

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 11, 2020

Market Commentary

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Jobless claims jumped to 853,000 in the week ending December 5 (from 716,000 in the previous week). Claims are choppy around major holidays, but this latest increase could reflect the impact of the current surge in COVID-19 cases (look for confirmation in the December 17 release). Claims have been distorted throughout the pandemic, reflecting repeat filings and some degree of fraud. The total number of individuals receiving some kind of unemployment benefit was 19.0 million in the week ending November 21 (in the employment report, the number officially “unemployed” was 6.7 million).

The Consumer Price Index (CPI) rose 0.2% in November (+1.2% y/y), also up 0.2% excluding food and energy (+1.6% y/y). Note that the price of the home does not factor into the shelter component of the CPI. The Bureau of Labor Statistics seeks to measure the cost of the service that housing provides, not the asset value, and so considers the rental equivalent for homeowners. Homeowners’ equivalent rent (24% of the overall CPI and 30% of the core CPI) rose 2.3% over the last 12 months (vs. 3.3% in the 12 months before that). Ex-food, energy and shelter, the CPI rose 1.4% in the 12 months ending in November (vs. 1.6% over the 12 months ending November 2019).

Next week, the Federal Open Market Committee is expected to leave short-term interest rates unchanged. The Summary of Economic Projections will include new graphs on senior Fed officials’ assessments of risk and uncertainty. In the September dot plot, most officials expected the federal funds rate to remain near 0% through 2023. Will the news on vaccines change that? Perhaps, but probably not a lot. In his press conference, Chair Powell is likely to plead further for fiscal support. Retail sales are expected to have risen modestly in November (unit vehicle sales fell and gasoline prices dipped), but seasonal adjustment could magnify the effects of the pandemic.

Indices

	Last	Last Week	YTD return %
DJIA	29999.26	29969.52	5.12%
NASDAQ	12405.81	12377.18	38.26%
S&P 500	3668.10	3666.72	13.54%
MSCI EAFE	2100.00	2096.28	3.10%
Russell 2000	1922.70	1848.70	15.24%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	4.75
Fed Funds	0.08	1.54
30-year mortgage	2.80	3.81

Currencies

	Last	1 year ago
Dollars per British Pound	1.3295	1.320
Dollars per Euro	1.2138	1.2113
Japanese Yen per Dollar	104.24	108.56
Canadian Dollars per Dollar	1.274	1.317
Mexican Peso per Dollar	20.012	19.118

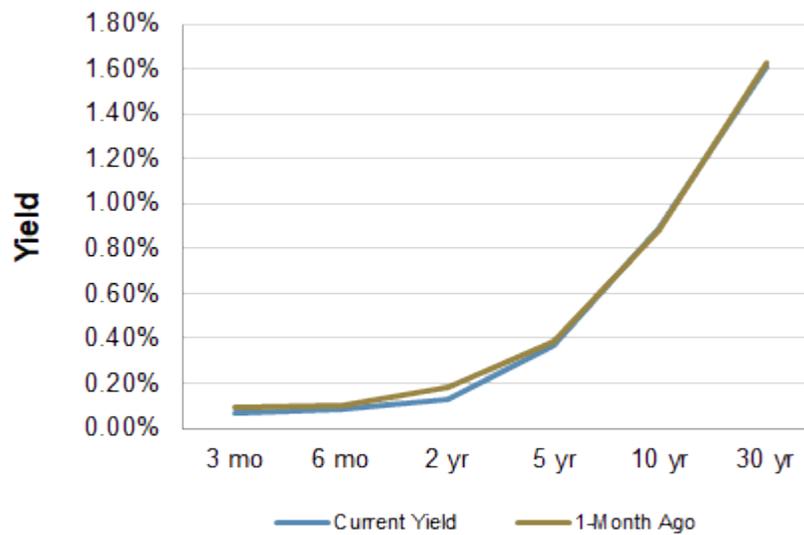
Commodities

	Last	1 year ago
Crude Oil	46.78	58.76
Gold	1837.40	1475.00

Bond Rates

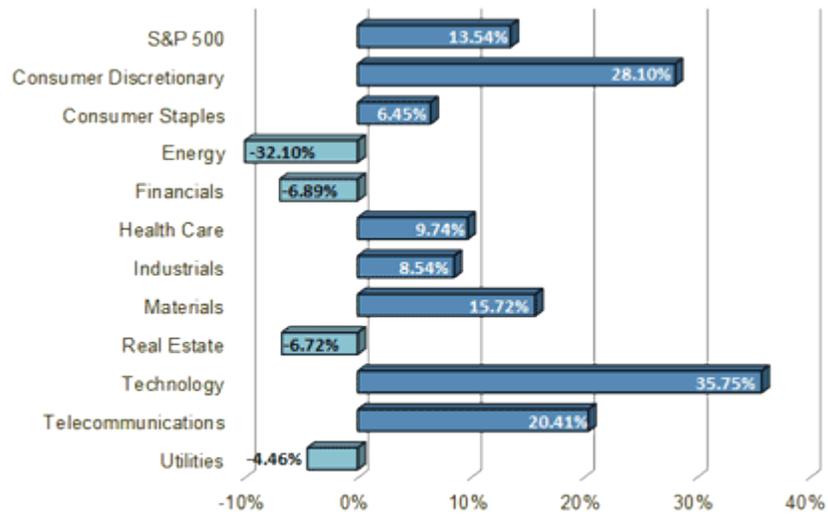
	Last	1 month ago
2-year treasury	0.13	0.18
10-year treasury	0.89	0.88
10-year municipal (TEY)	1.08	1.31

Treasury Yield Curve – 12/11/2020



As of close of business 12/10/2020

S&P Sector Performance (YTD) – 12/11/2020



As of close of business 12/10/2020

Economic Calendar

- | | | |
|--------------------|---|-------------------------------------|
| December 15 | — | Industrial Production (November) |
| December 16 | — | Retail Sales (November) |
| | — | Homebuilder Sentiment (December) |
| | — | FOMC Policy Decision |
| | — | Fed Summary of Economic Projections |
| | — | Powell Press Conference |

December 17	—	Jobless Claims (week ending December 12)
	—	Building Permits, Housing Starts (November)
December 18	—	Index of Leading Economic Indicators (November)
December 25	—	Christmas (markets closed)
January 1	—	New Year's Day (markets closed)
January 5	—	Georgia Runoff Elections
January 8	—	Employment Report (December)

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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 December 10, 2020.