



# WEEKLY MARKET WRAP

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Both domestic and global equity markets rallied as expectations of near term market volatility continue to decline. Investors are more confident that inflation will remain at bay and strong company earnings support equity prices. Outside the U.S., Europe's STOXX 600 index and the U.K.'s FTSE 100 index continued their positive trend and were up 1.6% and 2.4%, respectively. The treasury curve continued to flatten and taxable fixed income returns were mixed. Credit-related sectors delivered the best returns as yield spreads tightened. Barclays Global Aggregate index was down slightly while JPM EMBI Global index posted positive returns for the first time in several weeks.

- Economic Data:** Inflation is rising, although a little slower in April compared to recent months. The *Consumer Price Index (CPI)* rose 0.2% in April, below the consensus expected increase of 0.3%. The CPI is up 2.5% from a year ago. The *Producer Price Index (PPI)* increased 0.1% in April, coming in below the consensus expected rise of 0.2%. Producer prices are up 2.6% versus a year ago.
- Equity:** The U.S. equity market rallied, supported by higher oil prices as well as reduced global tension. Investors' near term uncertainty, as measured by the CBOE Volatility Index (VIX), has declined more than 40% since recent highs in early April. The best performing sectors were energy and financials, while the worst performing sectors were utilities and consumer staples. Outside the U.S., Europe's STOXX 600 index and the U.K.'s FTSE 100 index continued their positive trend and were up 1.6% and 2.4%, respectively. U.S. crude oil prices rose, climbing above \$71 a barrel to the highest level since November 2014. The U.S. dollar rose to its highest level since last December while emerging market currencies broadly weakened against the USD.
- Fixed Income:** The treasury curve continued to flatten as the 30-year auction size was met with stronger than expected demand and the 30-Yr. T-Bond yield was down -1.8 basis points (bps) while the 2-Yr. T-Note yield increased 3.8 bps. Taxable fixed income returns were mixed as Treasuries, mortgage-backed and commercial mortgage backed securities posted negative total returns. High yield corporate bonds outpaced other taxable fixed income markets. The credit-related sectors delivered the best returns as yield spreads tightened. Barclays Global Aggregate index was down slightly while JPM EMBI Global index posted positive returns for the first time in four weeks.
- Political and Policy News:** President Trump announced that the U.S. will withdraw from the Iran nuclear deal and re-imposing sanctions on Iran leading to increased tension in U.S.-European trade relations.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	-0.01%	-0.83%	-2.28%
Barclays US Corp High Yield TR	0.28%	0.85%	-0.02%
Barclays Global Aggregate TR	-0.03%	-2.08%	-0.75%
JPM EMBI Global TR	0.37%	-2.26%	-4.01%
S&P 500 TR	2.49%	3.51%	2.72%
Russell 3000 TR	2.48%	3.60%	2.94%
Russell 2000 TR	2.65%	5.15%	5.06%
NASDAQ Composite TR	2.73%	4.92%	7.63%
S&P Global BMI NR	2.13%	2.99%	2.10%
MSCI EAFE NR	1.60%	3.38%	1.80%
MSCI EAFE Small Cap NR	1.68%	2.89%	3.14%
MSCI Europe NR	1.77%	3.82%	1.76%
MSCI EM NR	2.52%	-0.38%	1.03%

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

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