



# WEEKLY MARKET WRAP

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The U.S. equity market fell on the holiday-shortened week, which snapped a streak of three consecutive week gains. Trade headwinds and lower oil prices weighed on market sentiment, despite a strong U.S. jobs report. The best performing sectors were industrials and utilities, while the worst performing sectors were energy and info tech. Global equities also fell led by emerging markets. U.S. Treasury yields climbed for the third straight week and all maturities closed the week uniformly higher by about 8 basis points. For fixed income outside the U.S., the Barclays Global Aggregate index posted negative returns, and emerging markets, JPM EMBI Global TR, did as well, albeit slightly better.

- Economic Data:** *The ISM Manufacturing Index* rose to 61.3 in August, beating the consensus expected 57.6, and it was the highest level going all the way back to 2004. Also, *the ISM non-manufacturing index* rose to 58.5 in August, above the consensus expected 56.8. *Nonfarm payrolls* rose 201,000 in August, beating the consensus expected 190,000. *Unemployment rate* remained flat at 3.9% although broad-based employment accelerated. *Average hourly earnings* rose 0.4% in August, the largest gain so far in this economic expansion, and are up 2.9% versus a year ago. *The trade deficit in goods and services* came in at \$50.1 billion in July, close to the consensus expected \$50.2 billion. *Exports* fell \$2.1 billion, led by declines in civilian aircraft and soybeans. *Imports* rose \$2.2 billion, led by other goods, trucks, buses & special purpose vehicles and computers.
- Equity:** The U.S. equity market fell on this holiday-shortened week, which snapped a streak of three consecutive week gains. Trade headwinds and lower oil prices weighed on market sentiment, despite a strong U.S. jobs report. The best performing sectors were industrials and utilities, while the worst performing sectors were energy and info tech. Global equities also fell led by emerging markets.
- Fixed Income:** U.S. Treasury yields climbed for the third straight week and all maturities closed the week uniformly higher by about 8 basis points. All fixed income sectors, except senior loans, posted negative total returns. Investment grade corporates posted their second weekly loss in a row, finishing behind every other fixed income sector in terms of total return. High yield corporate returns remain positive year to date. Outside the U.S., the Barclays Global Aggregate index posted negative returns, and emerging markets, JPM EMBI Global TR, did as well, although slightly better. The market is pricing in a 100% probability for a September Fed interest rate hike and above 70% probability for a December hike.
- Political and Policy News:** President Trump and the EU recently announced a trade "ceasefire" and a tentative deal to move toward zero-tariffs on all non-auto industrial goods.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	-0.45%	0.22%	-1.40%
Barclays US Corp High Yield TR	-0.13%	1.70%	1.86%
Barclays Global Aggregate TR	-0.43%	-0.49%	-1.94%
JPM EMBI Global TR	-0.29%	-0.19%	-5.41%
S&P 500 TR	-0.98%	6.05%	8.86%
Russell 3000 TR	-1.06%	5.81%	9.22%
Russell 2000 TR	-1.57%	4.47%	12.47%
NASDAQ Composite TR	-2.53%	5.44%	15.32%
S&P Global BMI NR	-1.89%	1.67%	1.41%
MSCI EAFE NR	-2.83%	-2.37%	-5.05%
MSCI EAFE Small Cap NR	-2.80%	-2.95%	-4.24%
MSCI Europe NR	-2.57%	-2.14%	-5.30%
MSCI EM NR	-3.06%	-3.61%	-10.03%

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