

The Market Week in Review

For the Week Ending December 9, 2011

THE MARKETS

At the risk of sounding like a broken record, developments in Europe once again drove the direction of the stock market this week as the European summit produced new measures designed to fight the debt crisis. Reports of progress in Europe were complemented by encouraging inflation data from China, which reported sharp declines in both CPI and PPI for November. When the dust settled, all four of the major indexes finished the week in the black. For the year, however, only the blue chip laden Dow Jones Industrial Average is in positive territory.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,019.42	12,184.26	164.84	1.37%	5.24%
Nasdaq	2,626.93	2,646.85	19.92	0.76%	-0.23%
S&P 500	1,244.28	1,255.19	10.91	0.88%	-0.19%
Russell 2000	735.02	745.40	10.38	1.41%	-4.88%

DAILY DEVELOPMENTS

MONDAY

The Commerce Department said Monday that total factory orders fell 0.4 percent. Demand for core capital goods fell 0.8 percent. Orders for durable goods fell 0.5%, driven in large measure by a 17% decline in orders for commercial aircraft. Orders for nondurable goods were down 0.3 percent. And defense industries reported a steep 21.1 percent drop in new orders for goods such as missiles, aircraft and small arms.

TUESDAY

The Conference Board's Employment Trends Index increased by 1.2 percent to 103.7 according to data released by the private research group on Tuesday. The report is consistent with Labor Department data released last week that indicated that payrolls are increasing and the unemployment rate is decreasing.

WEDNESDAY

Total consumer borrowing rose in October by \$7.6 billion, the Federal Reserve said Wednesday. October was the second straight monthly gain in overall borrowing, which could mean that consumers are becoming more confident that the U.S. economy is on the right track. If so, that would be good news for retailers as we are now in the middle of the crucial holiday buying season. The October increase was in large part due to a 5.3 percent increase in borrowing for car purchases and the student loan category. The category that covers credit card purchases rose 0.6 percent, which matched September's gain after a revision. While Wednesday's announcement suggests U.S. consumers may gradually

increase borrowing in coming months, we do not expect they will load up on debt the way they did during the housing boom because home equity remains non-existent for many households.

THURSDAY

The Labor Department announced on Thursday that initial jobless claims fell by 23,000 in the December 3rd week to 381,000, their lowest level since February. Better still, the four-week average declined by 3,000 to of 393,250, which is its lowest level since April.

FRIDAY

The Commerce Department said Friday that the trade deficit shrank 1.6 percent to \$43.5 billion. It was the fourth straight monthly decline. A reduction in imports more than offset a decline in exports. More specifically, imports fell 1 percent to \$222.6 billion, which largely reflected a 5 percent decline in oil imports. The average price of imported oil fell for the fifth straight month to the lowest level since March. Exports slipped 0.8 percent to \$179.2 billion, the first drop after three months of gains. Shipments of industrial supplies, such as natural gas, copper and chemicals, fell. Exports of autos and agricultural goods also dropped.

QUOTE OF THE WEEK

"If they can stabilize the problems over there in Europe to where people aren't worried about a meltdown scenario every time they walk in the door, this market was ready to go up and it has."

Tom Donino at First New York Securities.

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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