

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

OCTOBER 15, 2021

Market Commentary

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Expectations of the Fed's liftoff in short-term interest rates have continued to inch forward and bond yields have moved moderately higher. However, investors remain optimistic, looking beyond recent concerns (the delta variant and supply chain and labor issues).

The minutes of the September 21 to 22 Federal Open Market Committee (FOMC) meeting reinforced expectations that the Fed will begin reducing (tapering) the monthly pace of asset purchases (currently \$120 billion). This will start in mid-November or mid-December and end seven months later (a reduction of \$15 billion per month). Fed policymakers saw a "major challenge" in keeping average inflation at 2% while maintaining a strong job market.

The Consumer Price Index rose 0.4% (+5.4% y/y) in September, up 0.2% (+4.0% y/y) excluding food and energy. Many of the prices that ran hot in the spring continued to moderate. New car prices advanced 1.3% (+8.7% y/y). Used vehicle prices fell 0.7% (+24.4% y/y). Retail sales rose 0.7% in the advance estimate for September, while figures for July and August were revised higher. Auto dealership sales rose 0.5%, a contrast to the 6.4% drop in unit sales reported by the various automakers. Job openings fell to 10.4 million in August, following a record 11.1 million in July. The quit rate rose further – 2.9% of workers (4.27 million people) quit their jobs in August.

Next week: The economic reports are not expected to be market-moving. Industrial production should have risen moderately in September. Residential construction figures are likely to be mixed but well within the usual month-to-month noise. The Beige Book doesn't usually get much attention from the market, but Fed policymakers place some weight on anecdotal evidence. In this case, watch for what I said about inflationary pressures.

Indices

	Last	Last Week	YTD return %
DJIA	34,912.56	34,754.94	14.15%
NASDAQ	14,823.43	14,654.02	15.33%
S&P 500	4,438.26	4,399.76	18.16%
MSCI EAFE	2,300.996	2,266.367	6.23%
Russell 2000	2,274.18	2,250.09	13.94%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.07	0.08
30-year mortgage	3.14	3.00

Currencies

	Last	1 year ago
Dollars per British Pound	1.3736	1.292
Dollars per Euro	1.1595	1.171
Japanese Yen per Dollar	114.44	105.40
Canadian Dollars per Dollar	1.238	1.312

Mexican Peso per Dollar	20.570	21.274
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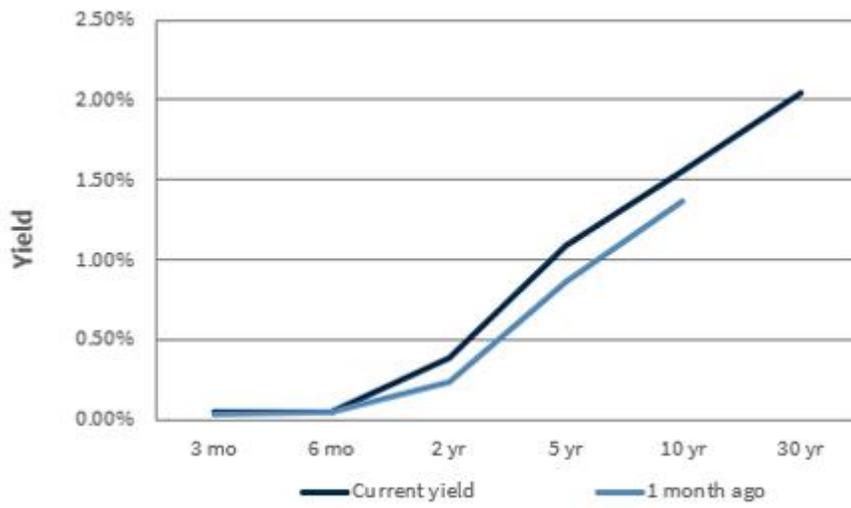
Commodities

	Last	1 year ago
Crude Oil	81.83	40.96
Gold	1766.80	1906.40

Bond Rates

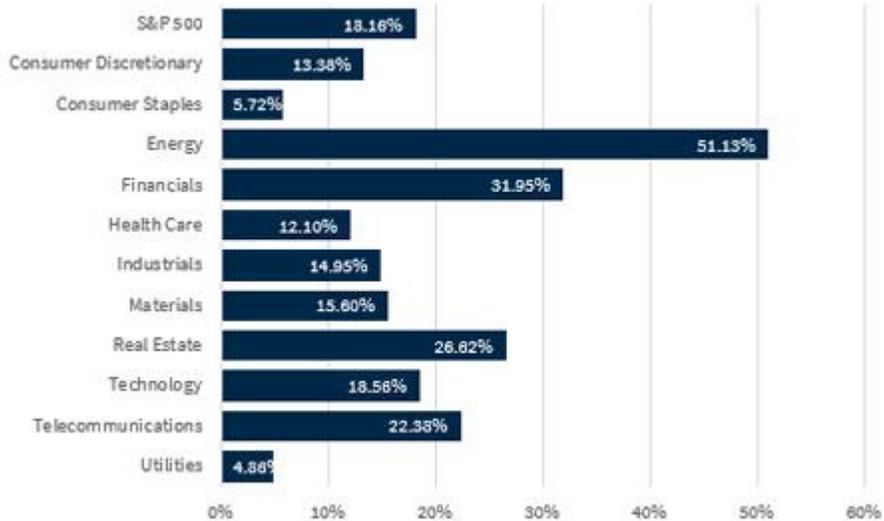
	Last	1 month ago
2-year treasury	0.38	0.23
10-year treasury	1.55	1.36
10-year municipal (TEY)	1.80	1.446

Treasury Yield Curve – 10/15/2021



As of close of business 10/14/2021

S&P Sector Performance (YTD) – 10/15/2021



As of close of business 10/14/2021

Economic Calendar

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|-------------------|---|--|
| October 18 | — | Industrial Production (September) |
| | — | Homebuilder Sentiment (October) |
| October 19 | — | Building Permits, Housing Starts (September) |
| October 20 | — | Fed Beige Book |
| October 21 | — | Jobless Claims (week ending October 16) |
| | — | Existing Home Sales (September) |
| | — | Index of Leading Economic Indicators (September) |

October 28	—	Real GDP (3Q21, advance estimate)
November 3	—	FOMC Policy Decision
November 5	—	Employment Report (October)

All expressions of opinion reflect the judgment of the author and are subject to change. There is no assurance any of the forecasts mentioned will occur or that any trends mentioned will continue in the future. Investing involves risks including the possible loss of capital. Past performance is not a guarantee of future results. International investing is subject to additional risks such as currency fluctuations, different financial accounting standards by country, and possible political and economic risks, which may be greater in emerging markets. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, and state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Taxable Equivalent Yield (TEY) assumes a 35% tax rate.

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 14, 2021.

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