



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks held on to modest gains last week following the European Central Bank's decision to increase its QE bond buying program and mixed but generally firmer economic data out of both the U. S. and China. This week market focus turns again to politics and central banks with key primary votes in the U.S. on Tuesday and monetary policy meetings at both the Bank of Japan and the Fed on Tuesday and Wednesday.

- **Economic Update:** Moody's Survey of Business Confidence and the NFIB Small Business Survey both showed that business remained cautious in February, with no pickup in either survey. Jobless claims fell to 258K, and are now at the lowest levels in 40 years. The insured unemployment rate has fallen to 1.6%.
- **European Central Bank:** The European Central Bank joined the zero interest rate club last week, cutting its refinance rate from 5bp to 0bps, cutting the negative interest rate on excess bank deposits from -0.30% to -0.40%, and increasing its monthly bond purchases from \$60 billion to \$80 billion euros a month. Corporate bonds will also be included in eligible bond purchases and the ECB will make a new series of financing available to banks for up to four years beginning in June. The monetary stimulus measures exceeded market expectations and should provide a boost to the European economy well into 2017.
- **Yield Getting Harder to Find:** JP Morgan notes that roughly 65% of government bonds worldwide now yield less than 1% with 30% of government bonds yielding negative interest rates.
- **Happy Anniversary Bull Market!:** The ongoing bull market for the S&P 500 Index reached seven years on March 9, 2016. The index has rebounded by 241% since that time.
- **Central Banks Still in Focus:** The Bank of Japan and Federal Reserve both have monetary policy meeting this week, but no changes are expected from either meeting.
- **"Separation" Tuesday:** Voters go to the polls in five major states, Florida, Illinois, Ohio, Missouri, and North Carolina, the results will likely narrow the field for July party conventions.
- **Carl's Corner** - There has only been 3 NCAA Basketball Tournaments without a #1 seed in the Final Four:

80: Louisville (#2), Iowa (#5), Purdue (#6), UCLA (#8)
06: UCLA (#2), Florida (#3), LSU (#4), George Mason (#11)
11: UConn (#3), Kentucky (#4), Butler (#8), VCU (#11)

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.08	1.65	1.65
Barclays High Yield Bond	1.17	2.68	2.68
Barclays Glb Agg Bond	0.47	3.78	3.78
JPM Emerging Mkts Bond	1.29	1.06	1.06
S&P Equity 500 Index	1.19	-0.56	-0.56
Russell 3000 All Cap Index	1.09	-1.06	-1.06
Russell 2000 Small Cap Index	0.57	-3.99	-3.99
NASDAQ Composite	0.69	-4.91	-4.91
S&P Global BMI	1.13	-1.63	-1.63
MSCI EAFE Index	1.03	-3.73	-3.73
MSCI EAFE Small Cap	-0.55	-3.71	-3.71
MSCI Emerging Markets	1.29	1.06	1.06

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