



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks eased off last week on weaker than expected Apple earnings and a gross domestic product (GDP) report that showed the U. S. economy growing just 0.5% during the 1st quarter. This week brings the last full week of 1st quarter earnings reports, ISM Manufacturing and Service Sector readings and the April jobs report at the end of the week.

- Economic Update:** New home sales were flat for March, and durable goods orders fell 2.5% year over year, reflecting continued weakness in manufacturing. A recent Senior Loan Officer Survey showed tighter commercial industrial and real estate lending standards, while consumer loan standards loosened on stronger demand. The FOMC left rates unchanged and left open the door for another rate hike in June, as jobless claims fell to their lowest level since December 1973, with both personal income and wages accelerating in March.
- 1st Quarter Earnings Scorecard:** Several key tech names reported last week, with mixed results. Apple sales and earnings leveled off, missing estimates as the company awaits new products this fall. Both Facebook and Amazon handily beat forecasts, with Amazon increasing market share in key markets.
- Bank of Japan Holds Rates:** The Bank of Japan (BOJ) held its interest rates at negative 0.10% last week, disappointing markets that were expecting more stimulus efforts from Japan. The BOJ wanted more time to assess prior actions as consumer demand and inflation remain weak, but Industrial Production rose 3.6% in March.
- Merger News:** Abbot Laboratories agreed to acquire St. Jude Medical for \$25 billion, in a deal expected to close in the 4th quarter. Oil giants Baker Hughes and Halliburton officially called off their \$28 billion merger following a Department of Justice (DOJ) lawsuit against the deal.
- Puerto Rico Defaults:** Puerto Rico missed \$370 million in bond payments for its Government Development Bank on Monday, and Governor Padilla warned that more significant defaults loom by July 1st if Congress does not restore the commonwealth's ability to restructure under Chapter 9 bankruptcy code.
- Oil Exporters Budgets Hit:** In 2015, oil exporting companies lost \$390 billion in revenue due to oil price declines, and the IMF predicts a \$490 billion drop in 2016. Saudi Arabia projects a budget deficit of \$90 billion in 2016.
- Carl's Corner: We moved to new office suite #620!!**

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.40%	0.38%	3.43%
Barclays High Yield Bond	0.76%	3.92%	7.40%
Barclays Glb Agg Bond	1.46%	1.33%	7.31%
JPM Emerging Mkts Bond	0.37%	1.91%	7.23%
S&P Equity 500 Index	-1.24%	0.39%	1.74%
Russell 3000 All Cap Index	-1.24%	0.62%	1.59%
Russell 2000 Small Cap Index	-1.37%	1.57%	0.03%
NASDAQ Composite	-2.65%	-1.89%	-4.27%
S&P Global BMI	-0.68%	1.67%	2.03%
MSCI EAFE Index	-0.44%	2.90%	-0.20%
MSCI EAFE Small Cap	1.21%	2.30%	1.69%
MSCI Emerging Markets	-0.57%	0.54%	6.29%

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