



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Last Friday the S&P 500 topped its record high set two months ago as the Federal Reserve held interest rates steady and continued to assert strength in the economy, despite a slower start to the year. In Europe, markets weighed positive manufacturing data against political uncertainty ahead of Sunday's second-round French presidential election. European stocks climbed on Friday to its highest level in nearly two years. Treasuries fell during a busy week highlighted by the Federal Open Market Committee meeting and the April jobs report. On Wednesday, the FOMC decided to keep its target range for the federal funds rate unchanged, which was widely expected.

- Economic Data:** *Personal income* increased 0.2% in March, coming in below the consensus expected +0.3% and *personal consumption* was unchanged versus the consensus expected 0.2%. Personal income is up 4.5% in the past year, while spending is up 4.7%. The *ISM Manufacturing Index* declined to 54.8 in April, coming in below the consensus expected 56.5. The *ISM Non-manufacturing Index* rose to 57.5 in April, coming in above the consensus expected 55.8. The *trade deficit* in goods and services came in at \$43.7 billion in March, smaller than the consensus expected \$44.5 billion. In the last year, exports are up 7.0% while imports are up 8.8%. *Nonfarm payrolls* increased 211,000 in April, beating the consensus expected 190,000. The *unemployment rate* dropped down to 4.4% in April from 4.5% in March.
- Equity:** Stocks traded in a narrow range all week, and the CBOE Volatility Index closed at 10.1 on Monday, ninth lowest level since January 2004 and down from a recent yearly high of 15.96 on April 13. European stocks climbed on Friday to its highest level in nearly two years, driven higher in part by recent improvement in European economic data. Crude oil retreated 6.30% for the week, as gasoline inventories rose for the third straight week.
- Fixed Income:** On Wednesday, the U.S. Federal Reserve Board kept interest rates unchanged and said that recent economic weakness could be temporary. U.S. Treasury yields rose during the week across all maturities, led by the 5-year to 10-year area of the yield curve. The Global Aggregate Index produced negative returns but outperformed similar-duration Treasuries, driven by strong performance in the Pan-European region, especially France, Spain and Italy.
- Earnings:** 83% of the companies in the S&P 500 have reported earnings for Q1 2017 and estimates are now 13.5%. If 13.5% is the actual growth rate for the quarter, it will mark the highest (year-over-year) earnings growth for the index since Q3 2011 (16.7%).
- Political and Policy News:** The House voted narrowly entirely along party lines Thursday to pass a Republican bill to repeal and replace Obamacare after months of infighting and false starts.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.23%	0.54%	1.36%
Barclays Global Aggr Bond	-0.13%	1.00%	2.78%
Barclays US Corp High Yield	-0.10%	1.05%	3.78%
JPM Emerging Mkts Bond	-0.24%	1.38%	5.34%
S&P Equity 500	0.66%	1.69%	7.86%
Russell 3000 All Cap	0.55%	1.62%	7.45%
Russell 2000 Small Cap	-0.22%	0.87%	3.36%
NASDAQ Composite	0.90%	3.26%	13.72%
S&P Global BMI	0.85%	2.52%	9.64%
MSCI EAFE	1.82%	4.41%	11.98%
MSCI EAFE Small Cap	1.07%	5.40%	13.80%
MSCI Emerging Markets	0.08%	2.27%	13.97%

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