

## The Market Week in Review

For the Week Ending October 1, 2011

### THE MARKETS

The stock market had a very volatile week as political discord in Washington has created an atmosphere of uncertainty that continues to handicap the market. Unfortunately, as the 2012 election draws closer, very few are expecting this trend to change.

Concerns that the European Union will not be able to contain its debt crisis continues to cast a dark cloud. And yet, notwithstanding the foregoing, much of the economic data released this past week was positive. For example, new data indicates that business orders for capital goods were quite strong in August, and consumer confidence remained steady (albeit quite low). In addition the nation's GDP improved more than expected and the number of individuals seeking first time unemployment benefits fell. And so, while investors appear to be quite nervous about the state of the economy, there is new evidence that businesses and consumers are unconvinced that a second recession is forthcoming.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	10,771.48	10,913.38	141.90	1.32%	-5.74%
Nasdaq	2,483.23	2,415.40	-67.83	-2.73%	-8.95%
S&P 500	1,136.43	1,131.42	-5.01	-0.44%	-10.04%
Russell 2000	652.43	644.16	-8.27	-1.27%	-17.80%

### DAILY DEVELOPMENTS

#### MONDAY

The Commerce Department said Monday that new home sales fell 2.3% to a seasonally adjusted annual rate of 295,000. That is the fourth straight monthly decline and the lowest rate in 6 months. Locally, Wisconsin's existing home sales increased 31.1% in August compared with August 2010, but the median sale price dropped 7.3% to \$139,000, according to data released Monday by the Wisconsin Realtors Association.

#### TUESDAY

After plunging 14 points in August, consumer confidence remained steady in September, the Conference Board reported Tuesday. The research group said its Consumer Confidence Index was 45.4 (1985=100), up slightly from a revised August figure of 45.2. The August figure was the index's lowest reading since 2009. However, consumers' assessment of current conditions weakened further in September. Those describing business conditions as "good" dropped to 11.7% from 14.1%, while those claiming business conditions are "bad" remained essentially unchanged at 40.4%. In addition, those saying jobs are "hard to get" increased to 50% from 48.5% in August, while those describing jobs as "plentiful" increased to 5.5% from 4.8%.

### *WEDNESDAY*

The Commerce Department reported Wednesday that new factory orders for durable goods fell 0.1% in August. While market forecasters on average had been predicting a slight increase, the small decline was better than one might have expected given the 4.1% surge in July. At the same time non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending, increased 1.1% after falling 0.2% in July. That was well above economists' expectations for a 0.3% rise.

### *THURSDAY*

The U.S. gross domestic product rose at an annual rate of 1.3 percent in the second quarter, the U.S. Commerce Department reported on Thursday. The rate of GDP growth was faster than the government's prior reading of 1.0 percent.

The number of Americans who filed applications for unemployment benefits fell last week to its lowest level since early spring the U.S. Labor Department reported. Jobless claims fell by 37,000 to 391,000 in the week ended September 24<sup>th</sup>, putting them at the lowest level since April 2<sup>nd</sup>.

### *FRIDAY*

Personal income in August slipped 0.1%, following a 0.1% gain July. The drop in August came in the face of analysts' expectation for a 0.1% rise. Wages and salaries declined 0.2% after a 0.3% increase in July. Consumer spending rose a modest 0.2 % in August, following a sharp 0.7% rise the prior month. Not surprisingly, inflation pressures moderated, with the consumer price index price up just 0.2%, as compared to a 0.4% in July. Analysts had been expecting a 0.3% gain. The core inflation rate rose by only 0.1%, following a 0.2% increase in July. The consensus had called for a 0.2% rise.

### **QUOTE OF THE WEEK**

"The unemployment situation we have, the job situation, is really a national crisis."

Federal Reserve Chairman Ben Bernanke during a question-and-answer session after a speech in Cleveland on Wednesday.

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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