The Market Week in Review
For the Week Ending November 5, 2011

THE MARKETS

All 4 of the major equity indexes ended the week lower than where they started at. It could have been worse, as a surprise 25 basis point rate cut by the European Central Bank to 1.25% led to a stock market rally on Thursday. But a move lower on Friday resulted in the worst performance for equities in more than a month. An uninspiring jobs report and rumors of growing discourse among European leaders were significant contributors to the market's sour mood on Friday.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,231.11	11,983.24	-247.87	-2.03%	3.50%
Nasdaq	2,737.15	2,686.15	-51.00	-1.86%	1.25%
S&P 500	1,285.09	1,253.23	-31.86	-2.48%	-0.35%
Russell 2000	761.00	746.49	-14.51	-1.91%	-4.74%

DAILY DEVELOPMENTS

MONDAY
There were no major economic announcements on Monday.

TUESDAY
The Institute for Supply Management reported on Tuesday that its manufacturing index slipped to 50.8, from 51.6 in September. (A reading above 50 indicates expansion.) Production employment, inventories, supplier deliveries all declined in October. However, new orders broke a 3 month contraction and rose +2.8 percentage points to 52.4%, indicating a return to growth.

WEDNESDAY
Automatic Data Processing announced on Wednesday that American businesses added 110,000 workers to their payrolls during the month of October. More specifically, employment in the service sector rose by 114,000, and employment fell 4,000 in production related employment, according to ADP. ADP also revised its estimate in the number of new jobs created in September to 110,000.

Also on Wednesday the Federal Reserve announced that it was significantly reducing its forecast of economic growth over the next two years. The Fed is now predicting that the United States economy will expand at a rate falling between 2.5% and 2.9% in 2012, and between 3.0% and 3.5% in 2013. The Fed is also predicting that the rate of unemployment would remain above 8.5% at the end of 2012, and above 7.8%t at the end of 2013.

THURSDAY
Jobless claims fell by 9,000 to 397,000 in the week that ended October 29th, Labor Department figures released on Thursday showed. The 4 week average of new people filing for the first time for unemployment benefits decreased by 2,000 to 404,500, a six-month low. The improvement was partly offset by a 4,000 upward revision to the prior week to 406,000.

In a separate report the Labor Department said workers increased productivity at an annual rate of 3.1% in the third quarter, the biggest increase in 1½ years. Labor costs fell 2.4%.

Total factory orders increased for a third straight month, rising by 0.3%, the Commerce Department reported Thursday. Demand for core capital goods, the category that serves as a proxy for business investment spending, jumped 2.5 percent. That's the largest increase since last March and may be further evidence that a second recession will not be part of the immediate future.

FRIDAY
Unemployment declined modestly in September from 9.0% from 9.1% according to a Labor Department report on Friday. However, the headline number concealed the fact that nonfarm payrolls for October grew by 80,000, and nonfarm private payrolls (which excludes government employees) increased by 104,000, both of which fell short of market expectations. The job gains in October were just barely enough to keep up with the number of new workers entering the workforce and so did little to lower the unemployment rate, which remains at about twice where it was when the recession began. Older workers who are delaying retirement due to financial insecurity brought on by the recession certainly are not helping matters.

QUOTE FOR THE WEEK

> "We're doing O.K., even if we're not doing great. The odds of a double-dip recession are lower, at least."
> Augustine Fauchner, director of macroeconomics at Moody's Analytics, on the economy.

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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