

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

OCTOBER 29, 2021

Market Commentary

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

Earnings reports were mixed. Bond yields declined, as market participants generally expect the Fed to raise short-term interest rates earlier to get inflation under control.

Real GDP rose at a 2.0% annual rate in the advance estimate for 3Q21, reflecting weakness in motor vehicle production (semiconductor shortage) and the dampening effect of the delta variant. Consumer spending and business fixed investment slowed sharply following exceptionally strong growth in the first half of the year. Personal spending rose 0.6% in September and the early read on October retail sales was strong, pointing to a pickup in GDP growth in 4Q21. Durable goods orders fell 0.4% in September, reflecting a 27.9% decline in civilian aircraft orders. Ex-transportation, orders rose 0.4%. The U.S. merchandise trade deficit hit another record high in the advance estimate for September.

The Conference Board's Consumer Confidence Survey showed improvement as easing concerns about the delta variant more than offset increased inflation worries. In contrast, the University of Michigan's Consumer Sentiment survey indicated that higher inflation and falling confidence in government policies were greater concerns. The Employment Cost Index, the preferred measure of labor costs, rose 1.3% in the three months ending in September, up 3.7% year over year (vs. +2.4% one year ago).

Next week: The Federal Open Market Committee is widely expected to announce the gradual reduction ("tapering") in asset purchases (most likely by \$15 billion per month). Officials are unlikely to have begun discussing when to raise short-term interest rates, but investors will listen for clues in Chair Powell's press conference (no revised dot plot at this meeting). ISM surveys (Monday and Wednesday) should

remain strong (and still reflect supply chain issues). Friday's employment figures for October should be consistent with tight labor conditions – nonfarm payrolls will remain subject to school year noise.

Indices

	Last	Last Week	YTD return %
DJIA	35730.48	35603.08	16.74%
NASDAQ	15448.12	15215.7	19.86%
S&P 500	4596.42	4549.78	22.37%
MSCI EAFE	2354.513	2300.996	9.64%
Russell 2000	2297.98	2296.19	16.36%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.07	0.08
30-year mortgage	3.22	3.00

Currencies

	Last	1 year ago
Dollars per British Pound	1.3779	1.293

Dollars per Euro	1.164	1.167
Japanese Yen per Dollar	113.85	104.61
Canadian Dollars per Dollar	1.235	1.333
Mexican Peso per Dollar	20.454	21.362

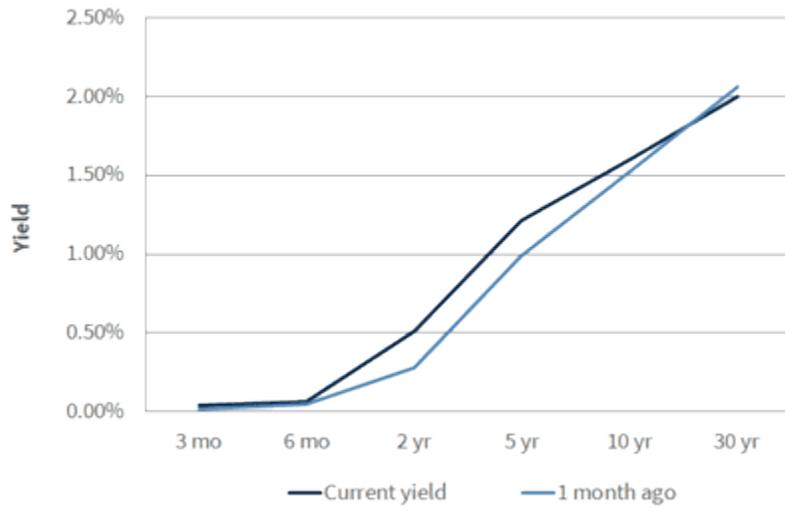
Commodities

	Last	1 year ago
Crude Oil	82.26	36.17
Gold	1787.20	1868.00

Bond Rates

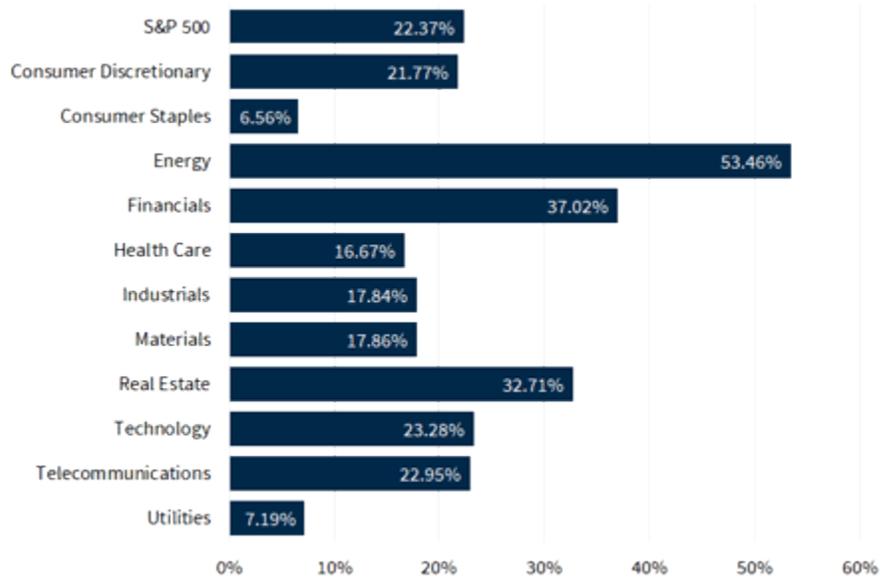
	Last	1 month ago
2-year treasury	0.51	0.28
10-year treasury	1.60	1.52
10-year municipal (TEY)	1.88	1.69

Treasury Yield Curve – 10/29/2021



As of close of business 10/28/2021

S&P Sector Performance (YTD) – 10/29/2021



As of close of business 10/28/2021

Economic Calendar

November 1	—	Construction Spending (September)
	—	ISM Manufacturing Index (October)
November 2	—	Motor Vehicle Sales (October)
November 3	—	ISM Non-Manufacturing Index (October)
	—	FOMC Policy Decision
	—	Powell Press Conference
November 4	—	Jobless Claims (week ending October 30)

November 5	—	Employment Report (October)
November 10	—	Consumer Price Index (October)
November 11	—	Veterans Day (bond market closed)
November 16	—	Retail Sales (October)
December 15	—	FOMC Policy Decision

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 28, 2021.

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