



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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The post-election rally in domestic stocks continued last week as investors speculate that the Trump administration will increase fiscal stimulus and drive inflation higher. Both the Dow Jones and the Russell 2000 Index hit record highs. Foreign stocks continued to lag broader markets on the stronger dollar and bonds have declined on rising interest rates ahead of the December FOMC meeting.

- Economic Update:** U.S. retail sales rose 0.8% in October and September sales were revised up, pointing to strong consumer demand ahead of the Holiday shopping season. The U.S. consumer price index (CPI) gained 0.4% in October, its biggest increase in six months. Core producer prices increased 1.2% year over year, and core consumer prices rose 2.1% year over year for the month.
- Election Fallout-Continued:** Bond yields and currency movements have felt the impact of the Trump election and Republican control of Congress. The dollar has strengthened to a 13-year high against major currencies and the yield on the 10-year Treasury has risen to a high for 2016, touching 2.36% on Friday. *The current probability of a FOMC rate hike at the December 14th meeting now stands at 94%.*
- Japan's Economy Improves:** Japan's 3Q GDP growth came in at 2.2% y/y growth, better than expected. Net exports and housing investment improved and consumer spending remained positive.
- European Central Bank Signals:** The European Central Bank (ECB) President Draghi signaled that the bank's purchasing program may be extended next month. Draghi promised to use "all instruments available" until inflation sustainably accelerates. Eurozone inflation was just 0.5% in October, well below the ECB target of 2%.
- Technology Sector-Cash Rich:** Moody's Investor Services estimates that total U.S. corporate cash holdings will reach \$1.8 trillion at year-end, a 40% increase in five-years according to Fortune. Technology companies hold 48% of the cash total and Moody's estimates that as much as 70% is being held overseas.
- Carl's Corner-Go Vikings!** On Sunday versus Arizona, the Minnesota Vikings were the first team since the 1962 Dallas Cowboys to have a 100-yard interception and a 100-plus yard kickoff return touchdown in the same game.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-1.02%	-3.08%	2.54%
Barclays High Yield Bond	-0.32%	-0.87%	14.11%
Barclays Glb Agg Bond	-2.22%	-6.43%	2.79%
JPM Emerging Mkts Bond	-1.88%	-5.63%	8.56%
S&P Equity 500 Index	0.89%	0.96%	8.87%
Russell 3000 All Cap Index	1.19%	1.36%	9.65%
Russell 2000 Small Cap Index	2.62%	5.28%	17.34%
NASDAQ Composite	1.68%	0.38%	7.50%
S&P Global BMI	0.15%	-1.83%	5.44%
MSCI EAFE Index	-1.52%	-4.94%	-3.30%
MSCI EAFE Small Cap	-0.77%	-5.90%	-1.02%
MSCI Emerging Markets	-0.52%	-6.43%	8.56%

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