



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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Stocks struggled again all week as oil prices fell back below \$30 a barrel and Chinese stocks took another leg down, adding to concerns about slowing global growth. Markets were closed on Monday for Martin Luther King Day, hopefully providing investors time to survey the bargains ahead of the flurry of 4<sup>th</sup> quarter earnings reports over the next few weeks.

- Economic Update:** Retail sales declined 0.1% in December, weaker than expected. Producer Price Index (PPI) fell 0.2% in December, plunging fuel prices again the cause. Industrial production fell by 0.4% in December, as weakness in materials sectors were a drag.
- Bank Stocks Feeling Oil Pains:** Several big banks are seeing the impact of falling oil in their loan portfolios. Wells Fargo, JP Morgan, and Citigroup added another \$1.625 billion to their loan loss reserves last quarter to cover losses in energy loans.
- Minimum Wage Rising Anyway:** Despite no action from Congress, more than a dozen states have raised their minimum wages this month. More than half of the states have minimum wage rates above the \$7.25/hour federal minimum wage level.
- Risk Aversion Pull Bond Yields Lower:** Bond yields globally fell to record lows this week as risk aversion dominates sentiment. The 10-year Japanese bond yield fell to 0.22%, the 10-year German bund yield fell to 0.47%, and the 10-year Treasury bond yield briefly dipped below 2.0% on Friday, closing the week at 2.03%. *The bond market has essentially erased the Fed's 25bp interest rate hike from last month.*
- China - Less is More:** Goldman Sachs notes that despite China's economy slowing to less than 7% in 2015, at its current growth rate China still contributes 39% of global economic growth, more than the 22% it contributed at 11% growth rates a decade ago.
- Carl's Corner:** As of Super Bowl 50, the New England Patriots, Denver Broncos and Pittsburgh Steelers will have combined to represent the AFC in 24 of the 50 Super Bowls.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.33	0.97	0.97
Barclays High Yield Bond	-2.55	-2.83	-2.83
Barclays Glb Agg Bond	0.22	0.98	0.98
JPM Emerging Mkts Bond	-1.67	-1.97	-1.97
S&P Equity 500 Index	-2.15	-7.93	-7.93
Russell 3000 All Cap Index	-2.48	-8.46	-8.46
Russell 2000 Small Cap Index	-3.66	-11.25	-11.25
NASDAQ Composite	-3.34	-10.34	-10.34
S&P Global BMI	-2.94	-8.86	-8.86
MSCI EAFE Index	-2.82	-8.79	-8.79
MSCI EAFE Small Cap	-3.82	-8.90	-8.90
MSCI Emerging Markets	-4.17	-10.68	-10.68

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