



WEEKLY MARKET WRAP

REVIEW & PREVIEW

January 6, 2015

VOLUME 22, ISSUE 1

Stocks declined last week on New Year holiday shortened trading. This week brings a full trading week and economic calendar, with full set of jobs numbers later in the week, along with a peak at FOMC minutes. Oil prices continue to search for a bottom and are adding a healthy dose of volatility to both stock and bond markets.

- **Economic Update:** The recent Case-Shiller Home Price Index rose 4.5%, and consumer confidence remains high at 92.6. Jobless claims ticked up slightly to 298K on the week, but remain below the 300K threshold. The ISM Manufacturing Index unexpectedly fell to 53.9 last month, probably weather related but economists but will looking closer at the ISM Service Index this week.
- **2014-Domestic Large Caps Year:** The S&P 500 rose 14% in 2014, and led small caps for the first time since 2011. The strong dollar led to declines in both foreign and emerging markets, while the Barclays Aggregate rose more than high bonds with interest falling in the face of Fed's exit from bond markets.
- **Euro Falls to 9-Year Low:** The euro has fallen 12% in the past year, with Greek elections later in the month adding recent weakness. Meanwhile, Lithuania became the 19th member of the Eurozone last week, joining other former Baltic States Estonia and Latvia.
- **Japan's Nikkei Index:** Last week marked the 25th anniversary of the Japan Nikkei Index reaching its all-time high of 38,915. Today it trade near 17,700 but some analysts believe it could surpass 20,000 again in 2015, with a weaker yen leading to better corporate earnings. Bloomberg forecasts 13% earnings growth for Japan's stocks in the coming year.
- **Where is Oil's Bottom?** The big question in markets is where does oil's price decline stop. Most see it bottoming sometime next year but maybe not yet. *Russian is producing at high levels, Iraq and Libya production is back on line, and U.S. production has doubled in the last five years.*

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.60	0.23	0.23
Barclays High Yield	0.12	0.02	0.02
Barclays Glb Agg Bond	0.13	-0.13	-0.13
JPM Emerging Mkts Bond	-0.03	-0.04	-0.04
S&P 500 Index	-1.42	-0.02	-0.02
Russell 3000	-1.34	-0.06	-0.06
Russell 2000	-1.30	-0.49	-0.49
NASDAQ Composite	-1.64	-0.18	-0.18
S&P Global BMI	-1.10	-0.27	-0.27
MSCI EAFE Index	-1.52	-0.70	-0.70
MSCI EAFE Small Cap	-0.33	-0.39	-0.39
MSCI Emerging Markets	0.27	-0.26	-0.26

Robert Klefsaas, CFP[®], AIF[®], CFDS
Bruce Bonner, CFA[®]
Kristie M. Brenner AIF[®]
David Osterberg, CPA
Carl Ermisch
Trisha Downing
Dawn Knudson

President
Portfolio Manager
VP & Business Leader
Tax Advisor
Analyst & Paraplanner
Executive Assistant
Operations Manager

Phone: 952-896-3820 · Fax: 952-896-3819 · Toll Free: 888-809-7901

Email: asf@allstarfinancial.com · Website: www.allstarfinancial.com



3800 AMERICAN BLVD W, SUITE 1450 · MINNEAPOLIS, MN · 55431