

## The Market Week in Review

For the Week Ending March 5, 2011

### THE MARKETS

It was a topsy turvey week on Wall Street this past week, but when the dust settled the equity markets were still able to notch slight gains despite ongoing turmoil in Libya and rising oil prices that have resulted therefrom. At the same time, oil prices closed at \$104.59 a barrel for a weekly gain of 6.9%. This is the highest price since September 2008.

Gold settled at \$1,428.80, a gain of 1.4% for the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,130.45	12,169.88	39.43	0.33%	5.12%
Nasdaq	2,781.05	2,784.67	3.62	0.13%	4.97%
S&P 500	1,319.88	1,321.15	1.27	0.10%	5.05%
Russell 2000	821.95	824.99	3.04	0.37%	5.28%

### DAILY DEVELOPMENTS

#### MONDAY

The National Association of Realtors Pending Home Sales Index was released on Monday. The index declined by 2.8% in January. That is the second straight monthly decline and the slowest pace for pending sales of previously owned homes since October. Economists polled by Reuters ahead of the report were expecting pending home sales to decline by 2.2 percent.

The Commerce Department reported on Monday that consumer spending edged up 0.2 in January. It was the 7<sup>th</sup> straight monthly increase, although the rate of increase was the smallest during that 7 month period. Economists had expected spending to rise 0.4 percent. Bad weather, rising food prices, and gasoline prices were given as reasons for the lower than expected increase.

#### TUESDAY

The Institute for Supply Management reported on Tuesday that its manufacturing index climbed to 61.4% in February, the highest level since May 2004. Any reading over 50 indicates that there are more manufacturers expanding production than those that are contracting. The manufacturing sector has now grown 19 straight months. Economists surveyed by MarketWatch had forecast the index to edge up to 61.0%.

The Commerce Department revealed on Tuesday that construction spending declined further in January but not as much as expected. Overall construction outlays declined 0.7 percent, which was slightly better than the consensus forecast for a 0.8 percent decrease. The December reading was revised up to a 1.6 percent drop from a previously estimated decline of 2.5 percent. Outlays on commercial projects fell 6.9 percent, the most since January 1994, but that large decline may in part reflect the influence of winter storms.

#### *WEDNESDAY*

Reports from the twelve Federal Reserve Districts indicated that overall economic activity continued to expand at a modest to moderate pace in January and early February. The reports (known as the "Beige Book") were prepared for the March 15<sup>th</sup> Federal Open Market committee meeting of the Federal Reserve. The report "indicated that overall economic activity continued to expand at a modest to moderate pace in January and early February. All twelve Fed Districts reported overall activity as improving though in varying degrees. The biggest positive was in manufacturing as "all Districts, except St. Louis, experienced solid growth in manufacturing production".

#### *THURSDAY*

The Labor Department reported Thursday that applications for unemployment benefits fell by 20,000 to a seasonally adjusted 368,000. It was the third decline in the last four weeks. Applications are now at their lowest level since May 2008. The four-week average for applications fell to 388,500, which is the lowest level since July 2008. The report also revealed that the number of people receiving unemployment benefits declined to 3.77 million. That's the lowest level since mid-October 2008 but it doesn't include people enrolled in emergency unemployment benefit programs. Altogether, 9.2 million people were on the benefit rolls last week.

Also on Thursday, the Labor Department reported that worker productivity in the nonfarm business sector rose 2.6% in fourth quarter 2010; causing unit labor costs to decline by 0.6 percent. Annual average productivity increased 3.9 percent from 2009 to 2010.

ISM's non-manufacturing report was also issued on Thursday. Its composite index rose three tenths to 59.7. Economists were looking for the index to hold steady at 54.9%.

#### *FRIDAY*

The Labor Department released its February jobs report on Friday. It showed the U.S. unemployment rate dropping to 8.9 percent last month. The report also indicated that the economy added a net 192,000 jobs last month, with 222,000 in job gains from private employers. Government employment decreased by 30,000. Non-government employers have added 1.5 million workers in the past year. However, there are 6.6 million fewer Americans working today than there were three years ago. At the current rate of job growth, it would take more than a decade to reach the historical average unemployment rate of about 5 percent.

## QUOTE OF THE WEEK

*"Foul cankering rust the hidden treasure frets, but gold that's put to use more gold begets."*

William Shakespeare, Venus and Adonis, 1593

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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