WEEKLY MARKET WRAP

REVIEW & PREVIEW

March 28, 2017 VOLUME 24, ISSUE 13

After meandering the past two weeks, momentum shifted in a negative direction and U.S. stock indexes fell more than 1% for the week. The S&P 500 Index has declined more than 2% this month after setting a record high on March 1. Across much of the fixed-income market, bond prices rose and yields declined for the second consecutive week. The yield of the 10-year U.S. Treasury bond fell to about 2.40%, down from a recent high of 2.62% on March 13.

- **Economic data:** *Existing home sales* declined 3.7% in February to a 5.48 million annual rate, coming in below the consensus expected 5.55 million. Sales are up 5.4% versus a year ago. The median price of an existing home rose to $228,400 in February and is up 7.7% versus a year ago. Average prices are up 5.8% versus last year. *New single-family home sales* increased 6.1% in February to a 592,000 annual rate, easily beating the consensus expected pace of 564,000. Sales are up 12.8% from a year ago. The median price of new homes sold was $296,200 in February, down 4.9% from a year ago. *New orders for durable goods* rose 1.7% in February, beating a consensus expected 1.4%.
- **Equity:** Most of the U.S. stock market's weekly decline came on Tuesday, as doubts arose about congressional approval of President Trump's healthcare law and the impact that a potential defeat could have on prospects for tax cuts and increased infrastructure spending. The Dow tumbled 238 points, the index's worst day since September 2016. That is the eighth-longest stretch without a decline of that magnitude in records dating to 1928, according to S&P Dow Jones Indices. Tuesday's sell-off was not limited to stocks.
- **Fixed income:** All domestic fixed income sectors, except high yield corporates, posted positive total returns last week given the decline in Treasury yields. The underperformance was broad-based, led by energy and the high yield sector delivered the weakest performance last week. The Global Aggregate Index posted a positive total return and outperformed similar-duration Treasuries, driven by the Pan-European region. The differential between the yields of 2-year and 10-year U.S. Treasury bonds is often used as an indicator of economic growth prospects, and lately it's been pointing toward pessimism. On Wednesday, the differential was 1.14%, the smallest since the U.S. election last November.
- **Political news:** The markets were influenced by President Trump's proposal to replace the healthcare law, but the GOP's attempt to reform healthcare hit a brick wall of politics. Democrats refused to participate and the bill died.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	0.60%	0.75%	0.75%
Barclays Global Aggr Bond	0.90%	1.93%	1.93%
Barclays US Corp High Yield	-0.22%	1.80%	1.80%
JPM Emerging Mkts Bond	0.75%	4.01%	4.01%
S&P Equity 500	-1.42%	5.20%	5.20%
Russell 3000 All Cap	-1.57%	4.69%	4.69%
Russell 2000 Small Cap	-2.63%	0.09%	0.09%
NASDAQ Composite	-1.22%	8.56%	8.56%
S&P Global BMI	-0.78%	6.44%	6.44%
MSCI EAFE	-0.04%	7.25%	7.25%
MSCI EAFE Small Cap	0.13%	8.28%	8.28%
MSCI Emerging Markets	0.41%	12.64%	12.64%

Robert Klefsaas, CFP®, AIF®,CFDS	President
Brian Senske, MA	COO, CCO
J. Alexander Källebo, CFA®	Portfolio Manager
David Osterberg, CPA	Tax Advisor
Carl Ermisch, AIF®	Analyst & Paraplanner
Paula Zilka	Operations Manager
John Shevlin	Account Executive
Adam Neuger	Client Associate
Ashley Kading	Executive Assistant
Bill Ristvedt	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