



# WEEKLY MARKET WRAP

January 30, 2018

VOLUME 25, ISSUE 4

The U.S. equity market extended its year-to-date gains after posting its fourth consecutive weekly gain. Information technology companies, such as large caps Microsoft Corp and Alphabet Inc., have been driving the market. The equity rally is global with emerging markets leading the way. The treasury curve continued to flatten as U.S. Treasury yields closed mixed last week, with shorter maturity yields moving higher and longer yields falling. The Global Aggregate Index produced the best overall total weekly return and has the strongest return for the year. Both the European and Asian regions enjoyed strong returns with the Asian Pacific region marginally outperforming.

- Economic Data:** Existing home sales declined 3.6% in December to a 5.6 million annual rate, below the consensus expected 5.7 million. Despite the weak headline number, sales posted their best year since 2006, supporting an upward trend. Sales are up 1.1% versus a year ago. New single-family home sales declined 9.3% in December to a 625,000 annual rate, below the consensus expected 675,000. Sales are up 14.1% from a year ago. The report showed that an upward trend in sales remains, with 2017 posting the highest annual total in a decade. The first annual estimate for Q4 real GDP growth is 2.6%, below the consensus expected 3.0%. Real GDP is up 2.5% from a year ago. Adjusted for inflation, core GDP grew at a 4.6% annual rate in Q4, the fastest pace since 2014, and rose 3.3% in 2017. New orders for durable goods rose 2.9% in December, coming in above the consensus expected rise of 0.8%. Orders are up 11.5% from a year ago while orders excluding transportation are up 8.2%. Even excluding the volatile transportation sector, orders increased 0.6% in December, and rose 8.2% in 2017, the largest annual increase going back 2010.
- Equity:** The U.S. equity market extended its year-to-date gains after posting its fourth consecutive weekly gain. Strong corporate earnings results and more clarity on the impacts of tax reform on corporate profits have driven the euphoric sentiment in equities. Outside the U.S. equity markets also continued on a strong note, especially emerging markets, which was up over 3%.
- Fixed Income:** U.S. Treasury yields ended mixed last week, pivoting around the 10- year maturity range. Global fixed income markets had a good week as hints of future policy tightening in Europe and Japan drew attention last week. The European Central Bank also left monetary policy unchanged and plans to leave rates untouched past the end of the asset-purchase program, which is expected to end in September.
- Corporate News / Earnings:** Overall, analysts expect earnings of companies in the S&P 500 to rise 12% compared with the same quarter a year earlier.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	-0.02%	-0.95%	-0.95%
Barclays US Corp High Yield TR	0.27%	0.89%	0.89%
Barclays Global Aggregate TR	0.92%	1.37%	1.37%
JPM EMBI Global TR	0.28%	0.05%	0.05%
S&P 500 TR	2.23%	7.55%	7.55%
Russell 3000 TR	2.03%	7.12%	7.12%
Russell 2000 TR	0.66%	4.76%	4.76%
NASDAQ Composite TR	2.31%	8.76%	8.76%
S&P Global BMI NR	1.98%	7.07%	7.07%
MSCI EAFE NR	1.50%	6.54%	6.54%
MSCI EAFE Small Cap NR	1.97%	6.51%	6.51%
MSCI Europe NR	1.60%	6.56%	6.56%
MSCI EM NR	3.29%	9.93%	9.93%

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
Paula Zilka	Operations Manager
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.

