

RAYMOND JAMES

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

OCTOBER 22, 2021

Market Commentary

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The financial markets have factored in Fed tapering for some time now, but the liftoff date for short-term interest rates has continued to drift forward. With inflation pressures likely to last longer, the Fed is widely expected to begin raising rates by the end of next year. Federal funds futures are signaling more than a 50% chance of a rate hike by June.

The Fed's Beige Book described growth as "modest to moderate," constrained by "supply chain disruptions, labor shortages and uncertainty around the delta variant." Labor growth was dampened by "a low supply of workers" and firms reported high turnover. Most Fed districts reported "significantly elevated prices, fueled by rising demand for goods and raw materials," while more firms indicated a greater ability to pass higher costs along.

Industrial production fell 1.3% in September, reflecting effects of Hurricane Ida and supply chain difficulties. Motor vehicle production fell 0.8% (-13.7% year over year). Ex-autos, factory output slipped 0.3%, with mixed results across industries. Single-family building permits slipped 0.9% in September. Existing home sales rose 7.1% in September, following an uptick in the number of homes for sale in July and August.

Next week: Real GDP growth is expected to moderate significantly in the advance estimate of 3Q21, reflecting a drag from the delta variant and supply chain constraints. Consumer spending and business fixed investment slowed (following exceptional growth in the first two quarters). Inventories are likely to have fallen at a slower pace, adding to the headline growth figure, but there is a lot of uncertainty.

Indices

| | Last | Last Week | YTD return % |
|--------------|-----------|-----------|--------------|
| DJIA | 35,603.08 | 34,912.56 | 16.33% |
| NASDAQ | 15,215.70 | 14,823.43 | 18.06% |
| S&P 500 | 4,546.78 | 4,438.26 | 21.13% |
| MSCI EAFE | 2,300.996 | 2,300.996 | 7.14% |
| Russell 2000 | 2,296.19 | 2,274.18 | 16.27% |

Consumer Money Rates

| | Last | 1 year ago |
|------------------|------|------------|
| Prime Rate | 3.25 | 3.25 |
| Fed Funds | 0.07 | 0.08 |
| 30-year mortgage | 3.23 | 3.02 |

Currencies

| | Last | 1 year ago |
|-----------------------------|--------|------------|
| Dollars per British Pound | 1.3787 | 1.304 |
| Dollars per Euro | 1.163 | 1.182 |
| Japanese Yen per Dollar | 113.83 | 104.86 |
| Canadian Dollars per Dollar | 1.233 | 1.314 |

| | | |
|-------------------------|--------|--------|
| Mexican Peso per Dollar | 20.557 | 20.301 |
|-------------------------|--------|--------|

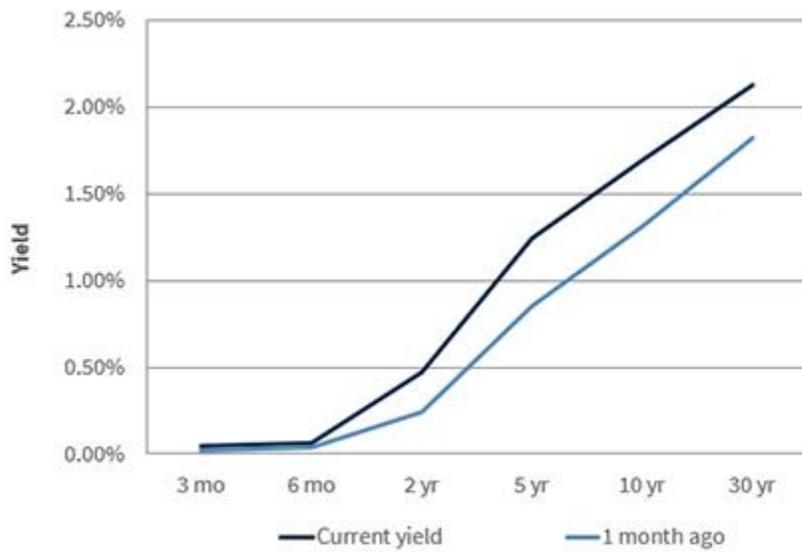
Commodities

| | Last | 1 year ago |
|-----------|---------|------------|
| Crude Oil | 83.28 | 40.64 |
| Gold | 1798.70 | 1904.60 |

Bond Rates

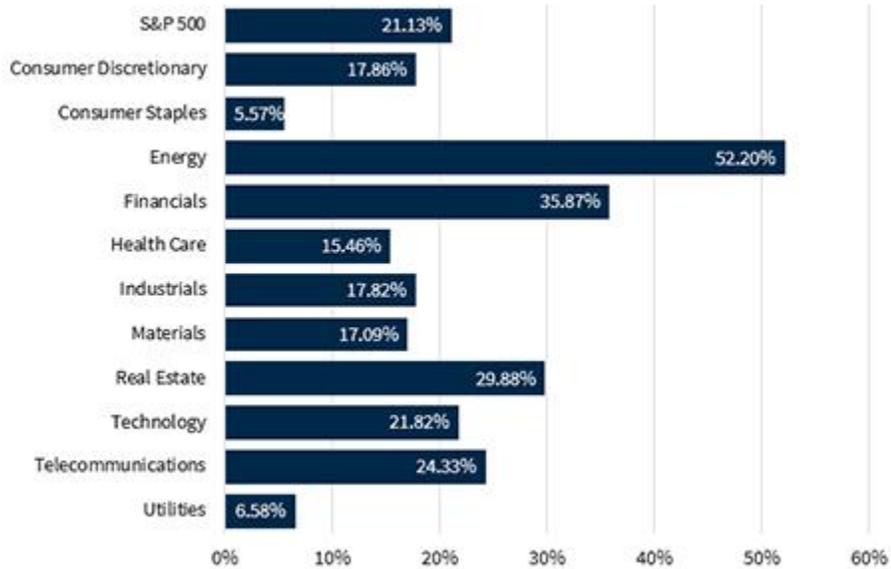
| | Last | 1 month ago |
|-------------------------|------|-------------|
| 2-year treasury | 0.47 | 0.24 |
| 10-year treasury | 1.69 | 1.31 |
| 10-year municipal (TEY) | 1.89 | 1.45 |

Treasury Yield Curve – 10/22/2021



As of close of business 10/21/2021

S&P Sector Performance (YTD) – 10/22/2021



As of close of business 10/21/2021

Economic Calendar

| | | |
|-------------------|---|--|
| October 26 | — | New Home Sales (September) |
| | — | CB Consumer Confidence (October) |
| October 27 | — | Durable Goods (September) |
| October 28 | — | Jobless Claims (week ending 10/23) |
| | — | Real GDP (3Q21, advance estimate) |
| | — | Pending Home Sales (September) |
| October 29 | — | Personal Income and Spending (September) |

- Employment Cost Index (3Q21)
- Chicago Business Barometer (October)
- UM Consumer Sentiment (October)
- November 1** — ISM Manufacturing Index (October)
- November 3** — FOMC Policy Decision
- November 5** — Employment Report (October)

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 21, 2021.

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