



Weekly Market Snapshot

June 9, 2020

by Scott Brown
of Raymond James

June 5, 2020

Chief Economist Scott Brown discusses the latest market data.

Stock market participants remained optimistic about the economy, further encouraged by a surprisingly strong employment report for May. Bond yields moved above their recent range.

The May Employment Report was sharply at odds with other labor market indicators. Nonfarm payrolls rose by 2.5 million (median forecast: -8.0 million), with private-sector jobs up 3.1 million. Payrolls fell by 19.5 million between February and May. In contrast, the number of people receiving unemployment benefits was nearly 30 million in mid-May, up a little more than 11 million from mid-April (corresponding to the timing of the payroll surveys). The unemployment rate fell to 13.3% (median forecast: 19.8%), from 14.7% in April (the May figure was understated by about three percentage points by a classification problem). While the May figures appear suspect, strong job gains were expected to show up in June, reflecting improvement in economic activity as states reopen. The black/African American unemployment rate edged up to 16.8% (from 16.7%).

Other economic figures showed improvement or less weakness. The ISM Manufacturing Index rose to 43.1 in May, vs. 41.5 in April, with continued sharp declines in new orders, production and employment. The ISM Non-Manufacturing Index rose to 45.4. Business activity, new orders and employment continued to contract, but not as sharply as in April. Unit motor vehicle sales rebounded to a 12.2 million seasonally adjusted annual rate, up from 8.7 million in April, but still down 30% from a year ago.

Next week, the Fed is expected to keep short-term interest rates low. Fed asset purchases are unlimited, but the pace has slowed. After punting in March, Fed officials are expected to issue forecasts of growth, unemployment and inflation. Fed Chair Powell will explain the situation in his post-meeting press conference.

Indices

	Last	Last Week	YTD return %
DJIA	26281.82	25400.64	-7.91%
NASDAQ	9615.81	9368.99	7.17%
S&P 500	3112.35	3029.73	-3.67%
MSCI EAFE	1820.35	1743.06	-10.63%
Russell 2000	1452.06	1400.67	-12.97%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.25	5.50
Fed Funds	0.00	2.37
30-year mortgage	3.13	3.91

Currencies

	Last	1 year ago
Dollars per British Pound	1.260	1.269
Dollars per Euro	1.134	1.122
Japanese Yen per Dollar	109.15	108.46
Canadian Dollars per Dollar	1.350	1.342
Mexican Peso per Dollar	21.917	19.583

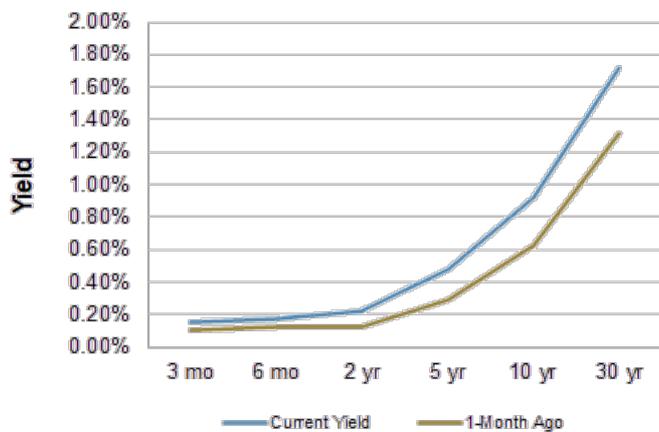
Commodities

	Last	1 year ago
Crude Oil	37.41	51.68
Gold	1727.40	1333.60

Bond Rates

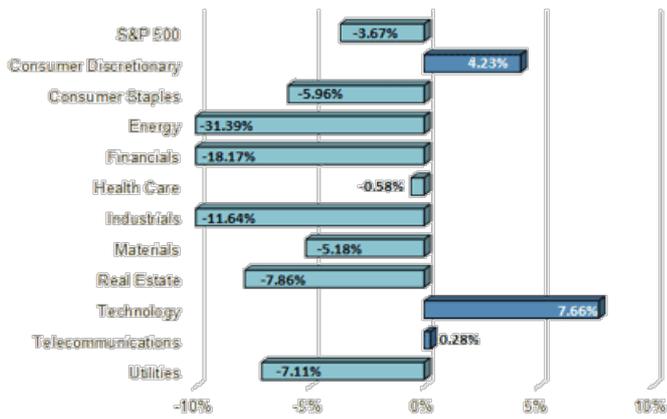
	Last	1 month ago
2-year treasury	0.22	0.12
10-year treasury	0.92	0.62
10-year municipal (TEY)	1.31	1.89

Treasury Yield Curve – 06/05/2020



As of close of business 06/04/2020

S&P Sector Performance (YTD) – 06/05/2020



Economic Calendar

June 10	— Consumer Price Index (May)
	— FOMC Policy Decision
	— Fed Summary of Economic Projections
	— Powell Press Conference
June 11	— Jobless Claims (week ending June 6)
	— Producer Price Index (May)
June 12	— Import Prices (May)
	— UM Consumer Sentiment (mid-June)
June 16	— Retail Sales (May)
	— Industrial Production
June 17	— Building Permits, Housing Starts (May)
July 2	— Employment Report (June)
July 29	— Independence Day Holiday (observed)
July 29	— FOMC Policy Decision

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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 June 4, 2020

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