

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

DECEMBER 10, 2021

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

The Consumer Price Index (CPI) rose 0.7% in November, up 6.8% year over year (vs. +1.3% y/y a year earlier). Ex-food and energy, the CPI rose 0.5%, up 4.9% from a year earlier (vs. +1.6% y/y in November 2020). The report noted that the November increase reflected “broad increases in most component indexes.” The broadening of price hikes, a sign that higher inflation is becoming more rooted, is a key concern for U.S. Federal Reserve policymakers. The Cleveland Fed’s Trimmed-Mean CPI, which excluded the highest and lowest 8% of monthly price changes, rose 4.6% year over year – further evidence that inflation is broadening in contrast to the narrow range of increases seen in the spring.

Jobless claims fell to 184,000 in the week ending December 4, the lowest level since September 1969. The weekly figures can be choppy in the final weeks of the year (largely reflecting difficulties in seasonal adjustment), but the four-week average is back to pre-pandemic levels, consistent with a tight labor market.

Next week: The Federal Open Market Committee is widely expected to accelerate the reduction (“tapering”) of its monthly asset purchases. Fed officials will revise their projections of growth, unemployment and inflation at this meeting. The dots in the dot plot should head higher, meaning that officials expect to raise rates sooner (in September, officials were evenly split on whether there would be a rate increase in 2022). In his press conference, Fed Chair Jerome Powell is expected to talk tough (Open Mouth Operations are the first defense against the risk of persistently higher inflation).

Indices

	Last	Last Week	YTD return %
DJIA	35,754.69	34,639.79	16.82%
NASDAQ	15,517.37	15,381.32	20.40%
S&P 500	4,667.45	4,577.10	24.26%
MSCI EAFE	2,243.00	2,243.00	4.45%
Russell 2000	2,220.21	2,206.33	12.42%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.07	0.08
30-year mortgage	3.21	2.80

Currencies

	Last	1 year ago
Dollars per British Pound	1.322	1.340
Dollars per Euro	1.129	1.208
Japanese Yen per Dollar	113.470	104.230
Canadian Dollars per Dollar	1.271	1.282

Mexican Peso per Dollar	20.970	20.389
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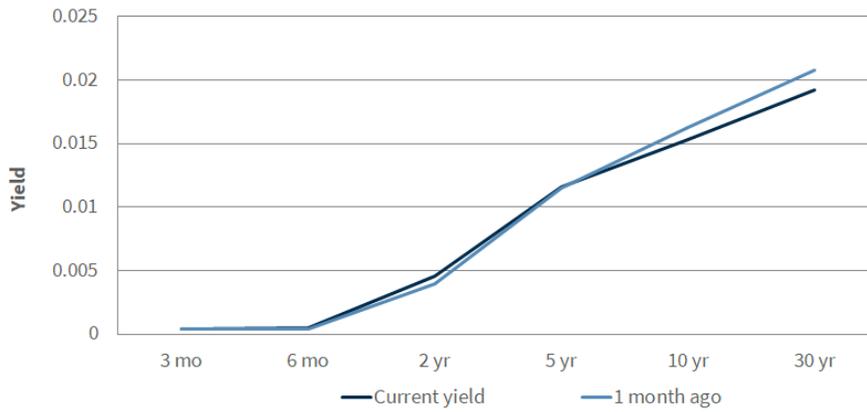
Commodities

	Last	1 year ago
Crude Oil	70.94	45.52
Gold	1,776.70	1,838.50

Bond Rates

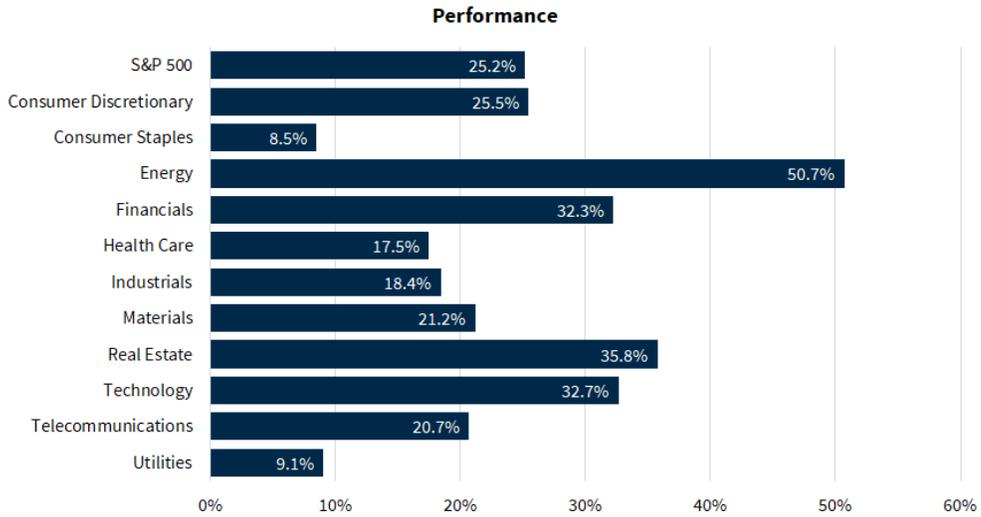
	Last	1 month ago
2-year treasury	0.69	0.42
10-year treasury	1.50	1.44
10-year municipal (TEY)	1.63	1.66

Treasury Yield Curve – 12/10/2021



As of close of business 12/09/2021

S&P Sector Performance (YTD) – 12/10/2021



As of close of business 12/09/2021

Economic Calendar

December 14	—	Producer Price Index (November)
December 15	—	Retail Sales (December)
	—	FOMC Policy Decision
December 16	—	Jobless Claims (week ending December 11)
	—	Building Permits, Housing Starts (November)
	—	Industrial Production (November)
December 23	—	Durable Goods Orders (November)
	—	Personal Income and Spending (November)
December 24	—	Christmas Eve (markets closed)
January 7	—	Employment Report (December)
January 12	—	Consumer Price Index (December)
	—	FOMC Policy Decision
	—	Real GDP (4Q21, advance estimate)

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 9, 2021.

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