

**The Market Week in Review**  
For the Week Ending July 9, 2011

**THE MARKETS**

It was a mostly a quiet week as far as economic announcements were concerned. As a result trading volumes continued to be on the light side. The most significant economic data released this week was June's employment report released on Friday. As explained below, that report fell far short of expectations and dashed hopes the economic recovery had regained speed.

| Index        | Started Week | Ended Week | Change | % Change | YTD % |
|--------------|--------------|------------|--------|----------|-------|
| DJIA         | 12,582.77    | 12,657.20  | 74.43  | 0.59%    | 9.33% |
| Nasdaq       | 2,816.03     | 2,859.81   | 43.78  | 1.55%    | 7.80% |
| S&P 500      | 1,339.67     | 1,343.80   | 4.13   | 0.31%    | 6.85% |
| Russell 2000 | 840.04       | 852.57     | 12.53  | 1.49%    | 8.79% |

**DAILY DEVELOPMENTS**

*MONDAY*

Markets were closed in observance of the 4<sup>th</sup> of July holiday.

*TUESDAY*

The Commerce Department reported on Monday that factory orders rose 0.8 percent in May. That followed a downwardly revised drop of 0.9 percent in April. The jump in factory orders after a sluggish spring suggests supply disruptions stemming from the Japan earthquake and tsunami are fading. That could help the economy improve in the second half of this year. However, much of the increase was driven by orders for aircraft, a volatile category, which jumped 36.5 percent. Orders for so called nondurable goods, such as food, clothing, oil, and plastics, fell 0.2 percent in May. That's partly because oil prices fell in May.

*WEDNESDAY*

June's non-manufacturing report from the Institute for Supply Management was issued on Wednesday. It showed that the composite index retreated to 53.3, 1.3 points below May's reading. That suggests a slowing in the rate of monthly growth. (A reading above 50 indicates month-to-month growth.) New orders slowed more than three points to 53.6, which is significantly lower than the 64.5 monthly average during the first quarter of the year. The ISM's report suggest that the slowdown was to be expected because the first-quarter pace was unsustainably high.

## THURSDAY

The Bureau of Labor reported that 418,000 Americans filed for unemployment benefits in the week ending July 2<sup>nd</sup>. Economists were predicting initial claims to come in at 425,000. Last week, 432,000 Americans filed initial claims. Continuing claims for the week ending June 25<sup>th</sup> came in at 3.68 million, down from 3.72 million from the prior week. That drop was also better than predicted. Economists were looking for continuing claims to come in around 3.7 million, according to Briefing.com. The four-week moving average on initial claims also fell 3000 to 424,750.

The Thomson Reuters Same-Store Sales Index was also released on Wednesday. That index, which measures year-on-year change in sales at retail locations open for at least one year, rose 6.5 percent in June, topping the analyst estimate of a 4.9 percent gain. The increase also was far better than last year, when the Thomson Reuters Same-Store Sales Index rose 3.1 percent. Next month's report will give investors one of their first insights into the very important back-to-school shopping season, which gets underway in July.

## FRIDAY

Nonfarm payrolls increased in May by only 18,000, the Labor Department said on Friday. The increase was the smallest since last September, and was well below economists' expectations of a 90,000 increase. The private sector added only 57,000 new jobs last month, while government employment shrank by 39,000 as local and state governments struggle with shrinking tax revenues. (It is generally accepted that the economy needs to create between 125,000 and 150,000 new jobs a month just to absorb new labor force entrants.) The combined effect was to push the unemployment rate to 9.2 percent, which is the highest the rate has been during the last 6 months. The report also showed the average work week fell to 34.3 hours from 34.4 hours. Employers appear to be wary of extending hours because of the uncertainty surrounding the recovery.

## QUOTE OF THE WEEK

*"Everyone acknowledged that we have to get this done before the hard deadline of Aug. 2 to make sure America does not default for the first time on its obligations. And everybody acknowledged that there's going to be pain involved politically on all sides."*

President Obama, after budget talks last Thursday.

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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