



WEEKLY MARKET WRAP

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For the week, the Turkish currency collapse came when emerging market equities and currency markets were already under pressure. However, the global economy has remained relatively resilient. Investors sent global equities higher as they expressed hopes for smoother US-China trade negotiations and eyed a strong US retail sales figure. The S&P 500 recouped earlier losses to advance back to near record highs, despite volatility coming from Turkey. The U.S. yield curve flattened slightly last week. The growth in retail sales was particularly strong at clothing stores and bars & restaurants.

- Economic Data:** while *industrial production* eked out a 0.1% gain in July, growth was held back by declines in utilities and mining, which are highly volatile month-to-month. *Copper* hit its lowest level in a year as industrial metals suffered on the back of broad Emerging Market weakness and a stronger dollar. *Manufacturing* rose 0.3% in July, as the consensus expected, with both auto and non-auto production posting gains. *Retail sales* grew for the sixth consecutive month, rising 0.5% in July, led by restaurants & bars, internet & mail order sales, and general merchandise stores. *Housing starts* increased 0.9% in July to a 1.168 million annual rate, well below the consensus expected 1.260 million. *Starts* are down 1.4% versus a year ago.
- Equity:** stocks oscillated between gains and losses before finishing higher for the week on strong earnings from a couple mega-cap stocks and improved sentiment over a potential trade deal with China. U.S. and Chinese negotiators are working on a plan to have President Donald Trump and Chinese leader Xi Jinping meet in November, which could lead to the end of the current trade dispute. The S&P 500 ended a positive return, despite volatility emanating from Turkey.
- Fixed Income:** US Treasury yields held steady during the Turkish crisis. The US 10-Year and 2-Year Treasury yields finished the week at 2.87% and 2.62%, respectively. The US Dollar Index reached a one-year high and spurred higher as the Turkish lira's weakness sparked slumps in other emerging market currencies. A build-up in US crude inventories continued to drive oil prices down.
- Corporate News / Earnings:** S&P 500 companies reported that 43.6% of their sales came from outside the U.S. in 2017. This is up slightly from 43.2% in 2016, but well below the 47.8% mark hit in 2014. Strong earnings from retailers helped offset peak economic growth concerns.
- Political and Policy News:** next week's August FOMC meeting minutes will be watched for hints on whether the Fed has started discussions on ending its balance sheet drawdown sooner.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	-0.02%	0.53%	-1.10%
Barclays US Corp High Yield TR	0.02%	1.39%	1.56%
Barclays Global Aggregate TR	-0.07%	-0.62%	-2.07%
JPM EMBI Global TR	0.09%	0.42%	-4.83%
S&P 500 TR	0.66%	5.14%	7.92%
Russell 3000 TR	0.59%	4.81%	8.18%
Russell 2000 TR	0.40%	3.17%	11.08%
NASDAQ Composite TR	-0.23%	4.24%	14.01%
S&P Global BMINR	-0.48%	1.54%	1.28%
MSCIEAFE NR	-1.10%	-1.34%	-4.05%
MSCIEAFE Small Cap NR	-1.74%	-3.24%	-4.52%
MSCIEurope NR	-1.37%	-1.76%	-4.94%
MSCIEM NR	-3.69%	-3.76%	-10.16%

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