



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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July economic data pointed to a global economy running at an above-trend growth rate, as it had throughout the first half of the year. Global equity markets extended their gains, with the U.S. outperforming other developed markets. The S&P 500 was supported by further weakness in the trade-weighted dollar and better-than-expected Q2 earnings as a result. The Dow Jones Industrial Average rose above 22,000 for the first time last Wednesday. Bond yields were stable. Inflation figures remained weak while central banks were quick to reel in a hawkish turn in policy expectations going into the month.

- Economic data:** The manufacturing sector expanded at a slower pace in July and the *ISM Manufacturing Index* declined to 56.3, coming in slightly below the consensus expected 56.4. The *ISM non-manufacturing index* also declined in July, coming in at 53.9, below the consensus expected 56.9. The job market beat consensus and *nonfarm payrolls* increased in July, adding 209k job vs. expected 180k. Also positive was that the *unemployment rate* ticked down to 4.3% in July from 4.4% in June. The overall *PCE deflator* (consumer inflation) was unchanged in June, but is up 1.4% vs. a year ago. “*Core*” *PCE deflator* rose 0.1% in June and is up 1.5% year of year. The *international trade* deficit in goods and services came in at \$43.6B in June, slightly smaller than the consensus expected \$44.5B.
- Equity:** *S&P 500* traded higher with a 0.23% return. The *S&P 500* was supported by further weakness in the trade weighted dollar and better-than-expected Q2 earnings results. In Europe, generally positive earnings sent the *Stoxx Europe 600* and *FTSE 100* up 1.2% and 2.1%, respectively.
- Fixed income:** *Long term Treasury prices* rose slightly and as *short term Treasury prices* dropped slightly over the course of the week on mixed economic reports and increased demand for government debt. The *US Dollar Index* traded weaker for most of last week, and *inflation* figures remained weak overall, while central banks were quick to reel in a hawkish turn in policy expectations going into the month.
- Earnings:** From a global perspective, the second quarter did not slow down after a strong first quarter. As of Friday, the blended earnings growth rate for the *S&P 500* for the second quarter is 10.1%. This is well above the estimated earnings growth rate of 8.6% at the start of the quarter.
- Political and Policy News:** Investors have been skeptical that President Trump’s pro-growth agenda items would be passed after efforts to repeal and replace the Affordable Care Act failed.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	0.16%	0.60%	2.88%
Barclays Global Aggr Bond	0.17%	1.67%	6.15%
Barclays US Corp High Yield	0.05%	1.15%	6.14%
JPM Emerging Mkts Bond	0.54%	1.11%	7.38%
S&P Equity 500	0.23%	2.37%	11.93%
Russell 3000 All Cap	0.09%	2.07%	11.19%
Russell 2000 Small Cap	-1.17%	-0.15%	4.84%
NASDAQ Composite	-0.34%	3.50%	18.72%
S&P Global BMI	0.37%	3.08%	15.19%
MSCI EAFE	0.87%	3.50%	17.80%
MSCI EAFE Small Cap	0.80%	4.06%	21.45%
MSCI Emerging Markets	0.44%	6.10%	25.66%

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