

## The Market Week in Review

For the Week Ending April 9, 2011

### THE MARKETS

There wasn't much economic news for traders to act on this week. As a result, investors focused their attentions on how the withdrawal of the Fed's extraordinary monetary support this June will affect stock prices. Earning season gets its unofficial start next Monday evening, when the Dow component Alcoa reports its latest quarterly results. Stock prices have risen almost 7% from the lows put in just last March.

Oil ended the week at \$112.79, up 4.5%. Gold reached a record high of \$1,474.10 per ounce, up 3.2% for the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,376.72	12,380.05	3.33	0.03%	6.93%
Nasdaq	2,789.60	2,780.42	-9.18	-0.33%	4.81%
S&P 500	1,332.41	1,328.17	-4.24	-0.32%	5.61%
Russell 2000	846.77	840.89	-5.88	-0.69%	7.30%

This week Fed Chairman Ben Bernanke indicated that he expects rising commodity prices to increase inflation, but the situation would be "transitory". Nonetheless Mr. Bernanke indicated "the Fed would be prepared to act" if prices continue to rise. "We have to monitor inflation and inflation expectations extremely closely because if my assumptions prove not to be correct, then we would certainly have to respond to that and ensure that we maintain price stability," Bernanke said.

### DAILY DEVELOPMENTS

#### MONDAY

There were no major economic announcements on Monday.

#### TUESDAY

The Federal Reserve released minutes from its most recent meeting that showed members of the central bank are split about inflation. While some members "indicated that economic conditions might warrant a move toward less-accommodating monetary policy this year," others suggested the "exceptional policy accommodation could be appropriate beyond 2011." The minutes also indicate that the Federal Reserve is considering how best to end its loose monetary policy in light of the U.S. economic recovery and increasing risk of inflation. Possible measures include a gradual increase in interest rates and a discontinuance of the asset purchase program commonly referred to as "quantitative easing".

### WEDNESDAY

The Energy Information Administration (EIA) announced on Wednesday that Commercial oil inventories rose for the ninth time in the last 10 weeks, up 2.0 million barrels during the first week of April. Imports have been steady, at 9.0 million barrels per day and still showing no evidence of Libyan-related problems. Gasoline demand is the lowest it's been in six months in what is solid evidence that high pump prices are changing driving habits. Gasoline demand is down 1.2 percent year-on-year basis. With demand falling and inventories rising, it would seem that lower prices at the pump are in our future.

### THURSDAY

The Labor Department said Thursday the number of people seeking benefits dropped 10,000 to 382,000 in the week ending April 2<sup>nd</sup>. That's the third drop in four weeks. The four-week average of applications, a less volatile measure, declined to 389,500. The average is just 1,000 above a two-year low that was reached three weeks ago.

Retailers delivered solid March sales numbers, despite the challenges posed by a later than usual Easter holiday, poor weather and higher gasoline prices. The 25 retailers tracked by Thomson Reuters reported a 1.7% rise in same-store sales for last month, when a 0.7% decline was expected. In addition, revenue at major retailers rose 2 percent over last March, according to the International Council of Shopping Centers. Many analysts had expected those revenues to be flat or to decline slightly.

### FRIDAY

There were no major economic announcements on Friday.

### QUOTE OF THE WEEK

***"A government shutdown will take up to a million workers -- government workers and contractors -- out of the economy. Another recession is a real possibility."***

John Koskinen, who organized federal operations during two government shutdowns in 1995.

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](mailto: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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