



WEEKLY MARKET WRAP

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The S&P 500 index rallied Friday, but not enough to make up for the declines to the index earlier in the week. Tech was the best performing sector as shares of Apple surge after posting strong quarterly results. Outside the U.S., the Euro Stoxx 600 Index rose 0.8% while emerging market equities fell as the dollar strengthened. The Federal Open Market Committee met and kept rates unchanged while acknowledging that economic activity and labor markets are strong. The securitized sectors delivered the best returns and were the only fixed income sectors that outperformed similar-duration Treasuries. Outside the U.S., global fixed income declined as the dollar strengthened.

- Economic Data:** Payroll growth for April fell short of expectations, growing 164,000 versus the consensus expected 193,000. However, payrolls were revised up by 30,000 for prior months, making up the difference. Unemployment rate fell below 4% to 3.9% in April, the lowest since 2000, near the peak of the late-1990's high-tech boom. Although the *ISM non-manufacturing index* declined to 56.8 in April, lagging the consensus expected 58.0, all 18 service sector industries reported growth. The *ISM Manufacturing Index* declined to 57.3 in April, lagging the consensus expected 58.5, but 17 out of 18 industries reported growth, indicating that the growth was broad based. The *trade deficit in goods and services* came in at \$49.0 billion in March, smaller than the consensus expected \$50.0 billion. In the last year, exports are up 8.8% while imports are up 8.9%.
- Equity:** The U.S. equity market posted a modest loss for the week, despite surging nearly +2.5% from Thursday's lows. Tech was by far the best performing sector as shares of Apple surge after posting strong quarterly results. The Euro Stoxx 600 Index rose 0.8% despite disappointing economic growth data in the Euro area. Emerging market equities fell as the dollar strengthened.
- Fixed Income:** The yield curve continues to flatten as the Fed kept rates unchanged while acknowledging the recent increase in inflation and strength in the labor market. Treasury yields finished little changed and taxable fixed income returns were mixed. The securitized sectors (mortgage-backed, commercial mortgage-backed and asset-backed) delivered the best returns and were the only fixed income sectors that outperformed similar-duration Treasuries. Investors' expectations for a June 13th rate hike are now over 95%. Dollar strength took a toll on emerging market debt while sovereign and corporate emerging market spreads widened.
- Corporate News / Earnings:** Earnings growth rate continued to creep higher, and as of May 4th, 81% of the companies in the S&P 500 have reported actual results for Q1 2018 and the growth rate for Q1 is now 24.2% vs. 23.2% last week.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	0.02%	-0.82%	-2.27%
Barclays US Corp High Yield TR	-0.07%	0.57%	-0.29%
Barclays Global Aggregate TR	-0.49%	-2.05%	-0.72%
JPM EMBI Global TR	-1.28%	-2.63%	-4.36%
S&P 500 TR	-0.21%	1.00%	0.23%
Russell 3000 TR	-0.09%	1.10%	0.45%
Russell 2000 TR	0.62%	2.43%	2.35%
NASDAQ Composite TR	1.29%	2.13%	4.77%
S&P Global BMI NR	-0.37%	0.84%	-0.03%
MSCI EAFE NR	-0.46%	1.75%	0.19%
MSCI EAFE Small Cap NR	-0.23%	1.19%	1.44%
MSCI Europe NR	-0.67%	2.02%	0.00%
MSCI EM NR	-1.70%	-2.82%	-1.45%

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