Contact Information: asf@allstarfinancial.com
Main Number **952-896-3820**
Bob Klefsaas 952-896-3816
Maren Aipperspach 952-896-3817
Bruce Bonner 952-896-3818
Paul Sommerstad 952-896-3835
Nick Hohn 952-896-3823
Kris Collins 952-896-3829
Valerie Moorhead 952-896-3826

ALL STAR FINANCIAL

Weekly Market Wrap

July 26, 2010

Review - Week Ending 07/23/2010

Stocks rose for the second week in a row, spurred by more strong earnings reports and favorable outlooks from major companies reporting. This week's economic news will be highlighted by Friday's preliminary GDP release, which is expected to show that the U.S. economy grew at a 2.0-2.5% growth rate during the 2nd quarter.

Commentary/Highlights

- **Economic Update:** Despite the gains in the stock market last week, most of the economic data was glum. Housing starts were lower than expected and existing home sales fell on expiring tax credits. Jobless claims rose to 464,000 and leading economic indicators continued to fall. Overall the data suggest an economy that is struggling to maintain growth.

- **Earnings Reports:** Earnings reports continue to impress, with 86% beating estimates and 67% reporting better than expected revenues. FedEx also raised its earnings forecast, a key psychological boost to the markets. Transportation stocks are often viewed as leading economic indicators since their business directly reflects economic activity.

- **Euro Bank Stress Tests:** The major European banks survived stress testing by regulators with only 7 of the 91 banks failing and showing the need for additional capital. Five of the seven banks were regional savings banks in Spain, which are the nation's major mortgage lenders and were hit the hardest by the mortgage and real estate crisis during 2008.

- **The Securities Exchange Commission (SEC)** on Wednesday proposed new limits on the sales fees that mutual fund companies charge investors on shares that are sold through brokers.) The proposal, which will be available for a 90-day public comment period, would cap the amount that investors could pay to compensate fund brokers and sales forces over the lifetime of their investments. The proposal would also limit a fund's yearly assessments for marketing and service costs to no more than 0.25 percent of assets and require funds to more clearly explain what fees are used for.

- **Lowest Treasury Yields Since 1955:** The last time yields were this low as the economy expanded was in 1955, when Ray Kroc founded McDonald's Corp. and Bill Haley's 'Rock Around The Clock' topped the music charts. Low treasury yields signal that the bond market is less concerned with government spending than with getting the economy back on track. Last week 16 economists, including ex-Fed Vice Chair Alan Blinder issued an open letter calling for more government stimulus geared toward job creation, citing fears that immediate deficit reduction could result in policy errors similar to those experienced in 1930s.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays Aggregate Bond	+0.01%	+0.52%	+5.88%
Barclays High Yield	+0.80%	+2.86%	+7.50%
S&P 500 Index	+3.58%	+6.92%	-0.20%
Russell 3000	+3.92%	+7.06%	+0.59%
MSCI EAFE Index	+1.49%	+7.85%	-6.42%
MSCI EAFE Small Cap	+1.27%	+6.89%	-0.70%
MSCI Emerging Markets	+3.47%	+7.17%	+0.56%
NASDAQ Composite	+4.15%	+7.60%	+0.01%
Russell 2000	+6.60%	+6.81%	+4.72%