

RAYMOND JAMES

WEEKLY  
**MARKETSNAPSHOT**

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

**SEPTEMBER 17, 2021**

**Market Commentary**

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

In a win (but not a complete victory) for “team transitory,” the Consumer Price Index rose less than expected in August (+0.3%, up just 0.1% excluding food and energy). Areas that were running hot a few months ago (used cars, vehicle rentals, car insurance, airfares) retreated. The report on import prices showed a drop in prices of raw materials.

In contrast to expectations of a decline, retail sales rose more than expected in August (+0.7% overall, +1.8% ex-autos), although figures for July were revised lower (-1.8% overall, -1.0% ex-autos). Note that proprietary weekly retail indicators had shown strength in the first half of August but softness in the second half. Industrial production rose 0.4% in August (+5.9% y/y), with a mild drag from the effects of Hurricane Ida.

Next week: The Federal Open Market Committee’s policy announcement is set for 2 p.m. on Wednesday. An increase in short-term interest rates is still a long way off, and we’ve not yet seen the “substantial further improvement” in labor market conditions that would trigger tapering (a reduction in the monthly pace of asset purchases, currently \$120 billion), but tapering is expected by the end of the year (provided the economy improves as anticipated). Fed officials will revise their projections of growth, unemployment and inflation through 2024. (The median forecast of 2Q21 GDP growth is expected to be reduced from June’s 7.0%.) We’ll get a new dot plot, although the dots represent general expectations of senior Fed officials, not an actual plan.

**Indices**

	Last	Last Week	YTD return %
DJIA	34,751.32	34,879.38	13.54%
NASDAQ	15,181.93	15,248.25	17.80%
S&P 500	4,473.75	4,493.28	19.11%
MSCI EAFE	2,366.06	2,374.46	10.18%
Russell 2000	2,232.91	2,249.13	13.07%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	3.25
Fed Funds	0.07	0.08
30-year mortgage	2.96	3.02

### Currencies

	Last	1 year ago
Dollars per British Pound	1.3795	1.297
Dollars per Euro	1.1771	1.185
Japanese Yen per Dollar	129.54	124.10
Canadian Dollars per Dollar	1.267	1.317
Mexican Peso per Dollar	19.922	20.869

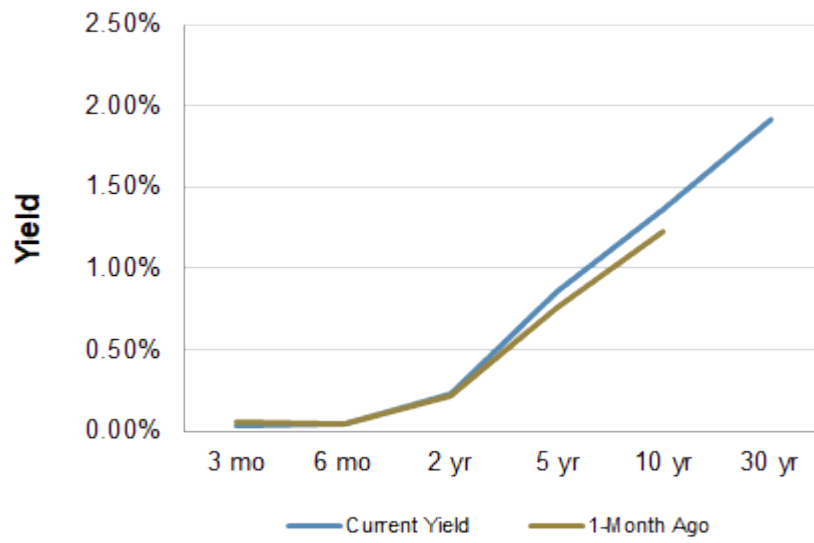
## Commodities

	Last	1 year ago
Crude Oil	72.23	40.97
Gold	1754.30	1949.90

## Bond Rates

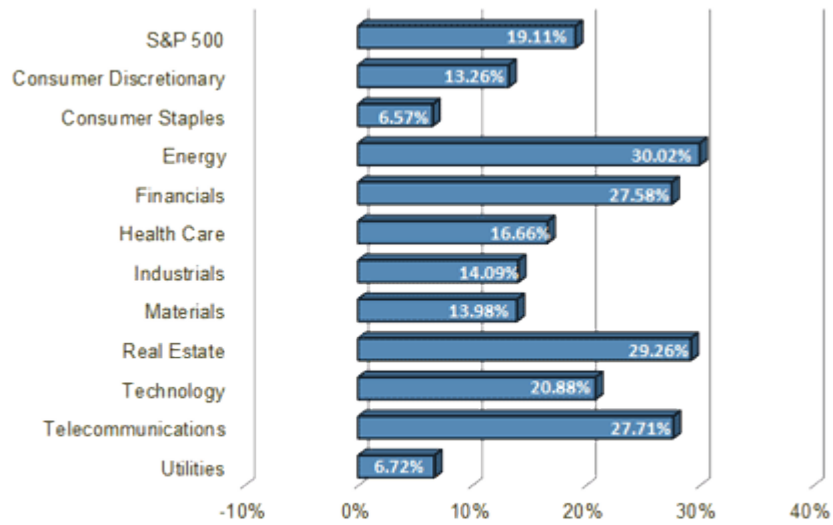
	Last	1 month ago
2-year treasury	0.23	0.21
10-year treasury	1.36	1.23
10-year municipal (TEY)	1.45	1.4

**Treasury Yield Curve – 09/17/2021**



As of close of business 09/16/2021

**S&P Sector Performance (YTD) – 09/17/2021**



As of close of business 09/16/2021

## Economic Calendar

<b>September 20</b>	—	Homebuilder Sentiment (September)
<b>September 21</b>	—	Building Permits, Housing Starts (August)
<b>September 22</b>	—	Existing Home Sales (August)
	—	FOMC Policy Decision
	—	Fed Summary of Economic Projections
	—	Powell Press Conference
<b>September 23</b>	—	Jobless Claims (week ending September 18)

	—	Real GDP (2Q21, 3rd estimate)
<b>September 24</b>	—	New Home Sales (August)
<b>September 28</b>	—	CB Consumer Confidence Index (September)
<b>October 1</b>	—	ISM Manufacturing Index (September)
<b>October 8</b>	—	Employment Report (September)
<b>November 3</b>	—	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 September 16, 2021.

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