RAYMOND JAMES

WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 27, 2021

Market Commentary
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In his Jackson Hole speech, Fed Chair Powell said that the "substantial further progress" test has been met on inflation, although the labor market is not quite there. The delta variant is a wildcard, but he and most other Federal Open Market Committee (FOMC) participants believe that "if the economy evolved broadly as anticipated, it could be appropriate to start reducing the pace of asset purchases this year." Powell stressed that "the timing and pace of the coming reduction in asset purchases will not be intended to carry a direct signal regarding the timing of interest rate liftoff."

Real GDP rose at a 6.6% annual rate in the second estimate for 2Q21, with very minor component revisions. Personal income rose 1.1% in July (+2.7% y/y), led by a 1.0% rise in private-sector wage and salary income (11.2% y/y). Child tax credit payments more than offset declines in unemployment benefits. Consumer spending rose 0.3% (12.1% y/y) as a 1.0% increase in services more than offset a 2.3% drop in consumer durables. The PCE Price Index rose 0.4% (+4.2% y/y), up 0.3% (+3.6% y/y) ex-food and energy. Durable goods orders edged down 0.1% in July, held back by a 48.9% drop in civilian aircraft orders. Ex-transportation, orders rose 0.7%. Orders for nondefense capital goods ex-aircraft, a rough proxy for business fixed investment, were flat, but that followed exceptionally strong gains in recent months.

Next week: Powell's Jackson Hole speech has raised the importance of the job market data, which is seen as the key factor in the Fed's taper timing decision. Payroll growth figures for June (+938,000) and July (+943,000) were inflated by a seasonal quirk in education (which added about 270,000 in both months). Payrolls are likely to have risen at a strong pace in August, but well below the headline numbers that we saw in the two previous months. ISM surveys may reflect a modest impact from the delta surge, but we should also see further evidence of bottleneck pressures and supply issues.

Indices

	Last	Last Week	YTD return %
DJIA	35,213.12	34,894.12	15.05%
NASDAQ	14,945.81	14,541.79	15.96%
S&P 500	4,470.00	4,405.80	19.01%
MSCI EAFE	2,339.25	2,309.06	8.93%
Russell 2000	2,213.98	2,132.42	12.11%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.08	0.08
30-year mortgage	2.98	2.95

Currencies

	Last	1 year ago
Dollars per British Pound	1.3703	1.320
Dollars per Euro	1.1736	1.182
Japanese Yen per Dollar	110.25	106.57

Canadian Dollars per Dollar	1.270	1.313
Mexican Peso per Dollar	20.417	22.149

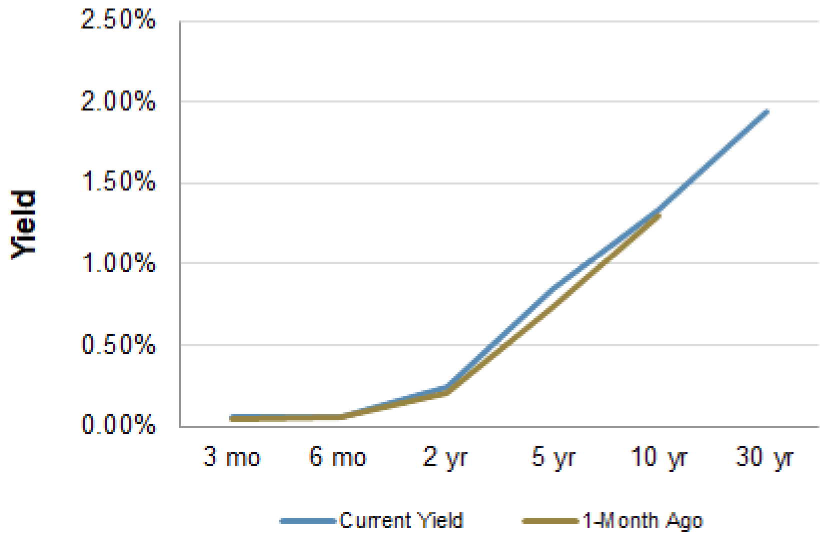
Commodities

	Last	1 year ago
Crude Oil	68.79	43.04
Gold	1794.30	1932.60

Bond Rates

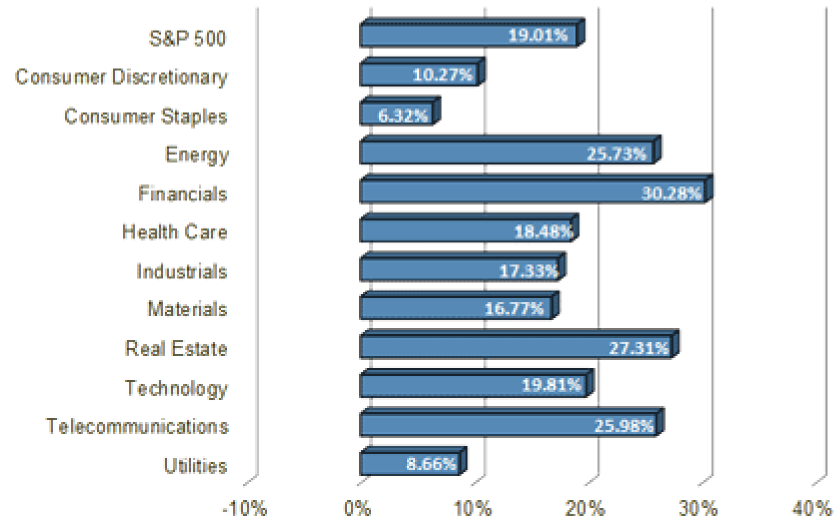
	Last	1 month ago
2-year treasury	0.24	0.20
10-year treasury	1.34	1.30
10-year municipal (TEY)	1.44	1.30

Treasury Yield Curve – 08/27/2021



As of close of business 08/26/2021

S&P Sector Performance (YTD) – 08/27/2021



As of close of business 08/16/2021

Economic Calendar

August 30	—	Pending Home Sales Index (July)
August 31	—	Chicago Business Barometer (August)
	—	CB Consumer Confidence (August)
September 1	—	ADP Payroll Estimate (August)
	—	ISM Manufacturing Index (August)
September 2	—	Jobless Claims (week ending August 28)
	—	Trade Balance (July)

	—	Factory Orders (July)
September 3	—	Employment Report (August)
	—	ISM Services Index (August)
September 6	—	Labor Day Holiday (markets closed)
September 14	—	Consumer Price Index (August)
Septmeber 16	—	Retail Sales (August)
September 22	—	FOMC Policy Decision