



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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Stocks finished the week with modest gains except for energy stocks, which declined on earnings misses from major oil giants Chevron and Exxon. Bonds firmed with the yield on the 10-year Treasury note falling below 2.20% on weaker than expected GDP for the 2<sup>nd</sup> quarter. This week and next wrap up 2<sup>nd</sup> quarter earnings releases and also a busy economic calendar.

- Economic Update:** The initial 2<sup>nd</sup> quarter Gross domestic product grew by just 2.3% below expectations, but improved from 1<sup>st</sup> quarter, which was revised up to a positive 0.6%. Minor downward revisions were made to prior years. Durable goods increased by 3.4%, but consumer confidence and sentiment readings fell, despite personal income gains of 4.1% year over year.
- Greece Stock Exchange Opens:** The Athens Stock Exchange opened Monday in Greece after being closed for a month. Stocks declined by 16% as debt negotiations continue.
- Puerto Rico Default:** Puerto Rico missed making the full interest payment on Monday due on debt owed by its Public Finance Corporation. The default will escalate negotiations for the island commonwealth debt of \$72 billion.
- Clean Power Plan:** The Obama administration announced a Clean Power Plan that aims to reduce carbon emissions by power plants by 30% by 2030. The plan will depend on legal rights of the EPA being upheld by courts and faces opposition from the coal industry. Alpha Resources, a major coal company, filed Chapter 11 bankruptcy on Monday, affecting \$3 billion in debt.
- Big Energy Misses:** Oil giants Exxon and Chevron both missed earnings forecasts on declining revenue, adding more selling pressure to the energy sector, oil supplies continue to build despite production cuts.
- Earnings Update:** The stronger dollar impact is being felt in 2<sup>nd</sup> quarter corporate earnings reports. S&P 500 earnings are essentially flat, up 3%, but Stoxx 600 index earnings in Europe are up 11%, and earnings in the broad Japan TOPIX index are up 7%.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.32	0.70	0.59
Barclays High Yield Bond	0.45	-0.58	1.93
Barclays Glb Agg Bond	0.49	0.22	-2.86
JPM Emerging Mkts Bond	0.53	0.41	2.18
S&P Equity 500 Index	1.19	2.10	3.35
Russell 3000 All Cap Index	1.21	1.67	3.65
Russell 2000 Small Cap Index	1.05	-1.16	3.54
NASDAQ Composite	0.79	2.88	8.95
S&P Global BMI	0.86	0.50	4.05
MSCI EAFE Index	1.02	2.08	7.72
MSCI EAFE Small Cap	0.43	0.85	11.08
MSCI Emerging Markets	-0.91	-6.93	-4.19

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