



WEEKLY MARKET WRAP

March 20, 2018

VOLUME 25, ISSUE 8

Volatility is back and the U.S. equity market saw big daily moves. Both the S&P 500 and the S&P Global BMI ended the week down. The domestic market leaders were within the defensively viewed sectors, utilities and real estate, while the worst performing sectors were materials and industrial. Domestic non-Treasury total returns rebounded slightly for all sectors except high yield corporates. However, all sectors lagged Treasury returns. U.S. 10-Year Treasury yields dropped to 2.85%. Global Aggregate Index nearly matched Treasury returns, propelled by strong performance from the Asian markets.

- Economic Data:** The *Consumer Price Index* (CPI) rose 0.2% in February, matching consensus expectations. The CPI is up 2.2% from a year ago. The "core" CPI, increased 0.2% in February, also matching consensus expectations. Core prices are up 1.8% versus a year ago. Real average hourly earnings were unchanged in February, but are up 0.4% in the past year. The *Producer Price Index* (PPI) increased 0.2% in February, coming in above the consensus expected rise of 0.1%. Producer prices are up 2.8% versus a year ago. *Retail Sales* disappointed in February as sales declined 0.1%, lagging the consensus expected 0.3% gain. Retail sales are up 4.0% versus a year ago. After a strong start of the year, *Housing Starts* declined 7.0% in February to a 1.236 million annual rate, lagging the consensus expected 1.290 million. Starts are down 4.0% versus a year ago. The drop in starts in February was entirely due to multi-unit starts. Single-family starts rose in February. In the past year, single-family starts are up 2.9% while multi-unit starts are down 18.7%. *Industrial Production* rose 1.1% in February, beating the consensus expected gain of 0.4%. Overall *Capacity Utilization* rose to 78.1% in February from 77.4% in January. *Manufacturing Capacity* utilization increased to 76.9 in February from 76.0 in January.

- Equity:** Volatility is back, and the U.S. equity market saw big daily moves. Both the S&P 500 and the S&P Global BMI ended the week down. The market leaders were within the defensively viewed sectors, utilities and real estate, while the worst performing sectors were materials and industrial. Global equity markets were mixed amid concerns over the potential for a global trade war coupled with instability in the Trump Administration.

- Fixed Income:** Domestic non-Treasury total returns rebounded slightly for all sectors except high yield corporates. However, all sectors lagged Treasury returns. U.S. 10-Year Treasury yields dropped to 2.85%, with European debt acting similarly. Global Aggregate Index nearly matched Treasury returns, propelled by strong performance from the Asian markets.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	0.22%	-2.00%	-2.00%
Barclays US Corp High Yield TR	-0.19%	-0.59%	-0.59%
Barclays Global Aggregate TR	0.29%	0.84%	0.84%
JPM EMBI Global TR	0.05%	-2.06%	-2.06%
S&P 500 TR	-1.20%	3.38%	3.38%
Russell 3000 TR	-1.10%	3.37%	3.37%
Russell 2000 TR	-0.65%	3.53%	3.53%
NASDAQ Composite TR	-1.02%	8.64%	8.64%
S&P Global BMI NR	-0.46%	2.12%	2.12%
MSCI EAFE NR	0.20%	0.05%	0.05%
MSCI EAFE Small Cap NR	0.20%	1.90%	1.90%
MSCI Europe NR	-0.36%	-0.51%	-0.51%
MSCI EM NR	0.52%	4.97%	4.97%

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.

