

The Market Week in Review

For the Week Ending October 8, 2011

THE MARKETS

Better economic data and hopes that European leaders are finally making headway in solving the economic crisis combined to push all 4 of the major market indexes higher this week. September's nonfarm payrolls report was better than expected while the European Central Bank held interest rates steady but provided emergency loans for troubled banks. Meanwhile oil ended the week at \$82.98 a barrel, while gold closed Friday at \$1,635.80 an ounce, which amounted to a slight gain for the week. Next week's economic data will include reports on retail sales and consumer sentiment, as well as the minutes from the latest Federal Reserve meeting.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	10,913.38	11,103.12	189.74	1.74%	-4.10%
Nasdaq	2,415.40	2,479.35	63.95	2.65%	-6.54%
S&P 500	1,131.42	1,155.46	24.04	2.12%	-8.12%
Russell 2000	644.16	656.21	12.05	1.87%	-16.26%

DAILY DEVELOPMENTS

MONDAY

The Institute for Supply Management reported on Monday that its manufacturing index rose 1 point last month to 51.6, topping Wall Street's forecast of a decline to 50.5. The index has been above 50, indicating expansion in the manufacturing sector, for 26 straight months. Exports also improved and have now grown for 27 consecutive months. 12 of the 18 manufacturing industries reported growth, including wood products, petroleum and coal products, food, beverage and tobacco products, apparel, non-metallic mineral products and machine and miscellaneous manufacturing. Primary metals, textile mills, furniture and related products, fabricated metal products, paper products and electrical equipment, showed declines, the report said. The New Orders index came in at 49.6 percent, unchanged from a month ago.

August construction spending rose 1.4% on strong state and local government outlays, Commerce Department data released on Monday showed. Economists had been expecting a 0.5% fall. The increase followed a 1.4 percent drop in July, which was the largest decline in 6 months. However, much of the increase is attributable to a jump in spending on government projects, such as roads and schools. With many states and cities short of cash, gains of that size aren't expected to continue.

TUESDAY

The Commerce Department said on Tuesday orders for manufactured goods decreased 0.2% in August. That's the second decline in 3 months. Orders for manufactured goods, excluding transportation, also fell by 0.2%, which was the first decline in this measure in six months, while demand for motor vehicles fell 5.3%.

WEDNESDAY

The Institute of Supply Management's latest report on the non-manufacturing sector was a rather stark contrast to the Commerce Department's report on Tuesday regarding the manufacturing sector. According to the ISM's announcement on Wednesday economic activity in the non-manufacturing sector grew in September for the 22nd consecutive month. The index registered 53 in September (a reading over 50 indicates growth). The September measurement was slightly below that of August, which came in at 53.3.

THURSDAY

New U.S. claims for unemployment benefits rose less than expected last week, according to a report released on Thursday by the Department of Labor. That report indicated that initial claims for state unemployment benefits climbed 6,000 to a seasonally adjusted 401,000, up slightly from a revised 395,000 the prior week. Economists had forecast claims rising to 410,000. Please note that the week covered by this report falls outside the survey period for the Department's more significant monthly employment report for September, released on Friday.

The International Council of Shopping Centers said Thursday that revenue rose 5.5 percent in September, with several retailers including Target and Kohl's posting strong gains. For the holiday shopping period, The National Retail Federation, the nation's largest retail trade group, expects sales to rise 2.8 percent to \$465.6 billion. That would be smaller than the 5.2 percent increase during last year's winter holidays, but slightly higher than the average increase of 2.6 percent for November and December over the past 10 years.

FRIDAY

The Labor Department reported today that nonfarm payrolls in the U.S. rose by 103,000 in September, well ahead of average forecasts. Private sector hiring rose by 137,000 positions, while government payrolls fell 34,000. The overall unemployment rate stayed the same, at 9.1% for the month, as expected. While Friday's report indicates that the labor market is not quite as sluggish as earlier believed, the number of new jobs being created at present are not nearly enough to solve the unemployment problem facing our country.

QUOTE OF THE WEEK

"Every banana republic has a Bill of Rights. What's more important is the separation of powers and independent courts to enforce the rights of individuals."

Supreme Court Justice Anthony Scalia during testimony Wednesday before the Senate Judiciary Committee to talk about the role of judges under the Constitution.

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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