The Market Week in Review

For the Week Ending November 19, 2011

THE MARKETS

It was another volatile week on Wall Street and investors tried their best to balance negative news on the European debt crisis with mostly positive news regarding the U.S. economy. When the dust settled, the number of investors looking for safety outnumbered those willing to assume risk in hopes of maximizing returns. As a result all four of the indexes closed the week significantly lower than where they started it. However, U.S. Treasury bonds rallied on the week's risk-off trading, sending yields lower.

Next week all eyes will be on the so called "Super Committee" that is struggling with the task of making at least $1.2 trillion in deficit cuts by Thanksgiving. If the Committee fails and Congress takes no other action, automatic spending cuts will take effect beginning in 2013. A deadlocked Congress could erode business confidence and slow the already-fragile economic recovery.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,153.68	11,796.16	-357.52	-2.94%	1.89%
Nasdaq	2,678.75	2,572.50	-106.25	-3.97%	-3.03%
S&P 500	1,263.85	1,215.65	-48.20	-3.81%	-3.34%
Russell 2000	744.64	719.42	-25.22	-3.39%	-8.20%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

The Census Bureau reported Tuesday that retail sales climbed to $397.7 billion in October from $395.5 billion in September, an increase of 0.5 percent. Excluding often volatile automotive sales, retail sales grew by 0.6 percent in October. On a year over year basis, October's retail sales improved by 7.2% as compared to October of 2010. Spurred by the release of the new iPhone, electronic sales increased by 3.7 percent to $8.69 billion last month.

A report issued by the Labor Department on Tuesday suggested inflationary pressures are easing. Its producer price index declined more than projected, 0.3 percent after a 0.8 percent gain in September. Economists had been forecasting a 0.1 percent decrease, according to the median of 74 estimates in a Bloomberg News survey. The so-called core measure, which excludes volatile food and energy, was unchanged, marking the first time without an increase since November 2010.

WEDNESDAY
The Consumer Price Index dropped 0.1 percent in October, the Labor Department said Wednesday. A steep drop in gas prices led the decline. Oil prices have since rebounded and topped $100 per barrel Wednesday for the first time since July. Still, most economists expect inflation to remain in check because even at $100 a barrel, oil is cheaper than it was in the spring. Excluding volatile food and energy costs, so-called "core" prices inched up 0.1 percent. New car prices dropped by the most in nearly two years. Airline fares and hotel costs declined. Food prices rose, but at the slowest pace in 10 months.

U.S. industrial production rose 0.7 percent in October according to data released by the Federal Reserve, up from a revised 0.1 percent decline in September. Factory production, which makes up 75 percent of industrial output, increased 0.5 percent, a sign that manufacturing continues to support gradual economic growth. Capacity utilization increased to 77.8 percent, the highest since July 2008. October's manufacturing gains were led by increases of 3.1 percent in motor vehicle production, following a 0.4 percent rise in September. Excluding autos and parts, manufacturing rose 0.3 percent.

THURSDAY
Applications for jobless benefits decreased by 5,000 in the week that ended November 12th to 388,000, according to Labor Department figures released Thursday. That's the lowest level of new claims in seven months. The four-week average declined by 5,250 to 400,000, and is also at its lowest since April. Continuing claims were down 92,000 to 3.615 million, their lowest level since the economic recovery began.

Housing starts decreased 0.3 percent to a 628,000 annual rate in October, according to the Commerce Department. The median estimate of economists surveyed by Bloomberg News had predicted a larger decline to 610,000. Building permits however jumped 10.9 percent. The October annualized pace of 0.628 million units beat analysts' estimate for 0.605 million units and is up 16.5 percent on a year-ago basis. By region, the Northeast was up 17.2 percent; the Midwest up 9.7 percent; and the South up 1.6 percent. But a 16.5 percent drop in the West resulted in an aggregate decline.

FRIDAY
There were no major economic announcements on Friday.

QUOTE OF THE WEEK

> "I don't think we can afford to sit here for 14 months or 12 months and not act to help an economy that is still so weakened."

U.S. Treasury Secretary Timothy Geithner on the need to further stimulate short-term growth, despite the difficulty of getting legislation through Congress in a presidential election year.

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.

Lastly, please note that we will not be sending a Market Commentary next week because of the Thanksgiving holiday. We will, however, continue to keep a close eye on economic developments and market conditions.

Happy Thanksgiving!

Andy

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