



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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The S&P 500 touched record levels early in the week, but leveled out amid weakness in consumer staples, financials and energy. The healthcare sector rallied after the latest effort at reform was unveiled in Washington. In Europe, low oil prices, moderate Eurozone data releases and the beginning of Brexit talks led the FTSE 100 and Stoxx Europe 600 down 0.5% and 0.2%, respectively. In a curve flattening trade, the U.S. 10-Year Treasury yield ended down at 2.14% while the 2-Year yield rose two basis points. In Europe, core sovereign yields remained subdued as falling oil prices added to softer inflation expectations, while the periphery outperformed, boosted by easing political concerns.

- Economic Data:** *New single-family home sales* rose 2.9% in May to a 610,000 annual rate, beating the consensus expected 590,000. Sales are up 8.9% from a year ago. *Existing home sales* increased 1.1% in May to a 5.62 million annual rate, beating the consensus expected 5.55 million. Sales are up 2.7% versus a year ago.
- Equity:** Equities ended the week marginally higher as health-care and information technology firms offset losses in energy and financial companies. Shares of biotechnology and pharmaceutical corporations posted their largest weekly gain since the November elections as positive clinical trial results from a few drug companies and the unveiling of the Senate Republicans' plan to overhaul the Affordable Care Act drove shares higher. After climbing above \$55 in February, crude oil prices fell to around \$43 a barrel on Wednesday and stayed there the rest of the week. That decline of greater than 20% means that oil is in a bear market for the sixth time in the past four years.
- Fixed Income:** Falling oil prices contributed to declining inflation expectations last week. Longer maturity Treasury yields subsequently fell, while short maturity yields drifted slightly higher. The general Fed policy outlook is for continued slow normalization and the yield curve flattened significantly as a result. The 30-year Treasury yield has fallen 18 basis points (bps) more than the 5-year yield so far in 2017. The current yield difference is the smallest since November 2007. Expectations for additional Fed rate hikes supported short Treasury yields and all maturities less than 10 years finished modestly higher.
- Corporate News:** All major U.S. banks passed the U.S. Federal Reserve's latest round of stress tests, designed to gauge the ability of banks to withstand a potential financial shock, such as a recession.
- Political and Policy News:** Leaders of the Senate's Republican majority on Thursday released their proposal to replace the law known as Obamacare, setting up a potential Senate vote this week.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	0.17%	2.03%	2.86%
Barclays Global Aggr Bond	0.04%	2.89%	4.71%
Barclays US Corp High Yield	-0.37%	1.88%	4.63%
JPM Emerging Mkts Bond	-0.29%	2.63%	6.63%
S&P Equity 500	0.22%	3.69%	9.98%
Russell 3000 All Cap	0.27%	3.53%	9.47%
Russell 2000 Small Cap	0.58%	2.36%	4.88%
NASDAQ Composite	1.85%	6.26%	17.02%
S&P Global BMI	0.21%	4.78%	12.06%
MSCI EAFE	-0.18%	6.40%	14.11%
MSCI EAFE Small Cap	-0.03%	8.34%	16.97%
MSCI Emerging Markets	0.97%	6.17%	18.32%

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