

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MAY 29, 2020

Market Commentary

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

The stock market rose in the first part of the week, boosted by optimism about the economy. Tensions with China, which the market ignored earlier in the week, appeared to matter more later on.

Personal income rose a surprising 10.5% in the initial estimate for April, as “recovery rebate” checks and unemployment benefits offset an 8.9% drop in private-sector wages and salaries. Personal spending plunged 13.6%, following a 6.9% decline in March (-17.2% y/y). Ex-food and energy, the PCE Price Index fell 0.4%, up 0.9% year-over-year (vs. the Fed’s goal of 2%). Jobless claims continued to trend lower in the week ending May 23 (at 2.123 million, still very high). Continuing claims for the prior week fell by 3.86 million, although that figure doesn’t include pandemic assistance. The estimate of 1Q20 GDP growth was revised to a -5.0% annual rate (vs. -4.8% in the advance estimate), reflecting a larger decline in inventories and somewhat smaller declines in consumer spending and business investment. Durable goods orders plunged 17.2% in April (following a 16.6% decline in March), reflecting further cancellations of aircraft orders. Ex-transportation, orders fell 7.4%, a smaller decline than anticipated.

Next week, we’re unlikely to see much evidence of a recovery in the May economic data (although a number of real-time indicators point to a pickup). ISM surveys are likely to reflect less weakness (which some may view as “improvement”). Friday’s employment report is expected to show further job losses and an increase in the unemployment rate, but the data will be subject to a number of distortions (data collection, seasonal adjustment).

Indices

	Last	Last Week	YTD return %
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DJIA	25400.64	24474.12	-10.99%
NASDAQ	9368.99	9284.88	4.42%
S&P 500	3029.73	2948.51	-6.22%
MSCI EAFE	1743.06	1656.36	-14.43%
Russell 2000	1400.67	1347.56	-16.05%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.50
Fed Funds	0.00	2.37
30-year mortgage	3.10	2.58

Currencies

	Last	1 year ago
Dollars per British Pound	1.232	1.263
Dollars per Euro	1.108	1.113
Japanese Yen per Dollar	107.65	109.59
Canadian Dollars per Dollar	1.376	1.352
Mexican Peso per Dollar	22.201	18.132

Commodities

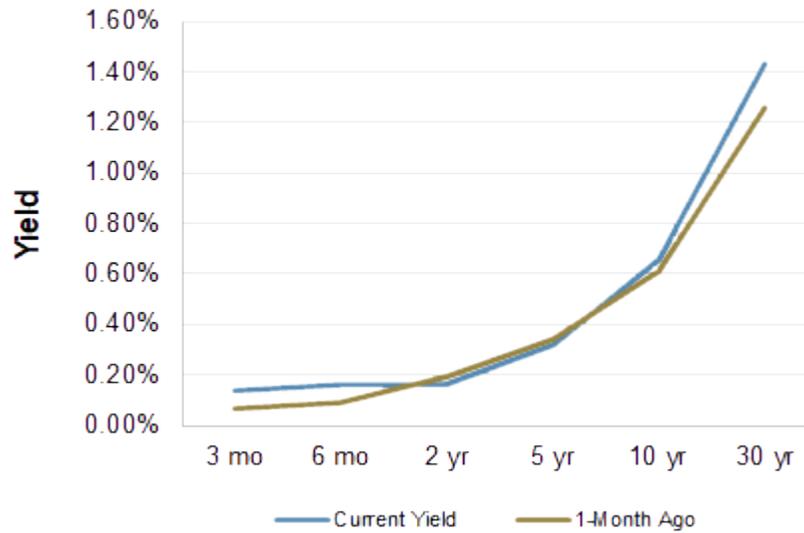
	Last	1 year ago
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Crude Oil	33.71	58.81
Gold	1728.30	1286.30

Bond Rates

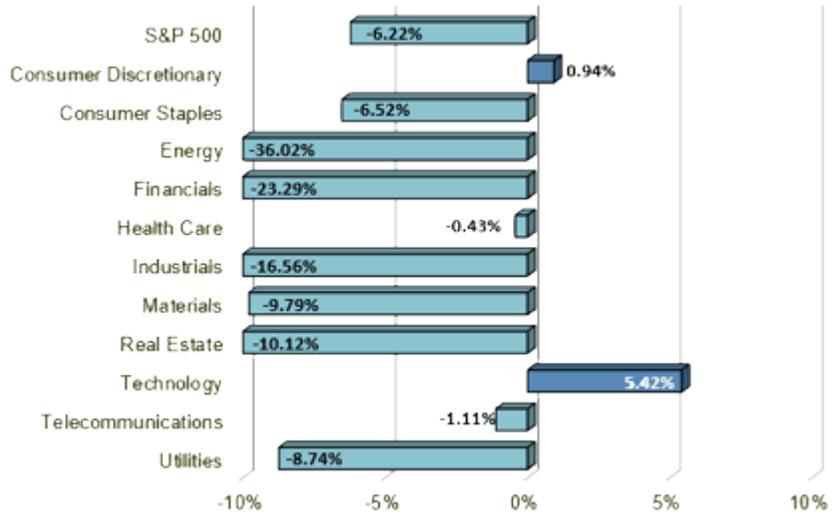
	Last	1 month ago
2-year treasury	0.16	0.19
10-year treasury	0.66	0.61
10-year municipal (TEY)	1.26	2.22

Treasury Yield Curve – 05/29/2020



As of close of business 05/28/2020

S&P Sector Performance (YTD) – 05/29/2020



As of close of business 05/28/2020

Economic Calendar

June 1	—	ISM Manufacturing Index (May)
June 1	—	Motor Vehicle Sales (May)
June 3	—	ADP Payroll Estimate (May)
	—	ISM Non-Manufacturing Index (May)
June 4	—	Jobless Claims (week ending May 30)
	—	Trade Balance (April)
June 5	—	Employment Report (May)

- June 10** — Consumer Price Index (May)
- FOMC Policy Decision
- Powell Press Conference
- June 16** — Retail Sales (May)
- Industrial Production
- July 29** — FOMC Policy Decision

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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 May 28, 2020.

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