

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

FEBRUARY 21, 2020

Market Commentary

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Once again, China adjusted the criteria for recognizing COVID-19 cases (over 76,000 reported cases as of February 21, with 2,248 deaths). The immediate direct impact on the global economy is through supply chain disruptions and reduced travel/tourism (in China and throughout Southeast Asia). Apple cited the virus in cutting sales expectations. The State Department overruled the Centers for Disease Control and Prevention, allowing 14 infected Americans to fly back to the U.S. with over 300 other passengers.

FOMC minutes from January 28-29 showed that officials felt that the current stance of monetary policy was appropriate. The coronavirus, which had only recently made the news, “warranted close watching.” Support for the repo market was expected to be gradually reduced and phased out after April.

The Producer Price Index rose more than expected in January, boosted by increased margins in apparel and a jump in the price of iron and steel scrap. Ex-food & energy, the PPI for consumer goods was unchanged (+1.3% y/y). Residential construction figures were stronger than anticipated, likely boosted by unseasonably warm weather. The Conference Board’s Index of Leading Economic Indicators jumped 0.8%, after falling 0.7% from July to December.

Next week, the second estimate of 4Q19 GDP growth is expected to remain close to the advance estimate (2.1%), although we may see some revisions in inventories and foreign trade. Consumer Confidence is expected to remain elevated. Durable goods orders should reflect weakness in aircraft, following the halt in production of the Boeing 737 MAX.

Indices

	Last	Last Week	YTD return %
DJIA	29219.98	29423.31	2.39%
NASDAQ	9750.97	9711.97	8.67%
S&P 500	3373.23	3373.94	4.41%
MSCI EAFE	2003.68	2033.74	-1.63%
Russell 2000	1696.07	1693.74	1.65%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.75	5.50
Fed Funds	1.75	2.40
30-year mortgage	3.45	4.46

Currencies

	Last	1 year ago
Dollars per British Pound	1.288	1.304
Dollars per Euro	1.079	1.134
Japanese Yen per Dollar	112.10	110.70
Canadian Dollars per Dollar	1.326	1.323
Mexican Peso per Dollar	18.833	19.289

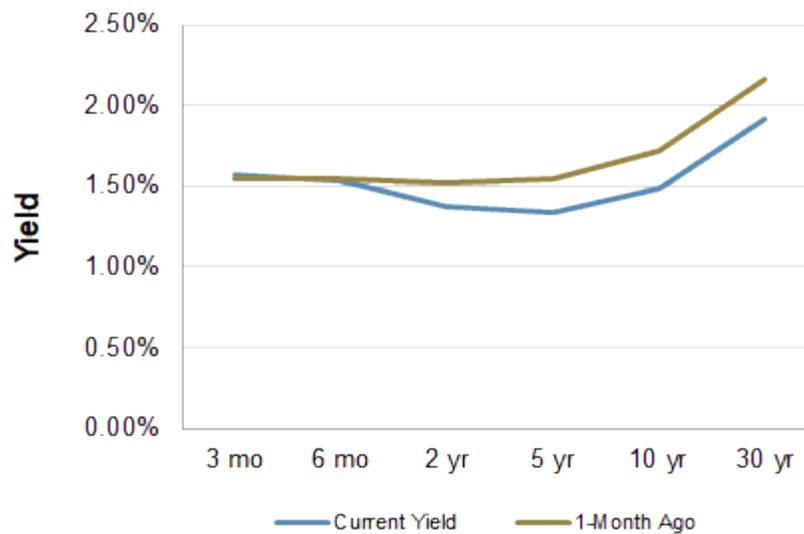
Commodities

	Last	1 year ago
Crude Oil	53.88	56.96
Gold	1620.50	1327.80

Bond Rates

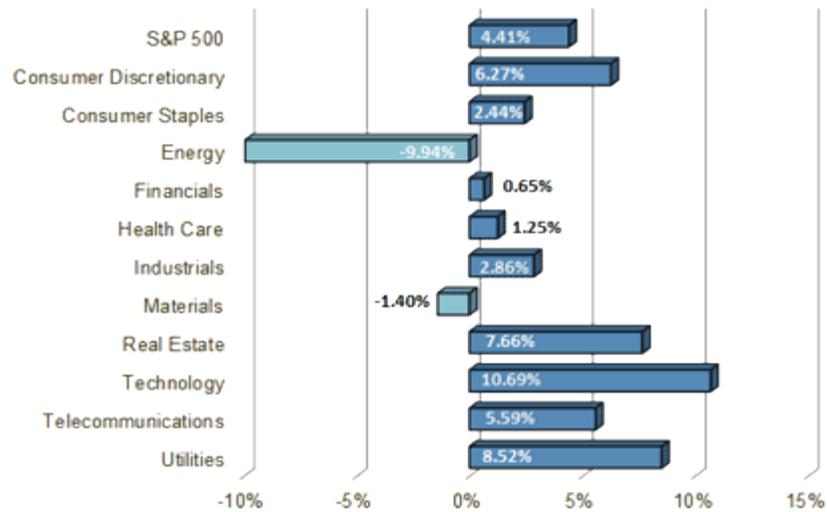
	Last	1 month ago
2-year treasury	1.38	1.52
10-year treasury	1.48	1.72
10-year municipal (TEY)	1.78	1.95

Treasury Yield Curve – 02/21/2020



As of close of business 02/20/2020

S&P Sector Performance (YTD) – 02/21/2020



As of close of business 02/20/2020

Economic Calendar

- | | | |
|--------------------|---|--|
| February 25 | — | CB Consumer Confidence Index (February) |
| February 26 | — | New Home Sales (January) |
| February 27 | — | Jobless Claims (week ending February 22) |
| | — | Real GDP (4Q19, 2nd estimate) |
| | — | Durable Goods Orders (January) |
| | — | Pending Home Sales Index (January) |

February 28	—	Personal Income and Spending (January)
	—	Chicago Business Barometer (February)
March 2	—	ISM Manufacturing Index (February)
March 6	—	Employment Report (February)
March 18	—	FOMC Policy Decision
April 29	—	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 February 20, 2020.