



WEEKLY MARKET WRAP

REVIEW & PREVIEW

October 10, 2016

VOLUME 23, ISSUE 32

Stocks were mixed but mostly in the red across all broad bond and stock market indexes. Economic data continues to show some improvement and corporate earnings will begin this week with Alcoa kicking off 3rd quarter earnings season on Tuesday. Political fever is peaking with just one Presidential debate left and less than a month to the November 8th U.S. election.

- Economic Update:** The ISM Manufacturing Index bounced to a higher than expected 51.5, pushing the manufacturing sector back into expansion mode while the ISM Service Sector Index rose to 57.5, its highest level since October 2015. Jobless claims fell to 249K on the week and payrolls rose by 156,000 jobs in the September jobs report. The unemployment rate ticked up to 5.0%. But perhaps more importantly the labor participation rate rose to 62.9%, as 444,000 workers entered the job market and wages increased by 2.6%.
- Brexit Update:** Last week British Prime Minister Theresa May announced that the UK would trigger Article 50 by the end of March 2017, marking the official start to the negotiation process to leave the European Union. Minister May emphasized prioritizing immigration controls, which would likely inhibit full access to the European Union single market. The British pound fell 2% and is now at its lowest level against the dollar since 1985.
- Retirement Assets Hit Record:** U.S. retirement assets (DB plans, DC plans, and IRAs) reached a record \$24.5 trillion as of 6/30/16, and up 76% from its total of \$13.9 trillion as of 12/31/2008, at the beginning of the last recession.
- Emerging Market News:** The Chinese yuan achieved global reserve currency status following its inclusion in a basket of currencies backing the Special Drawing Rights (SDR), an international reserve managed by the International Monetary Fund (IMF). The yuan joins the U.S. dollar, euro, Japanese yen, and British pound in the IMF SDR. *India's central bank cut interest rates by 0.25% in its first meeting led by new central bank Governor Patel, citing lackluster global growth and easing inflation.*
- Buy Backs Easing:** S&P 500 stock buybacks totaled \$127.5 billion in Q2 2016, down 3.1% from previous year and down 21% from 1Q 2016 according to S&P Dow Jones Indices. Information Technology, Financials, and Industrials accounted for 60% of all buybacks in the most recent quarter.
- Money Ball-Team>\$\$:** The New York Yankees had the highest opening day payroll of \$223 million out of 30 teams. The Cleveland Indians had the 27th highest payroll of \$74 million. The Indians made the playoffs, the Yankees did not.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.51%	-0.51	5.26%
Barclays High Yield Bond	0.45%	0.45%	15.63%
Barclays Glb Agg Bond	-1.37%	-1.37%	8.35%
JPM Emerging Mkts Bond	-0.30%	-0.30%	14.69%
S&P Equity 500 Index	-0.60%	-0.60%	7.19%
Russell 3000 All Cap Index	-0.72%	-0.72%	7.40%
Russell 2000 Small Cap Index	-1.18%	-1.18%	10.15%
NASDAQ Composite	-0.34%	-0.34%	6.73%
S&P Global BMI	-0.58%	-0.58%	6.79%
MSCI EAFE Index	-0.77%	-0.77%	0.94%
MSCI EAFE Small Cap	-1.20%	-1.20%	3.93%
MSCI Emerging Markets	1.29%	1.29%	17.51%

Robert Klefsaas, CFP®, AIF®, CFDS
 Bruce Bonner, CFA®
 Alexander Källebo, CFA®
 Brian Senske, MA
 David Osterberg, CPA
 Carl Ermisch, AIF®
 Paula Zilka
 John Shevlin
 Nick Sullivan, CFP®
 Chris Murray
 Adam Neuger

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



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

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

3800 AMERICAN BLVD W, SUITE 620 · MINNEAPOLIS, MN · 55431