

The Market Week in Review

For the Week Ending June 10, 2011

THE MARKETS

Worries that the economic recovery is starting to falter drove stock prices sharply lower this week. The Dow closed below the 12,000 mark for the first time since last March. It was also the Dow's sixth consecutive week with a loss. While there were relatively few major economic announcements last week, recent economic data related to manufacturing, jobs, and home sales caused some investors to move money out of stocks and into bonds. As a result Treasury bonds saw significant gains. Oil ended the week at \$99.29, while gold dropped to its lowest price in two weeks, closing at \$1,528.70.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,151.26	11,951.91	-199.35	-1.64%	3.23%
Nasdaq	2,732.78	2,643.73	-89.05	-3.26%	-0.34%
S&P 500	1,300.16	1,270.98	-29.18	-2.24%	1.06%
Russell 2000	808.13	779.54	-28.59	-3.54%	-0.52%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

In a speech given on Tuesday Federal Reserve chairman Ben Bernanke said accommodative monetary policies are still required to keep the U.S. economy on the right track. Mr. Bernanke reiterated the second round of the Fed's quantitative easing efforts ("QE2") will end by the end of this month, as originally planned. "The longer-run health of the economy requires that the Federal Reserve be vigilant in preserving its hard-won credibility for maintaining price stability." Mr. Bernanke said. "Until we see a sustained period of stronger job creation, we cannot consider the recovery to be truly established."

WEDNESDAY

U.S. crude inventories fell by 4.8 million barrels to 369 million barrels according to data released Wednesday by the U.S. Department of Energy. The American Petroleum Institute, an industry group, reported a 5.5 million barrel draw in oil inventories in its weekly report released Tuesday. The declines were significantly more than analysts had expected, and could lead to higher oil prices, and were attributed to a decline in imported oil.

THURSDAY

Initial unemployment claims increased by 1,000 during the week ended June 4th to a seasonally adjusted 427,000, the Labor Department said Thursday in its weekly report. Economists surveyed by Dow Jones Newswires had forecast claims would fall by 5,000 to 417,000. Last week's figure was also increased by 4,000 to 426,000. The four-week moving average of new claims, dropped by 2,750 to 424,000. A Labor Department statistician said there were no unusual factors in Thursday's report.

Also on Thursday the Commerce Department said the U.S. trade deficit declined 6.7% to \$43.68 billion. The March trade gap was also lowered to \$46.82 billion from \$48.18 billion which was the original estimate. The April deficit beat Wall Street expectations which had been predicting a \$48.3 billion shortfall. The real, or inflation-adjusted deficit, narrowed to \$44.23 billion in April from \$49.66 billion the month before. And while Thursday's report showed that the average price of imported crude oil climbed \$9.42 to \$103.18 a barrel in April – its biggest jump since mid-2008 – the amount of oil imported to the U.S. fell significantly, from 295.12 million barrels to 252.25 million.

FRIDAY

The U.S. Treasury's monthly budget report for May showed a one-time downward adjustment in TARP costs of \$45 billion, which helped to reduce the Treasury's deficit in May to \$57.6 billion. The amount reported was well below the \$140 billion deficit that Wall Street had been expecting. Individual-tax receipts are up 29 percent year to date to \$701.8 billion, while total receipts are up a 10.3 percent to of \$1.48 trillion. Expenditures have increased 5.7 percent with a year to date increase in outlays to \$2.41 trillion. For the fiscal year to date the federal deficit stands at \$927.5 billion, as compared to \$935.6 billion this same time last year.

QUOTE FOR THE WEEK

"We have had a steady drumbeat of weak economic news. There is really nothing on the horizon to suggest in the very near term that trend is going to change."

Jason D. Pride, the director of investment strategy at Glenmede Investment and Wealth Management.

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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