



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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The Dow failed to climb to the 20,000-point level, but for the year, three major U.S. indices posted strong gains in 2016 and climbed to record highs. The Dow jumped 16.5% to post its best year since 2013, while the S&P 500 rose 11.96% and the NASDAQ Composite gained 8.87%. The year across much of the bond market was volatile with 10-year U.S. Treasury yields as low as 1.37% and ended the year at 2.45%. The Barclays U.S. Aggregate index gained 2.65% for the year.

- Economic Update:** *New single-family home sales* increased 5.2% in November to a 592,000 annual rate, beating the consensus expected pace of 575,000. Sales are up 16.5% from a year ago and the median price of new homes sold was \$305,400 in November, down 3.7% from a year ago. *U.S. jobless claims* fell by 10,000 to total 265,000 for the week ended Dec. 24, continuing a trend that suggests a solid job market. *U.S. consumer confidence* in December reached its highest level since August 2001, the Conference Board said.
- Quiet week for U.S. Stocks:** U.S. stocks were mostly quiet during the week, with the exception of Wednesday, when the Dow fell 111 points. It was the market's steepest daily decline since December 14, when the index fell 119 points after the U.S. Federal Reserve raised interest rates. Defensive and higher dividend yielding sectors, which have lagged the market since the election, outperformed for the week with the real estate sector providing the only positive return for the week.
- Value outperformed growth:** The value style outperformed the growth style across all market capitalizations during the last week of the year, as well as year-to-date. The largest differential for the year, close to 20%, was between small cap value and small cap growth stocks.
- Bonds rebound:** As the strong appetite for risk assets declined, bond prices rose slightly during the week. The biggest shift came on Wednesday, when the yield of the 10-year U.S. Treasury bond fell to 2.51% from 2.57% the previous day. Overall, it was a volatile year across much of the bond market as analysts debated whether a three-decades-long bull market for bonds might be on its last legs.
- Volatility below average:** For the year, investors were less worried than historically even though we saw plenty of uncertainty, both economically and politically. The CBOE Volatility Index fell more than 20% over the course of the year and remained below its historical average.
- Carl's Corner:** AFC teams with Tom Brady, Peyton Manning, or Ben Roethlisberger starting at QB have appeared in 12 of the last 13 Super Bowls.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays US Aggregate Bond	0.25%	-2.98%	2.65%
Barclays Global Aggregate Bond	0.24%	-7.07%	2.09%
Barclays US Corporate High Yield	0.01%	1.75%	17.13%
JPM Emerging Mkts Bond	0.04%	-4.21%	10.19%
S&P Equity 500 Index	-0.46%	3.82%	11.96%
Russell 3000 All Cap Index	-0.44%	4.21%	12.74%
Russell 2000 Small Cap Index	-0.44%	8.83%	21.31%
NASDAQ Composite	-0.89%	1.66%	8.87%
S&P Global BMI	-0.01%	1.33%	8.84%
MSCI EAFE Index	0.52%	-0.71%	1.00%
MSCI EAFE Small Cap	0.69%	-2.86%	2.18%
MSCI Emerging Markets	0.45%	-4.16%	11.19%

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