



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks declined sharply during early trading on Monday and Tuesday, rallied on Wednesday and Thursday, and finally ended a volatile two weeks with mixed close on Friday. China slowing, volatile oil prices, and uncertainty on the Fed interest rate hike remain the main sources of volatility which could continue until the Fed announcement in mid-September.

- Economic Update:** New home sales rose by 507K, and pending home sales also increased 0.5% month over month, but home price indexes were up just 5.0% year over year according to recent releases. Consumer confidence rose to 101.5, its highest reading since January. Personal spending rose 0.3% m/m and personal income was up 0.4% month over month. Durable goods also rose by 2.0% and the week saw the 2nd quarter GDP revised upward to 3.7% from 2.3%.
- Correction Replaces Calm:** Stock markets finally suffered their first correction since 2011, falling 12% since highs on May 21st through August 25th, snapping the third longest streak without a correction in 50 years according to JP Morgan. In 19 of the last 35 years stock markets have suffered a correction of 10% or more.
- Oil Rallies:** Oil prices began to stabilize with markets last week, rising above \$40 barrel. Monday followed with an 8% rally in oil prices as news broke that U.S. shale output is decelerating and OPEC's statement "that it is ready to talk to other producers". *Saudi Arabia's budget deficit could reach 20% of GDP amid falling oil prices.*
- Awful August!** The S&P 500 closed down 6% during the month of August, the index's worst single monthly performance since May 2012.
- Fed Watch:** Stan Fischer, Fed Vice-Chair commented at Jackson Hole that inflation is expected to rise to their 2% target and the Fed decision will still depend on U.S. economic data, "though they are watching other economies more closely than usual."

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.59	0.61	0.51
Barclays High Yield Bond	0.30	2.43	0.04
Barclays Glb Agg Bond	-0.77	0.52	-2.57
JPM Emerging Mkts Bond	0.63	-0.74	1.00
S&P Equity 500 Index	0.95	-3.26	-2.07
Russell 3000 All Cap Index	0.92	-3.71	-1.84
Russell 2000 Small Cap Index	0.56	-7.10	-2.68
NASDAQ Composite	2.62	-2.98	2.74
S&P Global BMI	0.48	-5.58	-2.24
MSCI EAFE Index	-0.46	-4.83	0.42
MSCI EAFE Small Cap	-0.26	-3.51	6.28
MSCI Emerging Markets	1.00	-15.19	-12.69

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