



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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U.S. equity indexes had a strong week as the S&P 500 posted seven daily gains in a row and set record highs on Thursday and Friday. Global stocks rebounded from the prior week's drop and hit record highs. Market reaction to Brazil's latest political scandal was largely contained and barely spilled over into other EMs. All Treasury yields rose, but finished within a couple of basis points of where they began. All non-Treasury sectors posted modest positive total returns. The Global Aggregate Index generated solid total returns, boosted by the Asian Pacific region.

- Economic Data:** We saw another Plow Horse first quarter report where *real (inflation-adjusted) GDP* grew at a 1.2% annual rate compared to the average annual rate of 2.1% since the economic recovery started in mid-2009. The consensus expected 0.9%. The largest positive contributions were business investment and home building. *New single-family home sales* declined 11.4% in April to a 569,000 annual rate, below the consensus expected pace of 610,000. Sales are up 0.5% from a year ago. After hitting the fastest pace in more than a decade in March, *existing home sales* took a breather in April. Existing home sales declined 2.3% in April to a 5.57 million annual rate, below the consensus expected 5.65 million. Sales are up 1.6% versus a year ago. *New orders* for durable goods declined 0.7% in April, but beating the consensus expected decline of 1.5%. Orders are up 0.9% from a year ago while orders excluding transportation are up 4.9%.
- Equity:** The S&P 500 on Thursday recorded its 19th record closing high of 2017, a figure that surpassed the full-year total of record highs set in 2016. The NASDAQ Composite also set a record high. German business confidence reached its highest level recorded, an encouraging sign of the renewed confidence in the Euro area's economic recovery. Although the OPEC approved a plan to curb production and lift prices, crude oil prices dropped below \$50 on Thursday.
- Fixed Income:** All non-Treasury sectors posted positive modest total returns and outperformed similar duration Treasuries. The calm market tone benefitted high yield corporate bonds and preferred securities in particular. For the first time in 27 years, Moody's Investors Service cut its credit rating of China's government debt. Moody's cited an increase in domestic debt in China and the outlook for weaker economic growth.
- Earnings:** In this year's first quarter, earnings climbed at the fastest pace in nearly six years. With results in from nearly all the S&P 500 companies, earnings were up nearly 14% from the same period a year earlier.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	0.03%	1.25%	2.08%
Barclays Global Aggr Bond	0.10%	2.27%	4.07%
Barclays US Corp High Yield	0.32%	1.93%	4.69%
JPM Emerging Mkts Bond	0.51%	2.43%	6.43%
S&P Equity 500	1.47%	2.59%	8.81%
Russell 3000 All Cap	1.41%	2.30%	8.17%
Russell 2000 Small Cap	1.11%	-0.12%	2.35%
NASDAQ Composite	2.10%	5.27%	15.93%
S&P Global BMI	1.08%	3.93%	11.15%
MSCI EAFE	0.20%	6.00%	13.68%
MSCI EAFE Small Cap	0.80%	7.66%	16.24%
MSCI Emerging Markets	2.17%	6.41%	18.59%

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