

The Market Week in Review

For the Week Ending December 2nd, 2011

THE MARKETS

A bevy of positive economic reports combined with good news from Europe led to a banner week on Wall Street. The biggest move came on Wednesday as the Dow Jones Index shot up nearly 500 points, or 4.25%, as investors responded to a surprise coordinated move by European central banks to provide cheaper liquidity. There was also good news from China, which cut its bank reserve requirements ratio by 50 basis points – the first cut since 2008. The end result was a sharp weekly increase in all of the 4 major indexes. In fact, the Dow Jones Industrial Average enjoyed its best week since March 2009.

Commodities participated in the improved investor sentiment as oil and gold ETFs gained about 5% and 4% on the week, respectively. Gold finished the week at approximately \$1,750 an ounce on Friday afternoon while crude prices finished the week at \$101 a barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	11,231.78	12,019.42	787.64	7.01%	3.82%
Nasdaq	2,441.51	2,626.93	185.42	7.59%	-0.98%
S&P 500	1,158.67	1,244.28	85.61	7.39%	-1.06%
Russell 2000	666.16	735.02	68.86	10.34%	-6.21%

DAILY DEVELOPMENTS

MONDAY

New-home sales increased 1.3 percent last month to a seasonally adjusted annual rate of 307,000, the Commerce Department reported on Monday. The median price slipped 0.5 percent in the month to \$212,300 but the year-on-year rate turned positive, at plus 4.0 percent vs. a revised minus 6.5 percent in the prior month. Supply on the market fell slightly to 6.3 months at the current sales rate vs. September's revised 6.4 months. The report also revised the Department's estimate of the number of new homes sold in 2010 to 323,000 new homes. That's the fewest since the government began keeping records in 1963.

TUESDAY

The Conference Board's Consumer Confidence Index increased to 56 from a revised 40.9 reading in October, the biggest monthly gain since April 2003, figures released Tuesday from the New York based private research group showed. The gauge exceeded the most optimistic forecast in a Bloomberg News survey. The Conference Board's confidence

gauge climbed to the highest level since July, recovering from plunges in August and October that left it at a two-year low and putting it more in line with other surveys. The increase in consumer confidence has led to increased spending at the start of the holiday shopping season.

WEDNESDAY

The National Association of Realtors announced on Wednesday that its pending home index, which is a measure of contract signings for sales of existing homes, jumped 10.4 percent in October to 93.3. The monthly increase in NAR's Pending Home Sales Index is the largest since an October to November jump last year, and continues a recent trend in the index's gradual rise for the year.

THURSDAY

Manufacturing in the U.S. grew in November at the fastest pace in five months according to the Institute for Supply Management. Its factory index rose to 52.7 in November, which is nearly 2 points higher than the 50.8 October reading. Economists surveyed by Bloomberg News had on average predicted a gain to 51.8. Readings above 50 indicate expansion. Orders and production grew at the fastest pace since April. Corporate purchases of new equipment, export demand, stronger consumer spending during the holidays and leaner inventories were primarily responsible for the pickup in production.

FRIDAY

According to data released on Friday from the Labor Department, the nation's unemployment rate unexpectedly dropped last month to 8.6 percent, its lowest level in two and a half years. Unfortunately the decline was driven more by an increase in the number of people who gave up looking for a job, than it was by new hires. More specifically, 315,000 workers dropped out of the labor force while 120,000 new jobs were added. The number of jobs created was actually less than economists had been expecting.

QUOTE OF THE WEEK

"The downward revisions (to the Commerce Department's estimates of the Gross Domestic Product for the 3rd quarter) were disappointing, but economic growth should pick up and the recovery should turn into a self-sustaining expansion in 2012."

Moody's Analytics (www.economy.com).

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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