



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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The bull market turned 8 years old, but falling oil prices weighed on stocks and the S&P 500 declined, snapping a string of six consecutive weekly gains. After eclipsing 21,000 points on March 1, the Dow slipped below that threshold on Monday and remained slightly below it the rest of the week. U.S. Treasury yields rose last week across the curve. Yields in the 5 to 30 year maturity range increased the most and rose about the same amount, while 2 year maturities increased less significantly.

- Economic data:** The *trade deficit* in goods and services came in at \$48.5 billion in January, matching consensus expectations. In the last year, exports are up 7.4% while imports are up 8.3%. *Nonfarm productivity* (output per hour) was unrevised at a 1.3% annual rate in the fourth quarter; coming in below the consensus expected 1.5% gain. *Nonfarm productivity* is up 1.0% versus last year. *Real (inflation-adjusted) compensation* per hour in the nonfarm sector declined at a 0.4% annual rate in Q4 but is up 1.2% versus last year. Unit labor costs rose at a 1.7% rate in Q4 and are up 2.0% versus a year ago. *Nonfarm payrolls* increased 235,000 in February versus a consensus expected 200,000. Including revisions to December/January, nonfarm payrolls were up 244,000.
- Equity:** The U.S. equity market fell for the first time in seven weeks on macro concerns surrounding falling oil prices and the Fed rate hikes. Despite a weaker tone to investor sentiment, the resiliency of the stock market continued to perforate through as the broad equity market (S&P 500) has now gone through 102 trading sessions without a 1% decline, which is the longest streak in more than two decades.
- Fixed income:** All sectors underperformed similar-duration Treasuries as spreads widened. Following several weeks of strong returns, the high yield corporate sector delivered the weakest relative performance, and spreads widened by nearly 30 basis points. The worst performance came from the commodity-related sectors, dragged lower as oil prices declined below \$50/barrel for the first time since early December 2016. The Global Aggregate Index posted a negative total return and underperformed similar-duration Treasuries due to weak returns in the U.S. and Pan-European region. March FOMC is now 100% priced for a hike next Wednesday with 2.7 hikes priced in 2017 and 2.2 hikes in 2018.
- Euro:** The European Central Bank on Thursday kept key interest rates unchanged and made no changes to its bond-buying economic stimulus program.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.56%	-0.35%	-0.35%
Barclays Global Aggr Bond	-0.47%	-0.10%	-0.10%
Barclays US Corp High Yield	-1.23%	1.80%	1.80%
JPM Emerging Mkts Bond	-0.87%	2.43%	2.43%
S&P Equity 500	-0.40%	6.42%	6.42%
Russell 3000 All Cap	-0.63%	5.83%	5.83%
Russell 2000 Small Cap	-2.04%	0.80%	0.80%
NASDAQ Composite	-0.14%	9.14%	9.14%
S&P Global BMI	-0.28%	5.74%	5.74%
MSCI EAFE	0.42%	5.12%	5.12%
MSCI EAFE Small Cap	0.52%	5.83%	5.83%
MSCI Emerging Markets	-0.50%	7.57%	7.57%

Robert Klefsaas, CFP®, AIF®, CFDS
 Brian Senske, MA
 J. Alexander Källebo, CFA®
 David Osterberg, CPA
 Carl Ermisch, AIF®
 Paula Zilka
 John Shevlin
 Adam Neuger
 Ashley Kading
 Bill Ristvedt

President
 COO, CCO
 Portfolio Manager
 Tax Advisor
 Analyst & Paraplanner
 Operations Manager
 Account Executive
 Client Associate
 Executive Assistant
 PCWM



Phone: 952-896-3820 · Fax: 952-896-3819 · Toll Free: 888-809-7901

Email: asf@allstarfinancial.com · Website: www.allstarfinancial.com

3800 AMERICAN BLVD W, SUITE 620 · MINNEAPOLIS, MN · 55431