

# RAYMOND JAMES

## WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

SEPTEMBER 18, 2020

### Market Commentary by Scott J. Brown, Ph.D., Chief Economist

There were no significant surprises following the Federal Open Market Committee (FOMC) meeting. As expected, short-term interest rates were left unchanged and the FOMC did not alter its asset purchase plans. In the revised Summary of Economic Projections, Fed officials are now looking for a 3.7% decline in GDP in 2020 (4Q/4Q), vs. the June estimate of -6.5%, while forecasts of growth for 2021 and 2022 were less robust than in June. The revised dot plot showed that most officials (14 of 17) expect no change in rates through 2023.

Retail sales rose 0.6% in August (+2.6% y/y), up 1.9% from February (although the composition of spending has shifted since February and the pandemic hit was largely concentrated in consumer services). Industrial production rose 0.4% (-7.7% y/y), held back by a seasonal adjustment quirk in motor vehicle output. Ex-autos, factory output rose 1.4% (-7.3% y/y), stronger across industries (but showing generally more moderate improvement than in July) – down 7.0% from February. Single-family building permits rose 6.0% in August (+15.6% y/y), up 4.2% from February (and February was strong).

Next week, August home sales are expected to be limited only by supply constraints. Durable goods orders should reflect further aircraft order cancellations and will be subject to seasonal noise in motor vehicles (summer plant closings were more modest this year). Otherwise, orders can be expected to show moderate improvement. Fed Chair Powell will testify three times, but his comments are unlikely to be market-moving. The following week will be much more eventful.

### Indices

	Last	Last Week	YTD return %
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DJIA	27901.98	27534.58	-2.23%
NASDAQ	10910.28	10819.59	21.60%
S&P 500	3357.01	3339.19	3.91%
MSCI EAFE	1911.18	1897.15	-6.17%
Russell 2000	1542.60	1507.75	-7.54%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.00
Fed Funds	0.08	2.15
30-year mortgage	3.02	3.77

### Currencies

	Last	1 year ago
Dollars per British Pound	1.2973	1.247
Dollars per Euro	1.1848	1.103
Japanese Yen per Dollar	104.74	108.45
Canadian Dollars per Dollar	1.317	1.329
Mexican Peso per Dollar	20.869	19.397

### Commodities

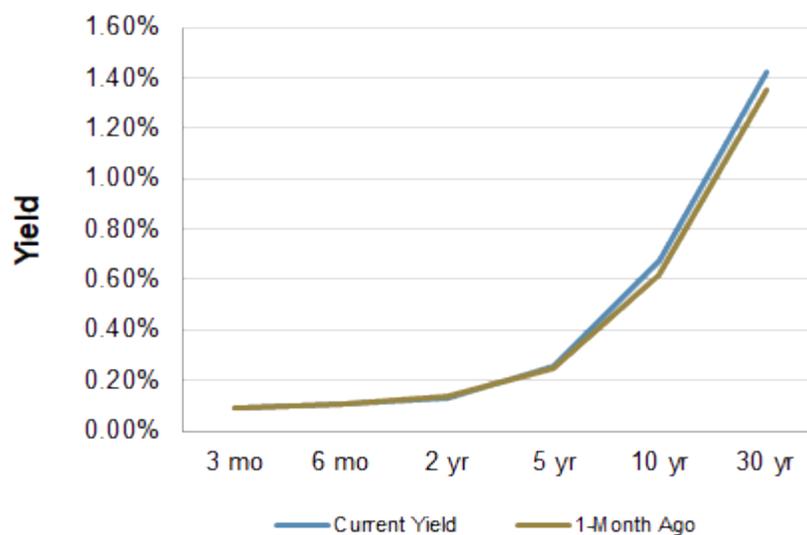
	Last	1 year ago
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Crude Oil	40.97	58.11
Gold	1949.90	1515.80

### Bond Rates

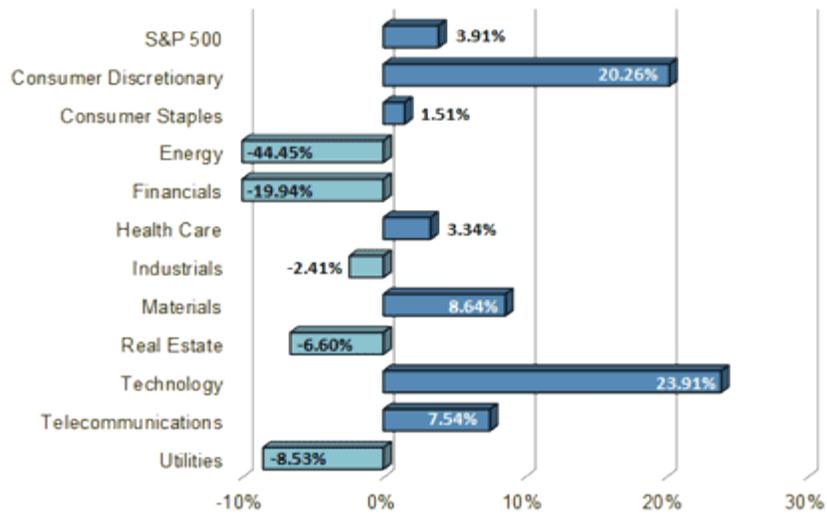
	Last	1 month ago
2-year treasury	0.13	0.14
10-year treasury	0.67	0.62
10-year municipal (TEY)	1.26	1.11

### Treasury Yield Curve – 09/18/2020



As of close of business 09/17/2020

### S&P Sector Performance (YTD) – 09/18/2020



As of close of business 09/17/2020

## Economic Calendar

<b>September 22</b>	—	Existing Home Sales (August)
	—	Powell Testimony (House, CARES Act)
<b>September 23</b>	—	Powell Testimony (House, Coronavirus Response)
<b>September 24</b>	—	Jobless Claims (week ending September 19)
	—	New Home Sales (August)
	—	Powell Testimony (Senate, CARES Act)
<b>September 25</b>	—	Durable Goods Orders (August)

<b>September 29</b>	—	1st Presidential Debate (Cleveland)
<b>October 1</b>	—	ISM Manufacturing Index (September)
<b>October 2</b>	—	Employment Report (September)
<b>October 29</b>	—	Real GDP (3Q20, advance estimate)
<b>November 3</b>	—	Election Day
<b>November 5</b>	—	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 September 17, 2020.