



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks moved higher last week thanks to a much stronger than expected jobs report on Friday, which rallied domestic stocks and followed across the globe in early trading this week. This week we get the first batch of 2nd quarter earnings reports along with Alcoa kicking off after the close on Monday. Monthly JOLTS report and Fed Beige Book highlight week's economic releases.

- **Economic Update:** The June jobs report was much better than expected, showing the economy added 287,000 jobs, reversing the meager 38K in May. The 3-month average gain is 147K, which is lower than last year, but enough to absorb new workers. The unemployment rate ticked up to 4.9% on lower part-time workers and labor participation. The ISM Service sector index rose to 56.5 and regional surveys improved, though factory orders remained soft, declining 1.0% in May data.
- **BREXIT Update:** The Brexit saga in the United Kingdom took another twist on Monday, with energy secretary Angela Leadsom's withdrawal from race, leaving home secretary Theresa May the sole ruling Conservative Party candidate. May is expected to replace Prime Minister David Cameron as early as Wednesday and begin negotiations with EU, though she campaigned for the "Remain" side of the referendum. UK Finance Minister George Osborne went to Wall Street on Monday to encourage ongoing investment in Britain.
- **2nd Quarter Earnings Preview:** FactSet estimates that 2Q earnings will decline 5.3%, marking five quarters of declines. Estimates have declined just 2.2% from last quarter, far below the average quarterly estimate of 5% cut during the last ten years.
- **Australia and Japan vote Status Quo:** Prime Minister Malcolm Turnbull won a close contest for re-election, as opposition support surprised pollsters. Australia has the longest streak of positive economic growth in developed countries. Japan ruling LDP party won control of both houses of parliament, giving Prime Minister Abe freedom to enact more economic stimulus reforms in Japan.
- **Record Low Bond Yields:** The yield on the 10-year Treasury bond closed at a record low yield of 1.36% on Friday, the lowest in 226 years of trading.
- **Carl's Corner:** The American League is 21-6-1 against the older National League over the last 28 years.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	+0.60	+0.81	+6.16
Barclays High Yield Bond	+0.99	+1.39	+10.57
Barclays Glb Agg Bond	+0.47	+0.73	+9.76
JPM Emerging Mkts Bond	+0.94	+1.53	+12.59
S&P Equity 500 Index	+1.33	+1.55	+5.45
Russell 3000 All Cap Index	+1.37	+1.63	+5.31
Russell 2000 Small Cap Index	+1.80	+2.24	+4.50
NASDAQ Composite	+1.96	+2.39	-0.33
S&P Global BMI	+0.01	+0.50	+2.08
MSCI EAFE Index	-1.75	-1.00	-5.38
MSCI EAFE Small Cap	-1.91	-0.84	-3.99
MSCI Emerging Markets	-1.17	-0.56	+5.82

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