



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks finished the week higher on dovish comments from several Federal Reserve members and investor sentiment that the 3rd quarter correction has created some buying opportunities. The market faces another test over the next several weeks as 3rd quarter earnings reports begin to come in. S&P 500 companies expect to show a 5% earnings decline for the quarter.

- Economic Update:** The ISM Service Sector Index came in lower but still healthy at 56.9. Import prices were lower and the trade deficit widened as the stronger dollar continued to have impact. Jobless claims fell to 277K on the week.
- Central Banks Trim Treasury Holdings:** Foreign central banks, which have been net buyers of U.S. Treasury bonds during the last decade, have begun to be net sellers of treasuries, selling \$123 billion through July. Lower commodity prices and weaker currencies have prompted the selling, but the 10-year Treasury yield remains low, closing the week at 2.09%.
- 4th Quarter Rally?** Last quarter was the 8th time the S&P 500 declined by 5% or more during the 3rd quarter since 1990. The S&P 500 was up in the subsequent quarter in 6 of 7 years, with the exception of 2008. The average return was a 3-month gain of 12.7%!
- Dell buying EMC:** Dell Computer, which went private in 2013, is buying EMC, a data storage company in a \$67 billion buyout, which ranks among one of the largest tech deals ever.
- Nobel Prize in Economics:** Angus Deaton, a Princeton economist, was awarded the 2015 Nobel Prize in Economic Science for his improvements in measuring wealth and consumption in the economy.
- Bill Gross Sues PIMCO:** Bill Gross, former bond fund manager at PIMCO, is suing PIMCO, the firm he founded. He claims he was ousted by a “cabal” of executives who sought to deprive him of his bonus. Gross is seeking no less than \$200 million in his lawsuit, which he has promised to donate to charity if he wins.
- Carl’s Corner:** With the Toronto Blue Jays making their first Postseason appearance since 1993, the team with the longest current postseason draught is now the Seattle Mariners, who last made it in 2001.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.27	0.05	1.18
Barclays High Yield Bond	2.72	2.15	-0.36
Barclays Glb Agg Bond	0.01	0.76	-1.50
JPM Emerging Mkts Bond	1.79	2.63	2.31
S&P Equity 500 Index	3.30	5.01	-0.54
Russell 3000 All Cap Index	3.41	5.10	-0.63
Russell 2000 Small Cap Index	4.61	5.90	-2.28
NASDAQ Composite	2.62	4.58	2.90
S&P Global BMI	4.35	6.01	-0.74
MSCI EAFE Index	5.36	6.94	1.29
MSCI EAFE Small Cap	3.38	4.84	7.59
MSCI Emerging Markets	6.92	8.55	-8.25

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