



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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Stocks finished modestly higher on the week due to cautious trading and generally lackluster 3<sup>rd</sup> quarter earnings results. This week brings another full week of earnings reports but with a light economic calendar. The Federal Reserve appears to be on hold until next year, but look for possible central bank actions out of Europe, Japan, and China.

- Economic Update:** Producer Prices fell by 0.5% in September with prices falling across the board led by declining energy prices. Retail sales rose only 0.1%, constrained by falling gas prices. The Fed Beige Book showed regional economic growth held steady at a modest pace in 11 of 12 districts with Kansas City reporting a slight decline. Jobless claims fell to 255K on the week with continuing claims at 2.15 million, or 1.6% of the workforce as the economy moves close to full employment.
- China 3Q GDP:** The 2<sup>nd</sup> largest economy grew by 6.9% in the 3<sup>rd</sup> quarter, the slowest rate since 2009, but better than many survey expectations. Retail sales and services spending continue to grow by 8-10% but industrial manufacturing and real estate investments have slowed to 3-5% range. Economists expect another interest rate cut in China by year-end. In addition, the unveiling of a new 5-year plan in the last week of October is predicted to lead to more fiscal reforms to stimulate the economy.
- Treasury Bills at Zero Percent:** The U.S. Treasury sold 3-month T-bills at a zero percent yield early this month. Investors are now apparently willing to trade yield for safety following last quarter's correction.
- No Inflation, No Social Security Raise:** Seniors will see no cost of living adjustment in their Social Security checks in 2016. The raises are tied to the Consumer Price Index (CPI), which fell again in September, leaving headline CPI unchanged from last year. This is the 3<sup>rd</sup> time in 40 years that the Social Security Administration has not raised payment.
- Black Monday:** On Monday, October 19, 1987 the S&P 500 fell 20.5% - the largest single-day drop in history. In that year, the S&P 500 still managed a gain of 5.3%.
- Carl's Corner:** The longest Postseason draught in MLB history is held by the Cleveland Indians, who failed to make a Postseason appearance 40 straight seasons (1955-1994).

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.37	0.43	1.56
Barclays High Yield Bond	0.07	2.22	-0.29
Barclays Glb Agg Bond	0.61	1.38	-0.91
JPM Emerging Mkts Bond	0.79	3.45	3.12
S&P Equity 500 Index	0.93	5.98	0.38
Russell 3000 All Cap Index	0.70	5.84	0.07
Russell 2000 Small Cap Index	-0.24	5.64	-2.52
NASDAQ Composite	1.17	5.80	4.10
S&P Global BMI	0.56	6.60	-0.19
MSCI EAFE Index	0.29	7.25	1.59
MSCI EAFE Small Cap	0.12	4.97	7.72
MSCI Emerging Markets	0.71	9.32	-7.60

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