



WEEKLY MARKET WRAP

REVIEW & PREVIEW

May 18, 2015

VOLUME 22, ISSUE 18

Stocks rallied to fresh highs, reversing declines from early in the week. Bond yields continued to struggle as benchmark interest rates rose in both domestic and foreign bond markets. This week's calendar is light on earnings and economic releases, with regional manufacturing indexes on Thursday and CPI on Friday calendar highlights.

- Economic Update:** Economic data softened last week. Retail sales were unchanged as consumers continue to pocket energy savings. Consumer confidence also declined with the May drop, the steepest decline in three years. Industrial production and producer price indexes also declined.
- Greek Debt Negotiations:** Greece continues to negotiate their debt terms with Euro nations, IMF, and European Central Bank. They have avoided default to date, largely due to short-term funding from IMF but long term agreements remain elusive.
- Stock Buybacks Surge:** Birinyi Associates reports that stock buybacks surged 121% from last year in April, with \$141 billion in buybacks announced. Stock buybacks are on pace to reach \$1.2 trillion in 2015, surpassing the all-time high in 2007.
- Hedge Fund Managers-Overpaid?:** The top 25 hedge fund managers took home \$11.6 billion in compensation last year. The HFR composite hedge fund return was 3% in 2014.
- Room for Improvement:** The Dalbar Analysis of Investor Behavior shows that the average investor underperforms market indexes due to bad investor decisions when severe declines or market surges occur.
- Europe Economy Expands:** Germany, France, Italy, and Spain all had positive GDP growth in the 1st quarter-the first time in three years all key nations were positive. The Eurozone GDP grew 0.4% outpacing U.S. growth for the 1st quarter.

| <i>Index/Portfolio Returns</i> | <i>% Change Week</i> | <i>% Change QTD</i> | <i>% Change YTD</i> |
|--------------------------------|----------------------|---------------------|---------------------|
| Barclays Aggregate Bond | 0.03 | -0.73 | 0.86 |
| Barclays High Yield Bond | 0.04 | 1.35 | 3.91 |
| Barclays Glb Agg Bond | 0.67 | 1.20 | -0.74 |
| JPM Emerging Mkts Bond | -0.25 | 1.82 | 3.92 |
| S&P Equity 500 Index | 0.38 | 2.91 | 3.89 |
| Russell 3000 All Cap Index | 0.46 | 2.38 | 4.23 |
| Russell 2000 Small Cap Index | 0.77 | -0.59 | 3.70 |
| NASDAQ Composite | 0.92 | 3.14 | 7.04 |
| S&P Global BMI | 0.96 | 4.61 | 7.48 |
| MSCI EAFE Index | 1.44 | 6.14 | 11.32 |
| MSCI EAFE Small Cap | 2.83 | 8.44 | 14.47 |
| MSCI Emerging Markets | 0.85 | 7.31 | 9.71 |

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