



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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November's strong domestic market rally finally stalled and international markets saw continued downward pressure as the month ended. Domestically, the S&P 500 slipped 0.9% and the NASDAQ Composite fell 2.6% for the week. Internationally, the S&P BMI Global Index fell 0.6% and the MSCI Emerging Market Index fell 0.3%. Thursday the 10-year U.S. Treasury rose to 2.4%, its highest level in 17 months sending bond prices down. OPEC's production cut agreement sent crude oil to an intra month high of \$51.

- Economic Update:** The U.S. economy's third quarter was slightly faster than originally reported with Real GDP revised up to a 3.2% annual growth rate in Q3, versus a consensus expected 3.0% and a prior estimate of 2.9%. The largest upward revision was to consumer spending, which grew at 2.8% vs. the original reading of 2.1%. The trend of improvement in the factory sector continues with the ISM manufacturing index rising to 53.2 in November, beating the consensus expected level of 52.5. Nonfarm payrolls increased 178,000 in November almost exactly the 180,000 the consensus expected. The unemployment rate fell to 4.6% from 4.9% and Personal Income increased 0.6%, beating consensus expectations of 0.4%. Business activity and employment showed the fastest pace of expansion in more than a year and the ISM non-manufacturing index rose to 57.2 in November from 54.8 in October, easily beating the consensus expected 55.5.
- November Bond Meltdown:** The 30-year-old bull market in bonds looks to be ending with a bang. The Bloomberg Barclays Global Aggregate Total Return Index lost 4% in November, which was its worst month since the index's 1990 inception and the rout saw \$1.7 trillion wiped off the index's value during the month.
- Oil Pact:** After weeks of negotiations, the Organization of Petroleum Exporting Countries (OPEC) finally agreed to a production cut, which is the first supply cut agreement in 8 years. The production cut agreement among OPEC members sent crude oil prices above \$50 a barrel on Wednesday and a weekly gain of almost 11%.
- Earnings Momentum:** U.S. corporations' after-tax earnings rose 5.2% in the third quarter, the strongest quarterly result in nearly four years, the government reported on Tuesday.
- Small Cap Rally Ends:** After 15 consecutive daily gains, the small cap index, Russell 2000, fell on Monday ending its longest winning streak in 20 years.
- Carl's Corner:** Delaware is the only state that doesn't have a National Park or a National Monument.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.08%	-3.20%	2.41%
Barclays High Yield Bond	0.37%	0.00%	15.12%
Barclays Glb Agg Bond	0.22%	-6.49%	2.72%
JPM Emerging Mkts Bond	-0.35%	-6.03%	8.10%
S&P Equity 500 Index	-0.91%	1.50%	9.45%
Russell 3000 All Cap Index	-1.08%	1.85%	10.18%
Russell 2000 Small Cap Index	-2.40%	5.23%	17.29%
NASDAQ Composite	-2.62%	-0.82%	6.22%
S&P Global BMI	-0.63%	-1.10%	6.22%
MSCI EAFE Index	-0.22%	-3.94%	-2.28%
MSCI EAFE Small Cap	-0.31%	-5.66%	-0.76%
MSCI Emerging Markets	-0.30%	-5.45%	9.69%

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