



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks continued their post-Brexit bounce last week on better than expected earnings from major banks and generally improving economic data. Government bonds declined but high yield and credit related bonds remained positive. This week is relatively light on economic data but brings a full week of 2nd quarter earnings reports and a key ECB monetary policy meeting on Thursday.

- Economic Update:** Retail sales rose 0.6% in June, and now are up 5.9% year over year, a key driver of consumer spending. Producer prices and import prices both rose in June, and the Core Consumer Price Index is up 2.3% year over year. Industrial production rose 0.6% in June and manufacturing production rose 0.4%, reversing recent weakness. Both were driven primarily by auto production gains.
- BREXIT Update:** The Bank of England held interest rates at 0.50% last week, with most market participants expecting a rate cut. The BOE emphasized its ability and willingness to support any Brexit weakness in the UK economy. Theresa May assumed the Prime Minister office and was swift to appoint a cabinet as well as lead negotiators with the European Union exit plans.
- 2nd Quarter Earnings:** Earnings so far have been slightly better than expected, dominated by big banks, where JP Morgan and Bank of America had better than expected earnings, while Wells Fargo met estimates.
- China GDP Beats:** China released its 2nd quarter GDP last week, showing growth of 6.7% year over year, beating most estimates. Concerns remain about quality of growth, with credit expansion and government spending stronger gains.
- Eurozone Jobs:** Unemployment in the 19 nation Euro bloc has fallen to 10.1%, the lowest level since July 2011. The rate is still twice the level of the U.S. unemployment rate of 4.9%.
- Republican Convention:** The Republican Convention kicks off this week in Cleveland, OH, where it is expected that Donald Trump will be nominated as the Republican candidate for President. The Democratic Convention kicks off next week in Philadelphia.
- Carl's Corner:** Terry Ryan was 14-3 in his 4-year Minor League Baseball career, posting a career ERA of 3.07. In 1973, he went 10-0 for the Twins Class A affiliate, Wisconsin Rapids, with an ERA of 1.78!

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.78	+0.03	+5.34
Barclays High Yield Bond	+1.37	+2.77	+12.08
Barclays Glb Agg Bond	-1.32	-0.60	+8.31
JPM Emerging Mkts Bond	+0.28	+1.82	+12.91
S&P Equity 500 Index	+1.51	+3.08	+7.04
Russell 3000 All Cap Index	+1.55	+3.21	+6.95
Russell 2000 Small Cap Index	+2.39	+4.68	+7.00
NASDAQ Composite	+1.47	+3.89	+1.13
S&P Global BMI	+2.57	+3.08	+4.71
MSCI EAFE Index	+3.66	+2.62	-1.92
MSCI EAFE Small Cap	+2.84	+1.97	-1.27
MSCI Emerging Markets	+4.83	+4.25	+10.93

Robert Klefsaas, CFP®, AIF®, CFDS
 Bruce Bonner, CFA®
 Brian Senske, MA
 David Osterberg, CPA
 Carl Ermisch, AIF®
 Paula Zilka
 John Shevlin
 Michele Lenz
 Nick Sullivan, CFP®
 Chris Murray
 Patrick Wald
 Jacob Mathison

President
 Portfolio Manager
 COO, CCO
 Tax Advisor
 Analyst & Paraplanner
 Executive Assistant
 Account Executive
 Client Associate
 Wealth Manager
 SVP Bank PCWM
 Intern #95
 Intern #96



Phone: 952-896-3820 · Fax: 952-896-3819 · Toll Free: 888-809-7901

Email: asf@allstarfinancial.com · Website: www.allstarfinancial.com