



WEEKLY MARKET WRAP

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Domestic and global equity markets rallied after President Xi Jinping reiterated his pledge to open up the Chinese market and fears over U.S./China trade tensions weakened. Tension of military actions against Syria caused oil prices to increase over 8%. In Europe, the FTSE 100 closed 1.2% higher. In Asia, the TOPIX index ended the week 0.6% higher. Easing fears of U.S. and China trade war and an escalating military conflict in Syria caused Treasury prices to drop and the Treasury yield curve flattened. The Global Aggregate Index added to its positive return for the year with strong performance from the Pan-European region.

- Economic Data:** Falling gasoline prices pushed the *Consumer Price Index (CPI)* lower by 0.1% in March, coming in below the consensus expectation for no change. The CPI is up 2.4% from a year ago. The “core” CPI, which excludes food and energy, increased 0.2% in March, matching consensus expectations. Core prices are up and accelerating with the annual rate at 2.1% over last 12 months and 2.6% over the last 6 months. *Real average hourly earnings*, the cash earnings of all workers, adjusted for inflation, rose 0.4% in March and are up 0.4% in the past year. Real average weekly earnings are up 0.9% in the past year. The *Producer Price Index (PPI)* increased 0.3% in March, coming in above the consensus expected rise of 0.1%. Producer prices are up 3.0% versus a year ago, which is the fastest twelve-month pace going back to 2012. “Core” Producer prices increased 0.3%.
- Equity:** The U.S. equity market surged higher this week as the U.S.-China trade fears subsided and tech stocks rebounded from their recent weakness. With tension of military actions against Syria, oil prices increased and closed the week around \$67 a barrel, the highest level since December 2014. Energy stocks in the S&P 500 rose over 6%, while interest rate sensitive Utilities and Real Estate were among the worst performing sectors. In Europe, the FTSE 100 and Euro Stoxx 600 indices closed 1.2% and 1.2% higher, respectively. In Asia, the TOPIX index ended the week 0.6% higher.
- Fixed Income:** Hawkish Federal Reserve minutes lifted U.S. 10-Year Treasury yields to 2.83% as the minutes hinted at faster rate hikes this year. Easing fears of U.S. and China trade war and an escalating military conflict in Syria caused Treasury prices to drop and the Treasury yield curve flattened. All taxable domestic non-Treasury sectors except high yield corporates produced negative total returns last week. The Global Aggregate Index added to its positive return for the year with strong performance from the Pan-European region.
- Corporate News / Earnings:** as of April 13, the S&P 500 earnings growth expectation for the first quarter is 17.3%.

| Index/Portfolio Returns | % Change Week | % Change QTD | % Change YTD |
|--------------------------------|---------------|--------------|--------------|
| Barclays US Agg Bond TR | -0.18% | -0.23% | -1.69% |
| Barclays US Corp High Yield TR | 0.79% | 1.09% | 0.22% |
| Barclays Global Aggregate TR | 0.10% | -0.14% | 1.22% |
| JPM EMBI Global TR | -0.19% | 0.16% | -1.62% |
| S&P 500 TR | 2.04% | 0.66% | -0.10% |
| Russell 3000 TR | 2.01% | 0.65% | 0.00% |
| Russell 2000 TR | 2.41% | 1.34% | 1.26% |
| NASDAQ Composite TR | 2.77% | 0.64% | 3.24% |
| S&P Global BMI NR | 1.64% | 1.02% | 0.15% |
| MSCI EAFE NR | 1.48% | 1.96% | 0.40% |
| MSCI EAFE Small Cap NR | 1.40% | 1.49% | 1.73% |
| MSCI Europe NR | 1.73% | 2.71% | 0.67% |
| MSCI EM NR | 0.73% | 0.00% | 1.41% |

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