The Market Week in Review
For the Week Ending March 19, 2011

THE MARKETS

The massive earthquake in Japan, subsequent failures at that country's nuclear facilities, and ongoing social and political unrest in the Middle East and North Africa all took their toll on the equity markets this past week. All four major indexes were lower, but the drop would have been greater had it not been for the positive turn on Friday. However, light trading volume suggests that investors are still reluctant to make big new investments in equities given all the uncertainty present all over the globe.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,044.40	11,858.52	-185.88	-1.54%	2.43%
Nasdaq	2,715.61	2,643.67	-71.94	-2.65%	-0.35%
S&P 500	1,304.28	1,279.21	-25.07	-1.92%	1.72%
Russell 2000	802.83	794.66	-8.17	-1.02%	1.40%

DAILY DEVELOPMENTS

MONDAY
Monday was the first full trading session since the earthquake rocked Japan late last week. Japan's Nikkei plummeted 6% in its worst single session slide in more than two years. Central Bank governor Masaaki Shirakawa spoke to reporters Sunday night. He announced that Japan's central bank will be injecting $183 billion into money markets to keep interest rates low and to make sure banks have adequate funds for emergency activities and rebuilding.

TUESDAY
The U.S. Bureau of Labor Statistics reported on Tuesday that U.S. import prices rose 1.4 percent in February, following a similar 1.3 percent advance in January. The price index for U.S. exports increased 1.2 percent, following a 1.3 percent the previous month. Higher export prices for agricultural and non-agricultural products pushed figures up in February, as did rising fuel prices. Fuel import prices increased 4 percent after rising 3.5 percent in January.

The National Association of Home Builders released its housing market index on Tuesday. The index, which is based on a survey in which members are asked to rate the general economy and housing market conditions, increased by one point to 17 for its best reading since buyer-stimulus credits expired last spring. The Association's chief economist David Crowe said "prevailing indicators portend some improvement in the overall economy, which should generate modest housing market gains later this year."

WEDNESDAY

Housing starts fell back in February after an unexpectedly strong showing in January, the Commerce Department reported on Wednesday. Specifically, housing starts fell 22.5% to a seasonally adjusted rate of 479,000 units, well below economists forecasts. January starts were revised up to a 0.618 million unit annualized pace from the initial estimate of 0.596 million. Single family home construction starts dipped nearly 12%, while multi family starts fell 46%. Also, building permits, seen as a leading indicator for the market, fell 8.2%, to a seasonally adjusted 517,000 units, the lowest recorded level. While the report was far from positive, it may not be quite as bad as it first appears either. That's because the increase in new housing starts in January was unusually high. Housing starts during winter months are traditionally quite volatile and the weather in February was not conducive to construction. Be that as it may, there is no denying that housing demand is still soft and inventories of single family houses are still high.

The Producer Price Index, released Wednesday by the Bureau of Labor Statistics, showed that prices for "finished foods" - that is, foods that are manufactured and packaged for the market - rose by 3.9 percent. The jump was driven by a 49-percent rise in vegetable prices, largely due to freezes in produce growing areas. The increase was the biggest rise in monthly prices in 37 years. Excluding food and energy, producer prices for February increased a much more modest 0.2%, which was largely consistent with expectations prior to the announcement.

THURSDAY

The number of new claims filed for unemployment benefits filed during the week ending on March 12th totaled 385,000, which is very close to what surveyed economists had been predicting on average. At the same time the reported number of initial claims filed during the prior week was revised upward to 401,000.

Consumer prices for February increased by 0.5%, which is slightly higher than what market forecasters had been expecting. In January, the CPI rose 0.4%. Excluding food and energy, consumer prices increased by 0.2%, which also exceeded market expectations, which matched January's increase. On a year-on-year basis, CPI increased to 2.2 on a seasonally adjusted basis which is significantly higher than the 1.7% increase registered in January. Core CPI rose 1.1 percent on a year-ago basis. The increase in January was .09%.

FRIDAY

There were no major economic announcements on Friday.

QUOTE OF THE WEEK

> "A bank is a place that will lend you money if you can prove that you don't need it." ~ Bob Hope

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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