

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 21, 2020

Market Commentary

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

In the minutes of the July 28-29 FOMC meeting, participants expected no change in policy rates anytime soon, but officials saw a need for more clarity regarding the likely path, such as adopting output-based forward guidance.

Residential construction figures rose much more than expected in July, with single-family permits up 17.0% (+9.4% y/y). The Conference Board's Index of Leading Economic Indicators rose 1.4% in July, as expected. However, the report noted that "despite recent gains in the LEI, which remain fairly broad-based, the initial post-pandemic recovery appears to be losing steam." Jobless claims rose above 1.1 million in the week ending August 15. While the headline figure is exaggerated by the seasonal adjustment in August, the unadjusted figure (892,000) remains extremely high by historical standards.

Next week, the 2nd estimate of 2Q20 GDP is likely to show a somewhat smaller rate of decline. The week's other data, including July personal income and spending figures, durable goods orders, and consumer confidence should remain consistent with a more moderate pace of recovery (following sharp-but-partial improvement in May and June). On Thursday, Fed Chair Powell will speak on the central bank's review of its monetary policy strategy.

Indices

	Last	Last Week	YTD return %
DJIA	27739.73	27896.72	-2.80%

NASDAQ	11264.95	11042.50	25.55%
S&P 500	3385.51	3373.43	4.79%
MSCI EAFE	1885.94	1912.76	-7.41%
Russell 2000	1564.30	1579.79	-6.24%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.25
Fed Funds	0.00	2.10
30-year mortgage	3.06	3.65

Currencies

	Last	1 year ago
Dollars per British Pound	1.3214	1.213
Dollars per Euro	1.186	1.109
Japanese Yen per Dollar	105.80	106.62
Canadian Dollars per Dollar	1.319	1.329
Mexican Peso per Dollar	22.076	19.685

Commodities

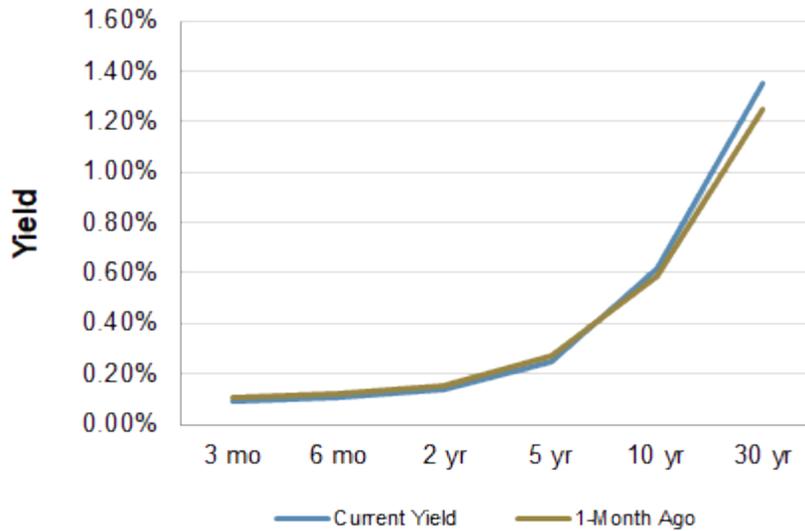
	Last	1 year ago
Crude Oil	42.82	55.35

Gold	1946.50	1515.70
------	---------	---------

Bond Rates

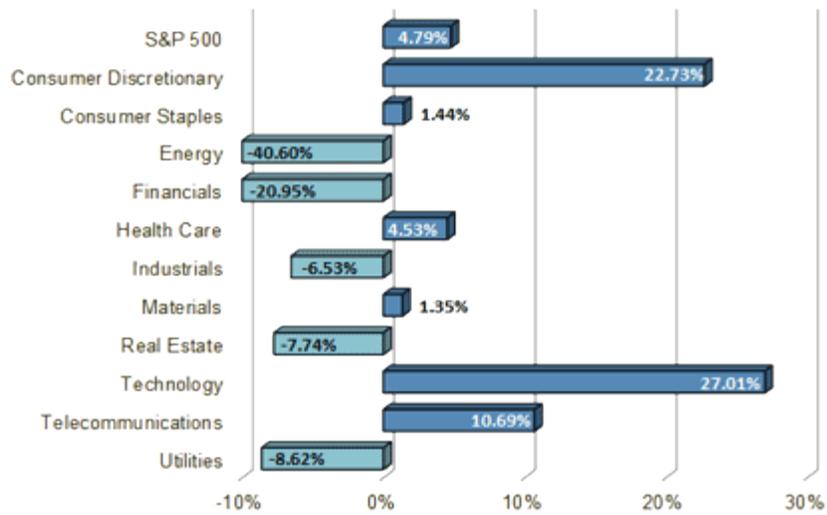
	Last	1 month ago
2-year treasury	0.14	0.15
10-year treasury	0.62	0.59
10-year municipal (TEY)	1.11	1.08

Treasury Yield Curve – 08/21/2020



As of close of business 08/20/2020

S&P Sector Performance (YTD) – 08/21/2020



As of close of business 08/20/2020

Economic Calendar

August 25	—	CB Consumer Confidence (August)
August 26	—	Durable Goods Orders (July)
August 27	—	Jobless Claims (week ending August 22)
	—	Real GDP (2Q20, 2nd estimate)
	—	Pending Home Sales Index (July)
August 28	—	Personal Income and Spending (July)
	—	UM Consumer Sentiment (August)
	—	Fed Chair Powell speaks

September 1	—	ISM Manufacturing Index (August)
September 4	—	Employment Report (August)
September 7	—	Labor Day Holiday (markets closed)
September 16	—	FOMC Policy Decision
November 3	—	Election Day

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 August 20, 2020.

JOHN MCRAE

Branch Manager

Branch 4CU/SD 9593

T 601-484-5273