



WEEKLY MARKET WRAP

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The U.S. equity market posted a gain for the fourth consecutive week. However, not all headlines were positive as Facebook disappointed and tumbled 20% or over \$120B worth of market cap. Global equity markets rallied following an ease in trade tension as well as a number of positive second quarter earnings releases. In Europe, earnings results boosted markets and the Stoxx 600 and FTSE 100 both inched higher, 1.7% and 0.3%, respectively. The U.S. Treasury yield curve resumed flattening and the global emerging markets debt sector continued its strong performance. Within the Global Aggregate Index, only the Asian-Pacific region showed a positive total return.

- Economic Data:** The U.S. economy is the strongest it has been in a decade and the first estimate for Q2 real GDP growth is 4.1% compared to consensus expected 4.2%. *Real GDP* is up 2.8% from a year ago. The largest positive contributions to *real GDP* growth in Q2 were consumer spending and net exports. The largest drag was inventories. *Core real GDP* grew at 4.3% annual pace in Q2 and is up 3.2% in the past year. *Durable goods orders* rose by 1.0% in June, lagging the consensus expected increase of 3.0%. *Existing home sales* declined 0.6% in June to a 5.38 million annual rate, below the consensus expected 5.44 million. *Existing home sales* fell for the third straight month in June. *Existing home sales* are down 2.2% versus a year ago. New home sales disappointed in June and *new single-family home sales* declined 5.3% in June to a 631,000 annual rate, below the consensus expected 668,000. *New single-family home sales* are up 2.4% from a year ago.
- Equity:** The U.S. equity market posted a gain for the fourth consecutive week on strong second quarter corporate earnings results. Not all headlines were positive as Facebook disappointed and tumbled 20% or over \$120B worth of market cap. World stocks rose as global trade tensions came down after tension over tariffs between the U.S. and Europe eased.
- Fixed Income:** The U.S. Treasury yield curve resumed flattening as yields rose in response to strong second quarter economic growth and earnings releases, as well as declining potential for a trade war between the U.S. and Europe. Most domestic taxable fixed income sectors experienced negative total returns, except investment grade and high yield corporates. All domestic sectors outperformed similar-duration Treasuries as spreads narrowed. Within the Global Aggregate Index, only the Asian-Pacific region showed a positive total return.
- Corporate News / Earnings:** 53% of the companies in the S&P 500 have reported, the year-over-year earnings growth rate for the second quarter is 21.3%, compared to 20.8% last week.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	-0.17%	-0.03%	-1.64%
Barclays US Corp High Yield TR	0.32%	0.92%	1.08%
Barclays Global Aggregate TR	-0.20%	-0.17%	-1.63%
JPM EMBI Global TR	0.48%	2.32%	-3.03%
S&P 500 TR	0.61%	3.80%	6.55%
Russell 3000 TR	0.22%	3.37%	6.70%
Russell 2000 TR	-1.96%	1.28%	9.04%
NASDAQ Composite TR	-1.05%	3.06%	12.71%
S&P Global BMI NR	0.84%	2.92%	2.65%
MSCI EAFE NR	1.35%	2.73%	-0.10%
MSCI EAFE Small Cap NR	1.56%	1.47%	0.12%
MSCI Europe NR	1.15%	2.97%	-0.36%
MSCI EM NR	2.14%	2.64%	-4.19%

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