



WEEKLY MARKET WRAP

REVIEW & PREVIEW

March 7, 2017

VOLUME 24, ISSUE 10

Equity markets extended their rally to a sixth straight positive week, as the S&P 500 Index advanced 0.7% for the week. Treasury yields rose sharply during week as speeches by several Federal Reserve (Fed) members increased the likelihood of a March rate hike. Yields rose across the curve, led by 5 year maturities, which tend to be most sensitive to changes in the outlook for Fed policy. While the 5 year Treasury yield rose the most last week, the 2 year Treasury also rose significantly and closed the week at the highest point since June 2009.

- Economic data:** *New Orders for durable goods* rose 1.8% in January versus a consensus expected 1.6%. *Real GDP* was unrevised at a 1.9% annual growth rate in Q4, lagging the consensus expected 2.1%. *Personal Income* increased 0.4% in January, coming in above the consensus expected 0.3%. *Personal Consumption* rose 0.2% in January, coming in below the consensus expected 0.3%. Personal income is up 4.0% in the past year, while spending is up 4.7%. The *ISM Manufacturing* index rose to 57.7 in February, easily beating the consensus expected level of 56.2. The *ISM Non-Manufacturing* index rose to 57.6 in February, easily beating the consensus expected 56.5. The major measures of activity were mostly higher in February, and all remain above 50, signaling expansion. *Disposable Personal Income* (income after taxes) increased 0.3% in January and is up 4.0% from a year ago. The overall PCE Deflator (consumer inflation) rose 0.4% in January and is up 1.9% versus a year ago. *Jobless Claims* fell as the number of Americans filing for unemployment benefits fell to its lowest level since 1973. Jobless claims have remained under 300,000 for 104 consecutive weeks.
- Equity:** U.S. equities advanced yet again last week with the S&P 500 Index climbing 0.7%. Economic data continued to come in better than expected. Consumer confidence reached its highest level since 2001 last month. For the month of February, the S&P 500 posted a gain of 5.57%; sector leaders were healthcare, utilities and financials, while large caps outpaced small caps.
- Fixed income:** Yields rose sharply across the curve last week with the yield on the benchmark Treasury 10 year note increasing 17 basis points. Market expectations that the FOMC will raise rates in March skyrocketed from 40% to over 90% in just a few days.
- Currencies:** While most currencies were selling off against the U.S. dollar this week on the back of rising expectations of a Fed rate hike in March, the Swedish krona was one exception.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.85%	0.20%	0.20%
Barclays Global Aggr Bond	-1.07%	0.37%	0.37%
Barclays US Corp High Yield	0.33%	3.07%	3.07%
JPM Emerging Mkts Bond	-0.19%	3.33%	3.33%
S&P Equity 500	0.71%	6.85%	6.85%
Russell 3000 All Cap	0.61%	6.51%	6.51%
Russell 2000 Small Cap	0.01%	2.90%	2.90%
NASDAQ Composite	0.46%	9.28%	9.28%
S&P Global BMI	0.23%	6.04%	6.04%
MSCI EAFE	0.45%	4.68%	4.68%
MSCI EAFE Small Cap	0.00%	5.28%	5.28%
MSCI Emerging Markets	-1.29%	8.12%	8.12%

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