



WEEKLY MARKET WRAP

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S&P 500 ended up 0.09% as markets reacted to the increased geopolitical tensions as well as the Fed's announcement on policy. Outside the U.S., the Stoxx Europe 600 Index rose 0.68% and the Japanese TOPIX index was up 1.57%. The U.S. and Global Aggregate Bond indices lost 0.15% and 0.26% respectively. Investors were focused on the FED's meeting that took place on Wednesday. U.S. Treasury yields rose across all maturities, led by 5-year maturities with the 2-Year note around 1.44%, its highest level since November 2008.

- Economic Data:** *Housing starts* declined 0.8% in August to a 1.180 million annual rate, beating the consensus expected 1.174 million. Starts are up 1.4% versus a year ago. Single-family starts increased 1.6%, while multi-unit starts declined. In the past year, single-family starts are up 17.1% while multi-unit starts are down 24.7%. *Existing home sales* declined 1.7% in August to a 5.35 million annual rate, below the consensus expected 5.45 million. Sales are up 0.2% versus a year ago. The median price of an existing home declined to \$253,500 in August, but is up 5.6% versus a year ago. Average prices are up 4.5% versus last year.
- Equity:** the S&P 500 index posted a new all-time closing high of 2,508 on Wednesday, but ended the week relatively flat, 0.09%. The telecom sector has been the second worst sector for most of 2017, but woke to life last week and ended the week as the best performing sector, 3.8%, as news surfaced of a potential M&A deal between T-Mobile and Sprint.
- Fixed Income:** The much anticipated September FOMC meeting came and went with no rate hike and the well-advertised unwinding of its \$4.5 trillion balance sheet to start in October. The biggest surprise from the announcement after the two-day Fed meeting was that 12 of the 16 members of the FOMC think the Fed will raise rates one more time in 2017 and three more rate hikes reiterated in 2018. Yields rose across the board after the announcement with the 2-year treasury yield spiking to the highest level since 2008.
- Corporate News / Earnings:** 43 companies in the S&P 500 have issued positive EPS guidance, which is well above the five-year average (27). Should this number hold it will be the third highest number of S&P 500 companies issuing positive EPS guidance for a quarter since FactSet began tracking EPS guidance in 2006.
- Political and Policy News:** Nothing seems to worry investors and volatility continues to be very low, with the VIX hovering near its all-time lows. Equity markets seemed unfazed by the President of the United States comments at the United Nations on Tuesday as tensions remain high between the U.S. and North Korea.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.15%	0.95%	3.24%
Barclays Global Aggr Bond	-0.26%	2.45%	6.96%
Barclays US Corp High Yield	0.21%	1.67%	6.69%
JPM Emerging Mkts Bond	-0.36%	2.48%	8.83%
S&P Equity 500	0.09%	3.74%	13.43%
Russell 3000 All Cap	0.25%	3.65%	12.91%
Russell 2000 Small Cap	1.35%	2.76%	7.89%
NASDAQ Composite	-0.33%	4.92%	20.36%
S&P Global BMI	0.34%	5.14%	17.49%
MSCI EAFE	0.70%	5.43%	19.99%
MSCI EAFE Small Cap	0.35%	6.86%	24.72%
MSCI Emerging Markets	0.03%	9.90%	30.16%

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