



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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All major bond and stock markets were in the red last week, as 3<sup>rd</sup> quarter earnings have yet to swing into full gear and the Presidential election looms less than a month away, adding a tone of caution to markets. Bank earnings have gotten off to a good start, with Citigroup, Bank of America, JP Morgan, and Wells Fargo all reporting better than expected results.

- Economic Update:** Jobless claims ticked down to 246K last week, marking the 84<sup>th</sup> consecutive week of jobless claims below the 300K level. Producer prices rose higher by 0.3% in September, with core PPI also rising 0.3%. Retail sales rebounded by 0.6% in September, after falling by 0.3% in August.
- Unfunded State Pension Liabilities Rising:** Moody's Investors Service reported that the combination of weak investment performance and insufficient contributions will cause unfunded liabilities for state public pensions to rise by 40% to \$1.75 trillion. Moody's noted that state public pension funds earned a median of 0.52% on investments for fiscal year ending in June, well below average assumed return rate of 7.50%.
- Government Bond Yields Rising Again:** Government bond yields are rising again (2-28bps) in the 4<sup>th</sup> quarter across developed markets. Brexit discussions, no further stimulus from the ECB and Bank of Japan, and rising expectations of a December Fed rate hike have contributed to the rise.
- Renewable Energy Growing Faster than Expected:** The International Energy Agency is raising its forecasts for Solar and Wind Energy installations in this year's annual report. A growing number of countries are adopting climate change policies in recent years.
- Hurricane Matthew:** Core Logic estimates that the economic cost of Hurricane Matthew will be in the \$4-\$6 billion range from wind and storm damage. So far in 2016, the U. S. has had 12 weather disasters that resulted in \$1 billion plus in damages, the 2<sup>nd</sup> highest in a calendar year.
- Congrats to Minnesotan Bob Dylan:** Minnesota native Bob Dylan won the Nobel Prize in Literature last week.
- Carl's Corner:** Sunday night, Clayton Kershaw became the first pitcher to beat the Cubs 1-0 in a postseason game since Babe Ruth.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.16%	-0.67%	5.08%
Barclays High Yield Bond	0.10%	0.55%	15.74%
Barclays Glb Agg Bond	-0.90%	-2.25%	7.37%
JPM Emerging Mkts Bond	-0.54%	-0.84%	14.07%
S&P Equity 500 Index	-0.95%	-1.55%	6.17%
Russell 3000 All Cap Index	-1.05%	-1.76%	6.28%
Russell 2000 Small Cap Index	-1.94%	-3.10%	8.01%
NASDAQ Composite	-1.48%	-1.81%	5.15%
S&P Global BMI	-1.21%	-1.78%	5.50%
MSCI EAFE Index	-1.40%	-2.15%	-0.47%
MSCI EAFE Small Cap	-1.31%	-2.49%	2.56%
MSCI Emerging Markets	-1.94%	-0.67%	15.24%

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