

The Market Week in Review

For the Week Ending July 23, 2011

THE MARKETS

All 4 of the major stock indexes moved higher this week as investors were relieved that European Union leaders were able to arrange a second financial bailout for Greece. Corporate earnings reports released during the week were by-in-large better than expected, but once again the economic data was mixed. The stock market could be in store for a rough week next week however as a result of a breakdown Friday afternoon in negotiations to increase the nation's debt limit after the stock market had closed. At this point a resolution, as any sort of default on U.S. debt, is needed to prevent what is likely to otherwise be a major shock to the equity markets.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,479.73	12,681.16	201.43	1.61%	9.53%
Nasdaq	2,789.80	2,858.83	69.03	2.47%	7.76%
S&P 500	1,316.14	1,345.02	28.88	2.19%	6.95%
Russell 2000	828.78	841.02	12.24	1.48%	7.32%

Rodney Dangerfield's classic line "It aint easy being me" describes how many investors and stock market pros have felt following what has been a very tumultuous 3 months for the stock market..

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

The Commerce Department announced Tuesday that the construction of new houses during June shot up to an annual pace of approximately 629,000, which represents a 15% increase from May and the highest number of housing starts in five months. Economists were predicting a 575,000 annual rate. The number of new building permits also unexpectedly rose by 2.5%. They were projected to drop 2.3 percent. The gain in new permit applications was led by a 6.9 percent increase in the number of building permits requested for construction of multifamily units. While the better than expected report suggests that the market for new housing is beginning to stabilize, it's also important to keep in mind that declining home values and pending foreclosure actions means it may take several years to rid the housing market of distressed properties, which tend to suppress the entire housing market.

WEDNESDAY

The National Association of Realtors reported on Wednesday that sales of single-family existing homes fell 0.8 percent, the third consecutive monthly drop, to a seasonally adjusted annual rate of 4.77 million from 4.81 million in May. Compared with June 2010, the scheduled closing deadline for the home buyer tax credit, sales fell 8.8 percent. But the median sales price rose to \$184,300 for an 8.9 percent monthly gain, and the year-on-year rate moved into positive ground for the first time this year at plus 0.8 percent. The average sales price for an existing home increased by 8.5% to \$236,200, pushing the year-on-year rate to a positive 2.7 percent.

THURSDAY

Initial unemployment insurance claims rose 10,000 to 418,000 for the week ending July 16th, the Labor Department announced Thursday. The level of claims came in above market expectations of 410,000. The four week moving average of initial claims, which normally provides a better indication of the underlying trend in labor markets, dipped to 421,250 from 424,000 the previous week. Continuing claims (for the week ending July 9th) fell 50,000 to 3,698,000 from 3,748,000 last week.

FRIDAY

There were no major economic announcements on Friday.

QUOTE OF THE WEEK

"We have run out of time."

President Obama at a hastily called press briefing late Friday.

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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