



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks were mostly down last week, with foreign stocks moving down sharply on renewed fears of a “Brexit” vote in Britain on June 23rd. This week brings monetary policy meetings at both the Federal Reserve and the Bank of Japan, but expect both central banks to remain on hold to assess impact of prior policy changes and pending election outcomes. Quadruple witching on Friday could lead to volatile week.

- Economic Update:** Mortgage applications rose sharply last week on falling interest rates. Re-financings were up 7% and purchase applications were up 11%. The April JOLTS report showed job openings up 3.9% to 5.8 million. However, job hires were down from 5.29 million to 5.09 million as businesses report lack of qualified applicants. Unemployed persons per opening remained 1.4, far removed from the post-recession peak of 6.6 in July 2009. Consumer sentiment and leading index indicators remained steady.
- Europe and Japan Growth Improving:** Despite last week’s pullback in foreign stocks, economic growth in both regions was better than expected, with 1Q GDP in Europe up 1.7%, and Japan’s 1Q GDP coming in at 1.9%.
- Resisting New Highs:** The S&P 500 closed at calendar year high of 2119 on Wednesday, just 0.6% below its all-time high.
- Britain in 1973:** As Britain votes next week on whether to stay in the European Union, it is worth remembering that when they joined the EU in 1973, British incomes and economic growth lagged Germany, France, and Italy, and their economy was dubbed the “sick man of Europe” in the 1970’s. Europe is by far Britain’s largest trading partner. Current probabilities of Britain remaining in the EU are at 64%.
- Merger Monday:** Microsoft announced the acquisition of social media firm Linked In for \$26 billion in cash ahead of trading on Monday.
- Carl’s Corner:** During the World Series era (1903-present), only 5 MLB teams have finished with a better Win-Loss % than the 2016 Chicago Cubs: The 1906 Chicago Cubs, 1909 Pittsburgh Pirates, 1954 Cleveland Indians, 2001 Seattle Mariners, and the 1927 New York Yankees.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.38%	1.41%	4.48%
Barclays High Yield Bond	0.98%	5.61%	9.15%
Barclays Glb Agg Bond	0.34%	1.97%	7.99%
JPM Emerging Mkts Bond	0.70%	3.36%	8.76%
S&P Equity 500 Index	-0.11%	2.21%	3.59%
Russell 3000 All Cap Index	-0.17%	2.49%	3.49%
Russell 2000 Small Cap Index	0.01%	4.72%	3.13%
NASDAQ Composite	-0.95%	0.79%	-1.66%
S&P Global BMI	-0.50%	1.84%	2.20%
MSCI EAFE Index	-1.73%	0.42%	-2.60%
MSCI EAFE Small Cap	-1.30%	2.45%	1.84%
MSCI Emerging Markets	1.04%	-1.10%	4.55%

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