance estimate for 1Q20, reflecting sharp declines in consumer spending (-7.6%) and business fixed investment (-8.6%). Personal spending fell 7.5% in March (-3.8% y/y), reflecting sharp declines in motor vehicles, gasoline, clothing, and restaurants (partly offset by increased sales at grocery stores). Jobless claims fell to 3.84 million in the week ending April 25, down in recent weeks but still extremely elevated. Prior to seasonal adjustment, 27.9 million people have filed claims in the past six weeks – that's 17% of the labor force (or one in six workers). The ISM Manufacturing Index fell less than feared in April (41.5, vs. 49.1 in March), but largely because of virus-related supply chain disruptions, which lengthened supplier delivery times. New orders, production and employment fell sharply. The Conference Board's Consumer Confidence Index fell to 86.9 in the initial estimate for April, vs. 118.8 in March and 132.6 in February. Within the report, the Present Situation Index fell 90 points, the largest decline on record.

Following the April 28-29 policy meeting, Federal Reserve officials left short-term interest rates unchanged and retained their guidance that rates will remain low until the economy is firmly back on track. Fed Chair Powell said that the central bank will use its full range of tools to support the economy.

Next week, the focus will be on Friday's employment figures, which are expected to be horrible. However, classification problems are likely to be amplified by the sheer magnitude of job loss. In the household survey (unemployment rate, labor force participation), someone furloughed (not formally laid off, but with zero hours) should be counted as "unemployed on temporary layoff." However, the BLS indicated that this was a problem in March, understating the unemployment rate by a full percentage point. In the establishment survey (payrolls, hours and wages), a furloughed worker will still be counted as a payroll job if paid for any time during the pay period that includes the 12th.

Indices

	Last	Last Week	YTD return %
DJIA	24345.72	23515.26	-14.69%
NASDAQ	8889.55	8494.75	-0.93%
S&P 500	2912.43	2797.80	-9.85%
MSCI EAFE	1657.69	1602.60	-18.62%
Russell 2000	1310.66	1214.07	-21.45%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.50
Fed Funds	0.00	2.45
30-year mortgage	3.19	4.29

Currencies

	Last	1 year ago
Dollars per British Pound	1.259	1.305
Dollars per Euro	1.096	1.120
Japanese Yen per Dollar	107.18	111.38
Canadian Dollars per Dollar	1.395	1.345
Mexican Peso per Dollar	24.174	18.996

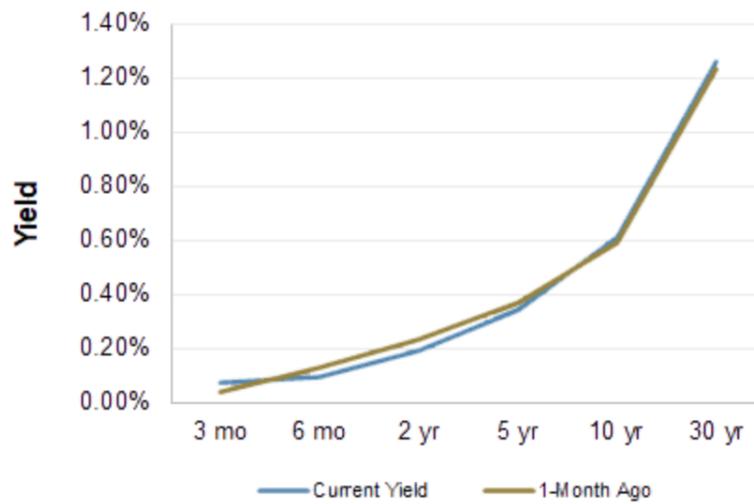
Commodities

	Last	1 year ago
Crude Oil	18.84	63.60
Gold	1694.20	1284.20

Bond Rates

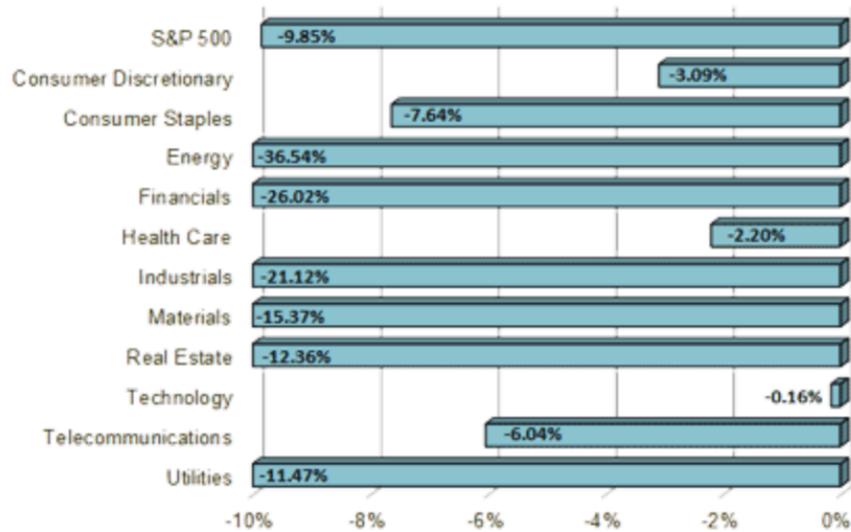
	Last	1 month ago
2-year treasury	0.19	0.23
10-year treasury	0.61	0.59
10-year municipal (TEY)	2.22	2.83

Treasury Yield Curve – 05/01/2020



As of close of business 04/30/2020

S&P Sector Performance (YTD) – 05/01/2020



As of close of business 04/30/2020

Economic Calendar

May 4	—	Factory Orders (March)
May 5	—	Trade Balance (March)
	—	ISM Non-Manufacturing Index (April)
May 6	—	ADP Payroll Estimate (April)
May 7	—	Challenge Job-Cuts (April)
	—	Jobless Claims (week ending May 2)
	—	NF Productivity (1Q20)
May 8	—	Employment Report (April)
May 12	—	Consumer Price Index (April)
May 15	—	Retail Sales (April)
	—	Industrial Production (April)
	—	UM Consumer Sentiment (mid-May)
May 25	—	Memorial Day 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 April 16, 2020.

JOHN MCRAE
Branch Manager
Branch 4CU/SD 9593
T 601-484-5273

512 22nd Avenue, Meridian, MS 39301

