



WEEKLY MARKET WRAP

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The S&P 500 posted its fourth consecutive weekly gain, 1.25%, as the prospect for tax reform continued to boost investor sentiment. Emerging markets continued its strong performance with the MSCI EM index up 1.99% and global markets, as measured by the S&P Global BMI, rose 0.86%. The European market was one weak spot and the MSCI EAFE fell 0.06%. U.S. Treasury yields rose again, albeit modestly, for the fourth consecutive week. This time, 30-year maturities led the increase. Internationally, the Global Aggregate Index posted a negative total return, -0.50%, hurt by weak returns in the European region.

- Economic Data:** The *ISM Manufacturing* Index rose to 60.8 in September, hitting the highest level since 2004 as the factory sector showed strength across all major measures. The major measures of activity were all above 50, signaling growth. The *employment index* moved higher to 60.3 from 59.9 in August. The *ISM non-manufacturing index* rose to 59.8 in September, beating the consensus expected 55.5. Notably, the service sector activity grew in September at the fastest pace since 2005. The *business activity index* moved higher to 61.3 from 57.5 in August, and the employment index increased to 56.8 from 56.2. The *trade deficit* in goods and services came in at \$42.4 billion in August, slightly smaller than the consensus expected \$42.7 billion. Compared to a year ago, the monthly trade deficit is \$1.3 billion larger; after adjusting for inflation, the "real" trade deficit in goods is \$2.8 billion larger. *Nonfarm payrolls* declined 33,000 in September, well below the consensus expected gain of 80,000. Including revisions to July/August, nonfarm payrolls fell 71,000. The *unemployment* rate dropped to 4.2% in September from 4.4% in August. Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.5% in September and are up 2.9% versus a year ago.
- Equity:** The S&P 500 posted seven daily gains in a row and set record highs on Thursday and Friday as the prospect for tax reform continued to boost investor sentiment. Emerging markets continued its strong performance with the MSCI EM index up 1.99% and global markets, as measured by the S&P Global BMI rose 0.86%. The European market was one weak spot and the MSCI EAFE fell 0.06%.
- Fixed Income:** All domestic sectors, except high yield corporates, posted negative total returns last week. However, all sectors, except preferred and securitized, outperformed similar-duration Treasuries due to spread compression. The U.S. 10-Year Treasury yield rose to 2.37%. The Global Aggregate Index posted a negative total return, -0.50%, hurt by weak returns in the European region.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.15%	-0.15%	2.98%
Barclays Global Aggr Bond	-0.50%	-0.50%	5.72%
Barclays US Corp High Yield	0.16%	0.16%	7.17%
JPM Emerging Mkts Bond	-0.01%	-0.01%	8.72%
S&P Equity 500	1.25%	1.25%	15.67%
Russell 3000 All Cap	1.27%	1.27%	15.36%
Russell 2000 Small Cap	1.32%	1.32%	12.40%
NASDAQ Composite	1.48%	1.48%	23.47%
S&P Global BMI	0.86%	0.86%	18.82%
MSCI EAFE	-0.06%	-0.06%	19.89%
MSCI EAFE Small Cap	-0.40%	-0.40%	24.92%
MSCI Emerging Markets	1.99%	1.99%	30.33%

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