



WEEKLY MARKET WRAP

REVIEW & PREVIEW

February 7, 2017

VOLUME 24, ISSUE 6

At market close Monday, the S&P 500 and Dow logged their worst daily loss since mid-October and both fell 0.6%. The CBOE Volatility Index posted its steepest one-day increase since November 3, 2016. By Friday morning, stocks moved higher on the back of a strong U.S. jobs report. The U.S. labor market continues to strengthen, although wage growth remains uneven. At last week's FOMC meeting, the Fed left the Fed Fund rates unchanged at 0.5%-0.75%. The U.S. dollar fell 0.7% against a basket of other major currencies on Tuesday, dropping to its lowest level since mid-November.

- Economic data:** *Personal income* increased 0.3% in December, coming in below the consensus expected 0.4%. *Personal income* is up 3.5% in the past year, while spending is up 4.5%. *Personal consumption* rose 0.5% in December, matching consensus expectations. The *ISM manufacturing index* rose to 56.0 in January, beating the consensus expected level of 55.0. *Nonfarm productivity* (output per hour) increased at a 1.3% annual rate in the fourth quarter; narrowly beating the consensus expected 1.0%. Nonfarm productivity is up 1.0% versus last year. *Nonfarm payrolls* increased 227,000 in January versus a consensus expected 180,000. The *unemployment rate* ticked up to from 4.7% in December to 4.8% in January. The *ISM non-manufacturing index* declined to 56.5 in January, coming in below the consensus expected 57.0.
- Equity:** Friday's monthly employment report was a positive catalyst for stocks, as the Dow climbed nearly 187 points to post its biggest daily gain of the week. January was the third positive month in a row for the major U.S. stock indexes. The S&P 500 rose 1.8%; the Dow added 0.5% and the NASDAQ Composite climbed 4.3%. Outside the United States, most major indexes rose.
- Fixed income:** The Treasury curve steepened last week, with short-term rates falling on decreased expectations for a March rate hike. At last week's FOMC meeting, the Fed left the Fed Fund rates unchanged at 0.5%-0.75%. The accompanying statement reiterated the Fed's expectation for moderate economic growth with a slightly more hawkish tone.
- Earnings:** With a little over half of the companies in the S&P 500 having reported fourth-quarter results, earnings were on track to rise around 5% compared with last year's third quarter, according to S&P Dow Jones Indices.
- Political news:** On Friday President Trump signed an executive order that creates a framework to scale back Dodd-Frank; the law that overhauled banking regulations in the wake of the financial crisis. Financials sector stocks were among the biggest gainers on Friday.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.04%	0.02%	0.02%
Barclays Global Aggr Bond	0.68%	1.04%	1.04%
Barclays US Corp High Yield	0.33%	1.86%	1.86%
JPM Emerging Mkts Bond	0.72%	2.16%	2.16%
S&P Equity 500	0.16%	2.76%	2.76%
Russell 3000 All Cap	0.24%	2.80%	2.80%
Russell 2000 Small Cap	0.54%	1.59%	1.59%
NASDAQ Composite	0.13%	5.33%	5.33%
S&P Global BMI	0.27%	3.60%	3.60%
MSCI EAFE	0.03%	3.48%	3.48%
MSCI EAFE Small Cap	0.88%	4.36%	4.36%
MSCI Emerging Markets	0.33%	6.60%	6.60%

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