



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks were mixed last week, with foreign and growth stocks showing gains, while domestic large cap stocks declined. The FOMC held steady at last week's monetary policy meeting with no change rates, policy, or forward guidance. Initial 2nd quarter GDP disappointed, coming in at 1.2% annual growth, half of what economists expected. Another full week of 2nd quarter earnings ahead.

- Economic Update:** S&P Case/Shiller Home prices rose by 5.2%, with new home sales improving this month and consumer confidence readings holding steady. Regional economic surveys continue to show some improvement from 1st quarter. Durable goods declined 4.0%, down 6.4% year over year as manufacturing continues to struggle. 2nd quarter GDP came in at just 1.2% year over year, largely on weak business inventory levels and equipment spending declines. Consumer spending remains relatively strong. This week we get fresh ISM Manufacturing and Service Sector readings.
- BREXIT Update:** Great Britain's economy grew by 0.6% in 2nd quarter, better than expected. This represents the last pre-Brexit quarter, so economists are watching closely for weakness in upcoming economic releases. The Bank of England is widely expected to cut interest rates by another 25bps at this Thursday's monetary policy meeting.
- Bank of Japan:** The Bank of Japan disappointed markets last week, keeping their interest rates and QE programs at modest levels, but modestly expanding asset purchases through broad ETF investments. The BOJ announced they are reviewing monetary policy effectiveness and hinted at changes in upcoming September meeting. Prime Minister Abe announced this week a \$45 billion fiscal policy targeted at welfare spending, infrastructure, and small business supports.
- Euro Bank Stress Tests:** The European Banking Authority announced the results of bank stress tests last week. Almost all banks showed improvement and ability to maintain capital during times of stress, though Italian banks remain under stress, with UniCredit the largest Italian bank the weakest of passing banks, and Monte de Paschi Banking failing, though the bank is currently recapitalizing under a \$5 billion capital plan.
- Oil Back in Bear Market:** Rising oil prices brought oil production back on line, with oil rigs rising over the past 5 weeks, but supply has sent oil prices down towards \$40 barrel again, as Saudi Arabia has moved to defend market share in Asia.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	+0.48%	+0.63%	+5.98%
Barclays High Yield Bond	-0.34%	+2.70%	12.01%
Barclays Glb Agg Bond	+1.74%	+0.75%	+9.78%
JPM Emerging Mkts Bond	-0.23%	+1.56%	+12.62%
S&P Equity 500 Index	-0.05%	+3.69%	+7.66%
Russell 3000 All Cap Index	+0.07%	+3.97%	+7.74%
Russell 2000 Small Cap Index	+0.59%	+5.97%	+8.32%
NASDAQ Composite	+1.23%	+6.66%	+3.82%
S&P Global BMI	+0.99%	+4.50%	+6.15%
MSCI EAFE Index	+3.54%	+5.07%	+0.42%
MSCI EAFE Small Cap	+3.54%	+6.13%	+2.76%
MSCI Emerging Markets	+0.51%	+5.03%	+11.77%

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