

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

MARCH 12, 2021

Market Commentary

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The \$1.9 trillion fiscal package passed both chambers of Congress and was signed by President Biden. In a prime-time speech, Biden promised that vaccines will be available to all adults by May 1, with a return to a sense of “normal” likely by July 4. Long-term Treasury yields fell early in the week but rose again on Friday.

The Consumer Price Index rose 0.4% in February (+1.7% y/y), up 0.1% (+1.3% y/y) ex-food and energy. Homeowners’ equivalent rent (24% of the overall CPI and 30% of the core CPI) rose 2.0% over the last 12 months, vs. 3.3% in the 12 months before that. The Producer Price Index rose 0.5% in February (+2.8% y/y). Ex-food, energy and trade services, the PPI rose 0.2% (+2.2% y/y). The report showed higher prices of raw materials over the last year, but it takes a huge increase in commodity prices to have even a modest impact on consumer prices. The TIPS spread was consistent with an expectation of 2.5% inflation over the next five years, but near 2% from the five years after that.

Next week, the Federal Open Market Committee is widely expected to leave short-term interest rates unchanged and to maintain its monthly pace of asset purchases (at \$120 billion). Senior Fed officials will revise their projections of growth, unemployment and inflation, and we’ll get a new dot plot (which shows individual expectations of the federal funds rate). In his post-meeting press conference, Chair Powell is expected to downplay temporary increases in inflation and repeat that the central bank would need to see the economy get back to full employment with inflation at or above 2% for some time before raising short-term interest rates. February retail sales and industrial production reports should reflect bad weather.

Indices

	Last	Last Week	YTD return %
DJIA	32485.59	30924.14	6.14%
NASDAQ	13398.67	12723.47	3.96%
S&P 500	3939.34	3768.47	4.88%
MSCI EAFE	2220.46	2233.61	3.40%
Russell 2000	2338.54	2146.92	18.42%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	4.75
Fed Funds	0.08	1.08
30-year mortgage	3.27	3.63

Currencies

	Last	1 year ago
Dollars per British Pound	1.3991	1.257
Dollars per Euro	1.1986	1.119
Japanese Yen per Dollar	108.51	104.64
Canadian Dollars per Dollar	1.253	1.393
Mexican Peso per Dollar	20.605	21.940

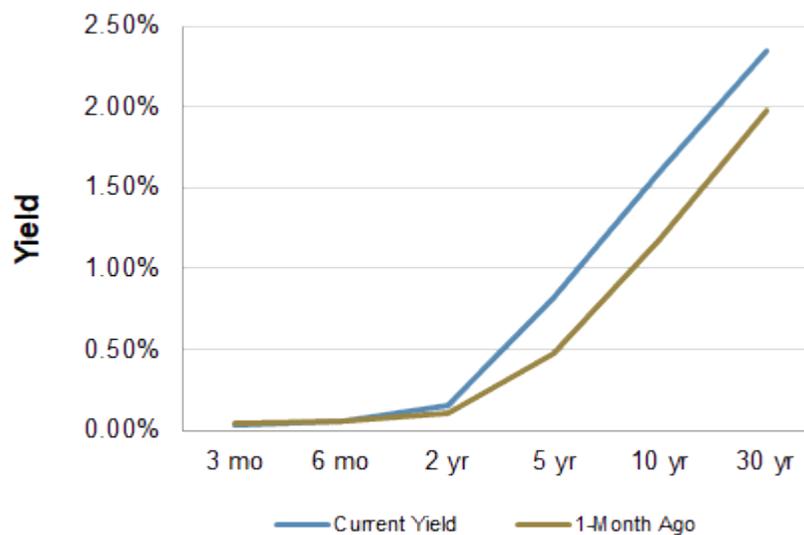
Commodities

	Last	1 year ago
Crude Oil	66.02	31.50
Gold	1722.60	1590.30

Bond Rates

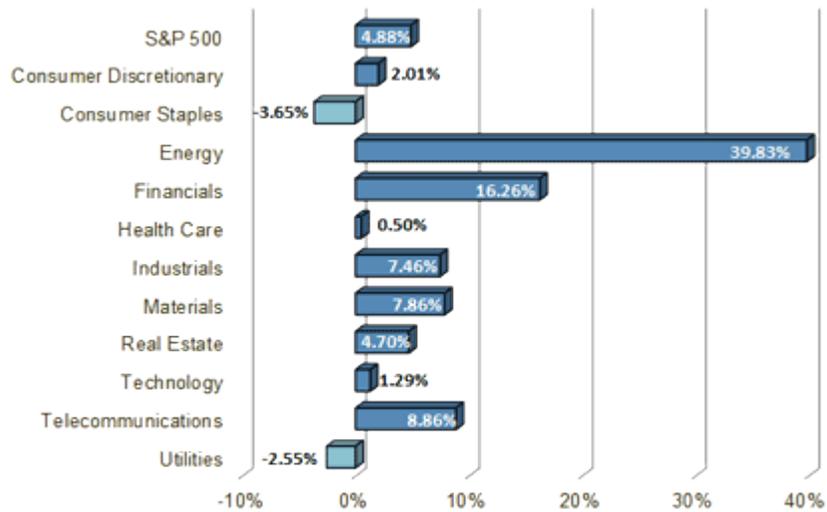
	Last	1 month ago
2-year treasury	0.15	0.11
10-year treasury	1.59	1.19
10-year municipal (TEY)	1.52	1.05

Treasury Yield Curve – 03/12/2021



As of close of business 03/11/2021

S&P Sector Performance (YTD) – 03/12/2021



As of close of business 03/11/2021

Economic Calendar

- March 16** — Import Prices (February)
- Retail Sales (February)
- Industrial Production (February)
- Homebuilder Sentiment (March)
- March 17** — Building Permits, Housing Starts (February)
- FOMC Policy Decision

- Fed Summary of Economic Projections
- Powell Press Conference
- March 18** — Jobless Claims (week ending March 13)
- Index of Leading Economic Indicators (February)
- April 2** — Good Friday Holiday (stock market closed, half day for bonds)
- Employment Report (March)
- April 28** — 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 11, 2021.