

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 6, 2020

Market Commentary

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

COVID-19 fears continued to drive the financial markets. Share prices were volatile and bond yields dove further into record lows. The Federal Open Market Committee (FOMC) surprised the financial markets by moving two weeks ahead of its scheduled policy meeting, cutting the target range for the federal funds rate by half a percentage point, to 1.00-1.25%. The FOMC cited the downside risks from the coronavirus and left the door open for further action (federal funds futures are pricing in a March 18 cut). In a brief press conference, Fed Chair Powell noted evidence of supply chain disruptions and the effects on the tourism and travel industries. He indicated that “the virus and the measures taken to contain it will surely weigh on economic activity, both here and abroad, for some time.”

The February Employment Report was stronger than anticipated. Nonfarm payrolls rose by 273,000 (median forecast: +175,000), with 7,000 added census workers and a 37,000 increase in state and local government. The two previous months saw a net upward revision of 85,000. Private-sector payrolls rose by 228,000, leaving the three-month average at +205,000. Mild weather may have helped. There was no discernable impact from COVID-19. Leisure and hospitality added 51,000. Average hourly earnings rose 0.3%, up 3.0% y/y (in comparison, the Consumer Price Index rose 2.5% over the 12 months ending in January). The unemployment rate edged back down to 3.5% as labor force participation held steady.

Next week, COVID-19 fears should continue to dominate. The inflation reports ought to reflect the dip in gasoline prices. The UM consumer sentiment survey may show some virus-related concerns (as well as some impact from the recent stock market volatility).

Indices

	Last	Last Week	YTD return %
DJIA	26121.28	25766.64	-8.47%
NASDAQ	8738.59	8566.48	-2.61%
S&P 500	3023.94	2978.76	-6.40%
MSCI EAFE	1856.73	1867.64	-8.85%
Russell 2000	1478.82	1497.87	-11.37%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	5.50
Fed Funds	1.25	2.40
30-year mortgage	3.15	4.48

Currencies

	Last	1 year ago
Dollars per British Pound	1.295	1.317
Dollars per Euro	1.124	1.131
Japanese Yen per Dollar	106.16	111.77
Canadian Dollars per Dollar	1.341	1.344
Mexican Peso per Dollar	19.846	19.360

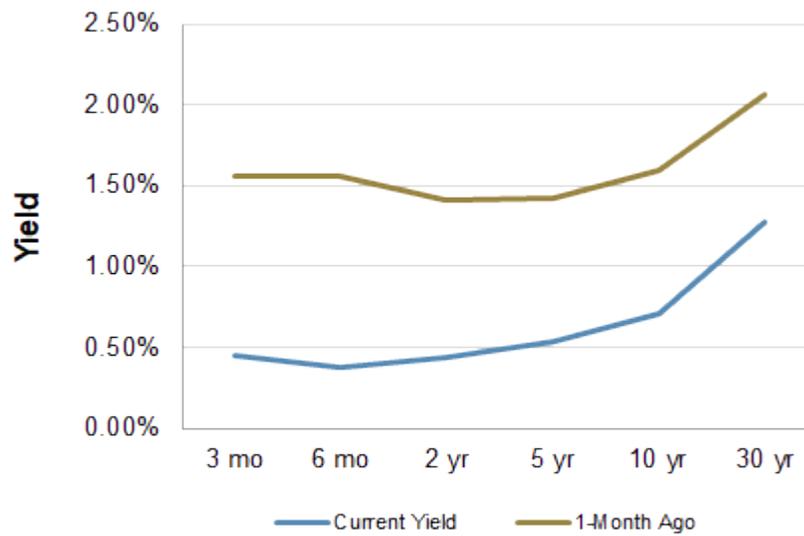
Commodities

	Last	1 year ago
Crude Oil	45.90	56.22
Gold	1668.00	1287.60

Bond Rates

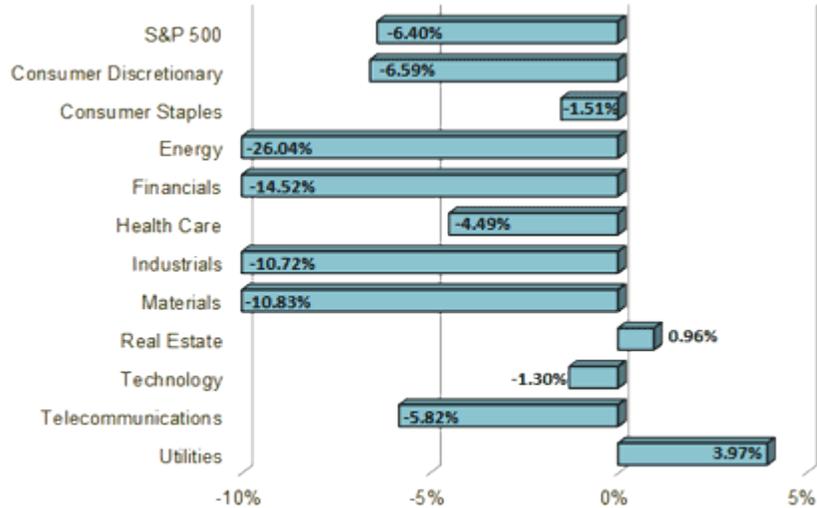
	Last	1 month ago
2-year treasury	0.44	1.42
10-year treasury	0.71	1.60
10-year municipal (TEY)	1.51	1.91

Treasury Yield Curve – 03/07/2020



As of close of business 03/06/2020

S&P Sector Performance (YTD) – 03/07/2020



As of close of business 03/06/2020

Economic Calendar

March 10	—	Small Business Optimism (February)
March 11	—	Consumer Price Index (March)
March 12	—	Jobless Claims (week ending March 7)
	—	Producer Price Index (February)
March 13	—	UM Consumer Sentiment (mid-March)
March 17	—	Retail Sales (February)

	—	Industrial Production (February)
March 18	—	Building Permits, Housing Starts (February)
	—	FOMC Policy Decision
	—	Fed Summary of Economic Projections
March 25	—	Durable Goods Orders (February)
March 31	—	CB Consumer Confidence (March)
April 1	—	ISM Manufacturing Index (March)
April 3	—	Employment Report (March)
April 10	—	Good Friday Holiday (markets closed)
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 March 5, 2020.