

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

OCTOBER 2, 2020

Market Commentary

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There was a lot of economic data to digest, but market participants focused more on the chaotic presidential debate and the news that President Trump tested positive for COVID-19.

Nonfarm payrolls rose by 661,000 in the initial estimate for September; good, but slower than in recent months and still 10.7 million (7.0%) short of where we were in February. The unemployment rate edged down to 7.9%, but largely because people exited the labor force (to be counted as “unemployed” you have to be actively looking for a job, and many give up). If labor force growth had remained on trend after February, the unemployment rate would be reported as closer to 10.6%.

Personal income fell 2.7% in August, as unemployment benefits fell 53.0%. Aggregate private-sector wages and salaries rose 1.3% (-0.4% y/y), 4.2% below the February level. Personal spending rose 1.0%, up 18.6% from April, but down 3.4% from February and mixed (gains in consumer durables, ongoing weakness in consumer services). Real GDP fell at a 31.4% annual rate in the third estimate for 2Q20 (not much different from the second estimate of -31.7%). The Conference Board’s Consumer Confidence Index rose to 101.8 in September, up from 86.3 in August (it was 132.6 in February). The ISM Manufacturing Index edged back to 55.4 in September, from 56.0 in August, with details consistent with more moderate growth.

Next week, the economic calendar is light. The ISM Non-Manufacturing Index should be consistent with moderate growth in the overall economy. The trade balance should have widened in August. Jobless claims are expected to be little changed, as California remains in a two-week pause in claims processing. The vice presidential debate is likely to be a little more “presidential.” FOMC minutes are unlikely to shed new light on the Fed’s thinking. Chair Powell will speak on the economic outlook on Tuesday morning.

Indices

	Last	Last Week	YTD return %
DJIA	27816.90	26851.44	-2.53%
NASDAQ	11326.51	10672.27	26.23%
S&P 500	3380.80	3246.59	4.64%
MSCI EAFE	1859.54	1830.90	-8.71%
Russell 2000	1531.20	1451.82	-8.23%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.00
Fed Funds	0.08	1.85
30-year mortgage	3.04	3.62

Currencies

	Last	1 year ago
Dollars per British Pound	1.2891	1.230
Dollars per Euro	1.1748	1.096
Japanese Yen per Dollar	105.53	107.18
Canadian Dollars per Dollar	1.329	1.333
Mexican Peso per Dollar	21.825	19.795

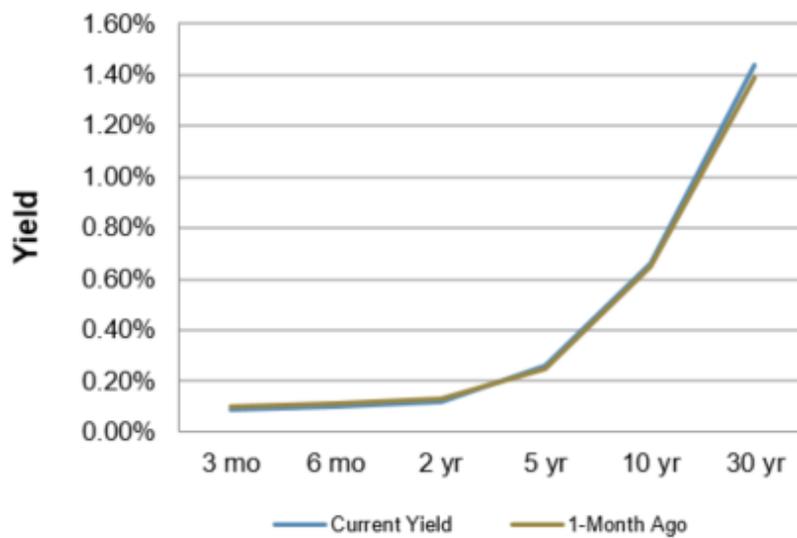
Commodities

	Last	1 year ago
Crude Oil	38.72	52.64
Gold	1916.30	1507.90

Bond Rates

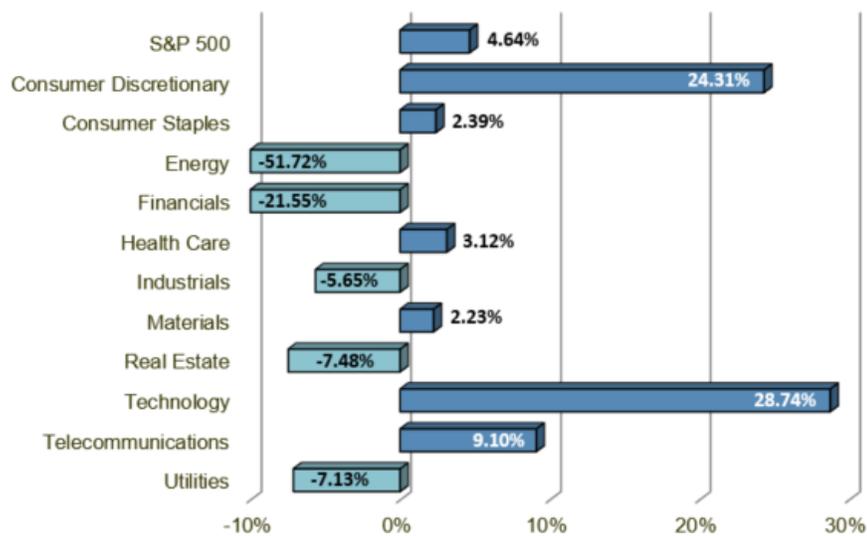
	Last	1 month ago
2-year treasury	0.12	0.13
10-year treasury	0.66	0.65
10-year municipal (TEY)	1.31	1.25

Treasury Yield Curve – 10/02/2020



As of close of business 10/01/2020

S&P Sector Performance (YTD) – 10/02/2020



As of close of business 10/01/2020

Economic Calendar

October 5	—	ISM Non-Manufacturing Index (September)
October 6	—	Trade Balance (August)
	—	Fed Chair Powell on the Economic Outlook
October 7	—	FOMC Minutes (9/15-16)
	—	Vice Presidential Debate (Salt Lake City)
October 8	—	Jobless Claims (week ending October 3)
October 12	—	Columbus Day (bond market closed)
October 29	—	Real GDP (3Q20, advance estimate)

November 3 — Election Day

November 5 — 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 October 1, 2020.