

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 10, 2020

Market Commentary

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

The economic calendar was thin. Investors remained concerned about rising cases of COVID-19. A return to a full lockdown appears unlikely, but the pace of improvement in the economy is expected to slow.

The ISM Non-Manufacturing Index rose to 57.1 in June, vs. 41.8 in April and 45.4 in May (a figure above 50 indicates expansion). The report showed business activity and new orders rebounding sharply, but employment continued to decline (less than in the two previous months). Jobless claims fell to 1.314 million, a larger-than-expected decline. However, claims figures are often quirky around major holidays and the level remains elevated. The Producer Price Index (PPI) fell 0.2% in June, largely reflecting a drop in food prices (following a surge in May). Ex-food, energy and trade services, the PPI rose 0.3% (-0.1% y/y).

Next week, the mid-month economic data reports are expected to reflect further improvement in the economy, but investors are likely to keep a close eye on the escalation in COVID-19 cases. Treasury will report another whopping budget deficit. Higher gasoline prices should add to the headline Consumer Price Index figure in June, but core inflation is expected to remain mild. Industrial production should pick up, reflecting a broad-based rebound in factory activity. Jobless claims will remain subject to seasonal distortions (the Independence Day holiday, the end of the school year), but the trend should remain lower (although still uncomfortably high). Retail sales are expected to have risen further, partly reflecting pent-up demand from the lockdown period. Residential construction figures are likely to be mixed (watch single-family permits).

Indices

	Last	Last Week	YTD return %
DJIA	25706.09	25734.97	-9.92%
NASDAQ	10547.75	10154.63	17.56%
S&P 500	3152.05	3115.86	-2.44%
MSCI EAFE	1805.62	1783.59	-11.36%
Russell 2000	1398.92	1427.31	-16.16%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.50
Fed Funds	0.00	2.38
30-year mortgage	2.91	3.88

Currencies

	Last	1 year ago
Dollars per British Pound	1.2606	1.250
Dollars per Euro	1.1285	1.125
Japanese Yen per Dollar	107.20	108.46
Canadian Dollars per Dollar	1.359	1.308
Mexican Peso per Dollar	22.621	19.139

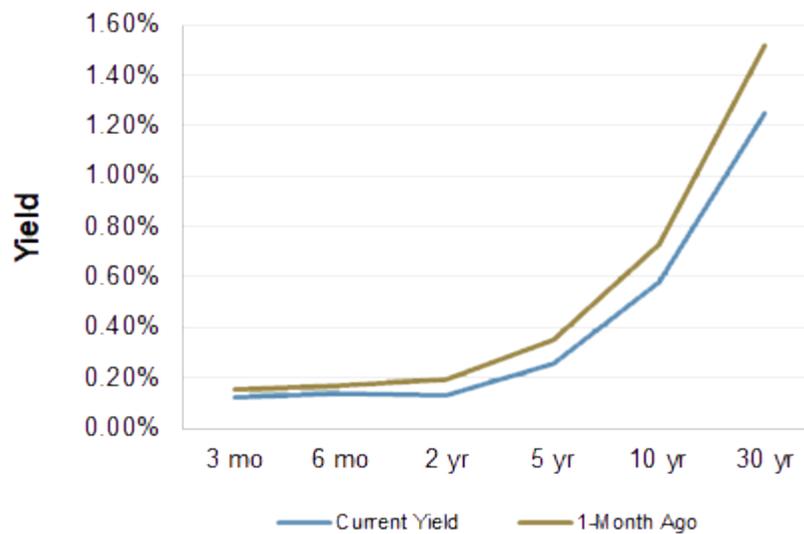
Commodities

	Last	1 year ago
Crude Oil	39.62	60.43
Gold	1803.80	1412.50

Bond Rates

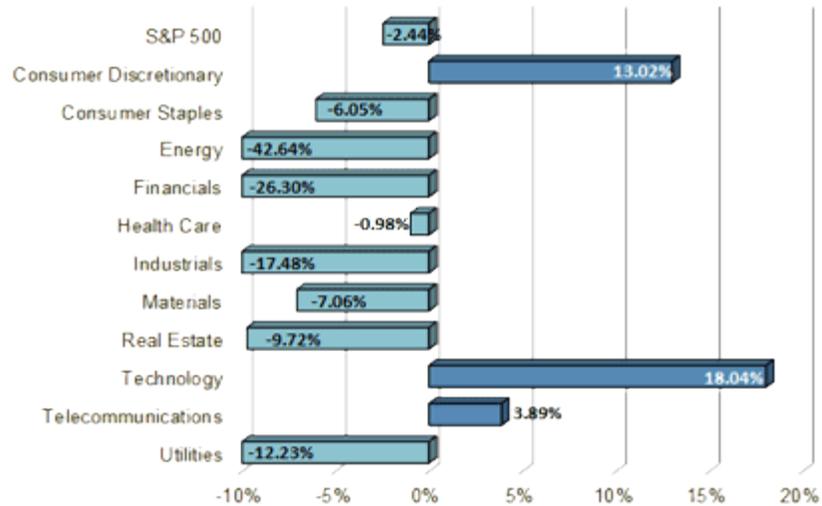
	Last	1 month ago
2-year treasury	0.14	0.20
10-year treasury	0.57	0.74
10-year municipal (TEY)	1.28	1.30

Treasury Yield Curve – 07/10/2020



As of close of business 07/09/2020

S&P Sector Performance (YTD) – 07/10/2020



As of close of business 07/09/2020

Economic Calendar

- | | | |
|---------|---|------------------------------|
| July 13 | — | Treasury Budget (June) |
| July 14 | — | Consumer Price Index (June) |
| July 15 | — | Tax Day |
| | — | Import Prices (June) |
| | — | Industrial Production (June) |
| | — | Fed Beige Book |

July 16	—	Jobless Claims (week ending July 11)
	—	Retail Sales (June)
	—	Homebuilder Sentiment (June)
July 17	—	Building Permits, Housing Starts (June)
	—	UM Consumer Sentiment (mid-July)
July 22	—	Existing Home Sales (June)
July 24	—	New Home Sales (June)
July 29	—	FOMC Policy Decision
July 30	—	Real GDP (2Q20, adv. est., benchmark revisions)
July 30	—	Employment Report (July)

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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 July 9, 2020.