The Market Week in Review
For the Week Ending April 22, 2011

THE MARKETS

The Standard & Poor's rating firm lowered the outlook for long-term United States debt this week to negative from stable because of uncertainty over the nation's fiscal issues. Standard & Poor's said the changed outlook signaled its view that "U.S. policymakers might not reach an agreement on how to address medium and long-term budgetary challenges by 2013." Nonetheless, strong corporate earnings reports resulted in the major indexes once again finishing the week on a positive note.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,341.83	12,505.99	164.16	1.33%	8.02%
Nasdaq	2,764.65	2,820.16	55.51	2.01%	6.31%
S&P 500	1,319.68	1,337.38	17.70	1.34%	6.34%
Russell 2000	834.98	845.64	10.66	1.28%	7.91%

An analysis of government data by Research Affiliates suggests that the U.S. economy hasn't actually grown since 1998. According to Federal Reserve statistics, private and public debt has increased more than three times as much as real gross domestic product.

DAILY DEVELOPMENTS

MONDAY
The National Association of Home Builders announced Monday that home builders were increasingly pessimistic, and as a result its index fell one point to 16. A reading below 50 indicates more builders are pessimistic than optimistic. Economists expect home prices will hit bottom this year before a modest recovery takes hold.

At the same time the National Association for Business Economics reported that members who were surveyed last month said the economy was substantially improving, as employment rose for the fifth straight quarter. 94% of the 72 economists polled said they expected the economy to grow at least 2% in 2011. More than half conceded that political turmoil in North Africa and the Middle East would contribute to inflationary pressures, while slightly more than half said that tensions in those regions would dampen economic growth.

TUESDAY
The Census Bureau reported on Tuesday that housing starts for March improved to an annualized rate of 549,000, which is better than the rate of 520,000 units that forecasters had expected. Building permits also improved to an annualized rate of 594,000, which is

greater than the 540,000 rate that economists had been predicting. Multi-family structures accounted for roughly two-thirds of the increase in permits. While the increase is rather tepid, the fact that fewer new homes are being built should cause the massive inventory of existing homes to decline a little more quickly.

WEDNESDAY
The National Association of Realtors said on Wednesday that existing home sales in March reached an annualized rate of 5.10 million units, which is slightly greater than the 5.00 million units that had been expected, on average, among economists polled by Briefing.com. By comparison existing home sales in February came in at 4.92 million units. But the median home price fell 5.9 percent in March from a year earlier to $159,600. Also on Wednesday the Mortgage Bankers Association said that its purchase loan index rose 10 percent to its highest since early December.

THURSDAY
The Labor Department said Thursday that the number of people applying for unemployment benefits dropped 13,000 to a seasonally adjusted 403,000 in the week ending April 16th. But the four week average rose for the second straight week to 399,000, which is approximately 10,000 higher than it was in March. The total number of people receiving unemployment benefits fell slightly to 3.7 million.

The Conference Board, a private research group, reported on Thursday that its index of leading economic indicators rose 0.4 percent in March. The index, which is a measure of future economic activity, has increased in nine straight months. Greater demand for U.S. manufactured goods and an increase in requests for building permits were the primary contributors to the March increase.

FRIDAY
All markets were closed in observance of Good Friday.

QUOTE OF THE WEEK

> ***"GDP that stems from new debt — mainly deficit spending — is phony: it is debt-financed consumption, not prosperity."***
> Rob Arnott, founder and chairman of Research Affiliates

I hope you have found the information in this week's market summary helpful. If you would like to comment on any of the information found in this week's Market Commentary please e-mail me at awillms@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call me at the number listed below.

Best regards,

Andy

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