

RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 3, 2021

Market Commentary

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

In his congressional testimony, Fed Chair Powell noted that “factors pushing inflation upward will linger well into next year” and “with the rapid improvement in the labor market, slack is diminishing and wages are rising at a brisk pace.” The Fed’s Beige Book reported “robust demand for labor but persistent difficulty in hiring and retaining employees,” while price hikes were “widespread” across sectors. Facing an increased risk of persistently high inflation, the Fed is expected to reduce (“taper”) its monthly pace of asset purchases quicker and begin raising rates sooner than was expected.

In addition, uncertainty about the omicron variant weighed against stock market sentiment.

Nonfarm payrolls rose by 210,000 (vs. a median forecast of +550,000). The shortfall (relative to expectations) likely reflected the usual noise in the numbers, but the unemployment rate fell to 4.2% (from 4.6%), consistent with tighter labor market conditions. The November ISM surveys showed continued strength, with ongoing concerns about the hiring and retention of workers, supply chain delays, and rising input costs. Claims for unemployment benefits are down to pre-recession levels.

Next week: The Consumer Price Index (CPI) report for November arrives on Friday. An increase in gasoline prices will be amplified by the seasonal adjustment. Some CPI components that were running hot may cool off a little, but higher rents (which, by construction, show up with a lag in the CPI) are likely to put upward pressure on inflation over the next several months.

Indices

	Last	Last Week	YTD return %
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DJIA	34,639.79	34,899.34	13.18%
NASDAQ	15,381.32	15,491.66	19.34%
S&P 500	4,577.10	4,594.62	21.86%
MSCI EAFE	2,243.00	2,256.95	4.45%
Russell 2000	2,206.33	2,245.94	11.72%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.07	0.08
30-year mortgage	3.21	2.79

Currencies

	Last	1 year ago
Dollars per British Pound	1.330	1.337
Dollars per Euro	1.130	1.212
Japanese Yen per Dollar	113.190	104.420
Canadian Dollars per Dollar	1.281	1.292
Mexican Peso per Dollar	21.271	19.968

Commodities

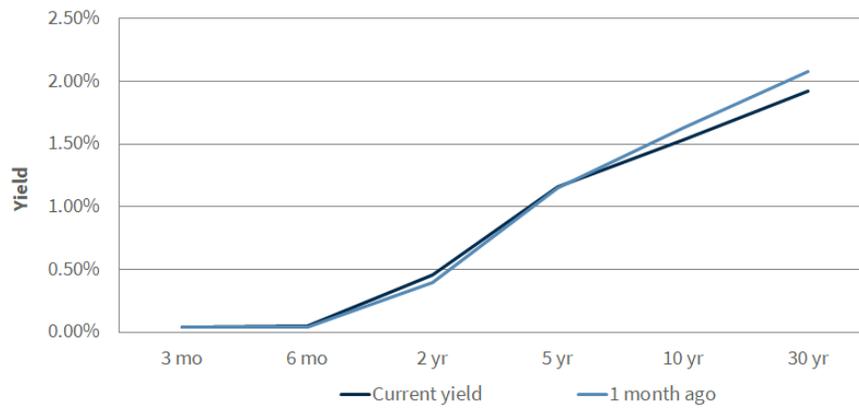
	Last	1 year ago
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Crude Oil	67.20	45.28
Gold	1769.90	1830.20

Bond Rates

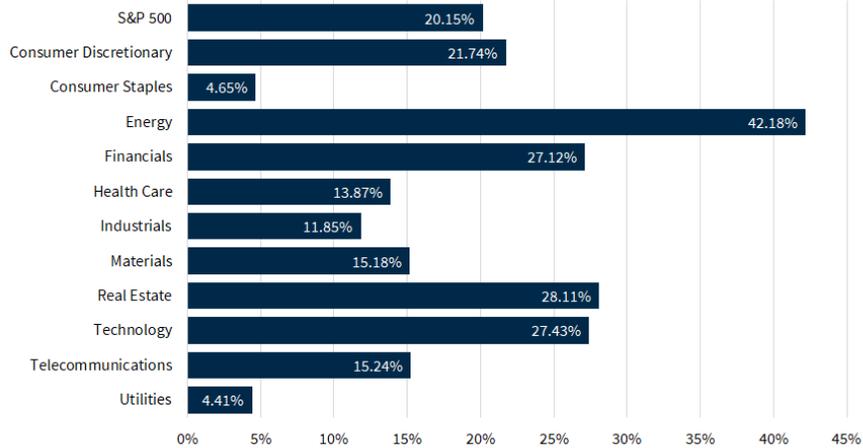
	Last	1 month ago
2-year treasury	0.62	0.45
10-year treasury	1.45	1.55
10-year municipal (TEY)	1.65	1.89

Treasury Yield Curve – 12/03/2021



As of close of business 12/02/2021

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



As of close of business 12/02/2021

Economic Calendar

December 7	—	Trade Balance (October)
December 8	—	JOLTS Data (October)
December 9	—	Jobless Claims (week ending December 4)
December 10	—	Consumer Price Index (November)
December 15	—	Retail Sales (December)
	—	FOMC Policy Decision
December 16	—	Industrial Production (November)

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 December 2, 2021.

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