



WEEKLY MARKET WRAP

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The S&P 500 declined slightly, -0.16%, for the week, ending an eight-week run of gains. Most global equities also retreated, as investors are uncertain about the prospects for a U.S. tax reform. Emerging markets was one area with positive returns for the week, up 0.22%. The U.S. Treasury yield curve hit its flattest levels in a decade on greater short-term bond supply and solidifying Fed rate increase expectations. The Global Aggregate Index increased modestly, 0.07%, based on strong performance from the Asian-Pacific region.

- Economic Data:** *Labor productivity* in the nonfarm business sector rose 1.5 percent from the third quarter of 2016 to the third quarter of 2017. Output rose 2.9 percent over that period and hours worked increased 1.4 percent.
- Equity:** The weekly return of the U.S. equity market fell for the first time in two months as the uncertainty surrounding the U.S. tax reform bill weighed on investor sentiment. The defensively viewed areas such as real estate, utilities and consumer staples were the best performing sectors week-to-date, while areas sensitive to the deflation theme, such as financials, industrials and materials were the worst performers. The diminished prospects for quick congressional approval of a tax overhaul weighed heavily on small-cap stocks and the Russell 2000 Index fell 1.3%.
- Fixed Income:** The difference between 5- and 30-year Treasury yields reached a decade low on Wednesday before rebounding modestly. Throughout 2017, the yield difference between longer and shorter maturities has declined, with longer Treasury yields either falling or rising less than shorter yields. After 10 consecutive trading days of flattening, the yield curve steepened on Thursday and Friday. No specific economic releases or developments can be considered catalysts for the move. Rather, it appeared to be primarily driven by changes in investor positioning. The Global Aggregate Index delivered the strongest performance, with a positive total return based on strong performance from the Asian-Pacific region.
- Corporate News / Earnings:** More than 90% of the companies in the S&P 500 have reported earnings for the third quarter. Of these companies, 74% have reported actual EPS above the mean EPS estimate and the earnings growth rate for the S&P 500 is now 6.1%, up from 3.1% on September 30.
- Political and Policy News:** Tax policy was one of the week's negative catalysts for stocks. A Senate version of President Trump's tax overhaul significantly differs from the House's proposal, which could complicate talks to reconcile the measures.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.40%	-0.19%	2.95%
Barclays Global Aggr Bond	0.07%	-0.40%	5.83%
Barclays US Corp High Yield	-0.77%	-0.36%	6.62%
JPM Emerging Mkts Bond	-0.77%	-1.05%	7.59%
S&P Equity 500	-0.14%	2.71%	17.33%
Russell 3000 All Cap	-0.25%	2.33%	16.57%
Russell 2000 Small Cap	-1.29%	-0.96%	9.88%
NASDAQ Composite	-0.14%	4.04%	26.58%
S&P Global BMI	-0.23%	2.24%	20.44%
MSCI EAFE	-0.40%	1.43%	21.67%
MSCI EAFE Small Cap	-0.67%	1.24%	26.98%
MSCI Emerging Markets	0.22%	4.39%	33.39%

Robert Klefsaas, CFP®, AIF®, CFDA®	CEO, Sr. Wealth Manager
Brian Senske, MA	CFO, COO, Sr. Wealth Mgr
J. Alexander Källebo, CFA®	Portfolio Manager
Matt Berhow CFP®, AIF®	Senior Wealth Manager
David Osterberg, CPA	Tax Advisor
Brady Mickolich CFP®	Associate Wealth Manager
Carl Ermisch, AIF®	Analyst & Paraplanner
Paula Zilka	Operations Manager
John Shevlin	Account Executive
Kaitlin Buckley	Client Service Associate
Ashley Kading	Executive Assistant
Bill Ristvedt	PCWM
Zhaoren Chen	Intern #99

Advisory services are offered through All Star Financial, a SEC Registered Investment Advisor.

Phone: 952-896-3820 · Fax: 952-896-3819 · Toll Free: 888-809-7901
 Email: asf@allstarfinancial.com · Website: www.allstarfinancial.com
 3800 AMERICAN BLVD W, SUITE 620 · MINNEAPOLIS, MN · 55431

