



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Emerging equities (MSCI Emerging Markets) showed strong performance for the week (4.3%) and continues to lead the global equity markets year to date (12.2%). U.S. equities finished slightly higher, with the S&P 500 Index rising 0.3%. As expected, the Federal Open Market Committee (FOMC) raised the federal funds target by a quarter point (0.25%) to a range from 0.75% to 1.00%. This affected the 10-year U.S. Treasury bond yield, which rose to 2.62%, the highest level since September 2014.

- Economic data:** the *Producer Price Index (PPI)* rose 0.3% in February, coming in well above the consensus expected increase of 0.1%. *Producer Prices* are up 2.2% versus a year ago. The *Consumer Price Index (CPI)* increased 0.1% in February, coming in above the consensus expectation of no change. The *CPI* is up 2.7% from a year ago. *Retail Sales* met expectations and rose 0.1% in February. *Retail Sales* are up 5.7% versus a year ago. *Housing Starts* rose 3.0% in February to a 1.288 million annual rate, beating the consensus expected 1.264 million. Starts are up 6.2% versus a year ago. *Industrial Production* was unchanged in February, falling short of the consensus expected 0.2%.
- Equity:** U.S. stocks posted their strongest daily gain of the week on Wednesday as the Fed lifted rates, but ended the week at modest gain of 0.28% (S&P 500). The price of crude oil slipped below \$48 per barrel on Tuesday, the lowest level in three months, amid concern that Saudi Arabia might not uphold a commitment to reduce oil production.
- Fixed income:** the U.S. Federal Reserve raised interest rates on Wednesday for the second time in three months, a move spurred by steady economic growth, strong job gains and confidence that inflation is rising to the central bank's target. The decision to lift the target overnight interest rate by 25 basis points to a range of 0.75-1.00% marked a convincing step in the Fed's effort to return monetary policy to a more normal footing. This caused Treasury prices to rally while the U.S. dollar index fell to a one-month low on the perceived dovish tone of Chair Yellen's remarks.
- Earnings:** In the S&P 500, about 80% of the companies have reported results that have exceeded earnings expectations.
- Political news:** the GOP's health care plan and President Trump's proposed budget dominated the week's political headlines. Both face an uncertain political future, but the President and Congress are determined to push through changes in the federal government.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	0.50%	0.15%	0.15%
Barclays Global Aggr Bond	1.13%	1.03%	1.03%
Barclays US Corp High Yield	0.22%	2.02%	2.02%
JPM Emerging Mkts Bond	0.79%	3.24%	3.24%
S&P Equity 500	0.28%	6.72%	6.72%
Russell 3000 All Cap	0.50%	6.36%	6.36%
Russell 2000 Small Cap	1.97%	2.79%	2.79%
NASDAQ Composite	0.70%	9.90%	9.90%
S&P Global BMI	1.45%	7.27%	7.27%
MSCI EAFE	2.07%	7.29%	7.29%
MSCI EAFE Small Cap	2.18%	8.14%	8.14%
MSCI Emerging Markets	4.29%	12.18%	12.18%

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