The Market Week in Review
For the Week Ending September 17, 2011

THE MARKETS

Markets were up every day this week as leaders in Europe pledged additional financial support for Greece. That move helped calm investor's fears that Greece would default on its government debt. At the same time the European Central Bank and other central banks (including the Federal Reserve) pledged financial support to European banks who are struggling to remain solvent. The stock market also responded positively to rumors that a sovereign wealth fund from China was talking with Italy about a bond purchase. The end result was strong gains for all of the major equity indexes, as the market enjoyed its best week since last June.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	10,992.13	11,509.09	516.96	4.70%	-0.59%
Nasdaq	2,467.99	2,622.31	154.32	6.25%	-1.15%
S&P 500	1,154.23	1,216.01	61.78	5.35%	-3.31%
Russell 2000	673.96	714.31	40.35	5.99%	-8.85%

DAILY DEVELOPMENTS

MONDAY
There were no major economic announcements on Monday.

TUESDAY
Underscoring the lingering impact of what is proving to be the worst economic slump in seven decades, data released by the Census Bureau today showed the proportion of people living in poverty climbed to 15.1% last year, up from 14.3% in 2009. Four million additional Americans found themselves in poverty, with the total reaching 44 million, or one in seven residents. The rise was steepest for children, with one in five affected, the Bureau said. Making matters worse, median household income declined 2.3 percent in 2010.

WEDNESDAY
Retail sales in August were unchanged from July, the Commerce Department reported on Wednesday. The median forecast of retail sales by 83 economists surveyed by Bloomberg News called for a 0.2 percent rise. Also July's original estimate was lowered slightly (0.3% to be precise). Producer prices were also unchanged month to month, according to a separate report issued Wednesday by the Labor Department. Taken together the reports suggest to us that weakening consumer demand has put the brakes on inflationary pressures, at least for now.

THURSDAY

The Labor Department announced Thursday that the consumer price index increased by 0.4% in August, following a strong 0.5% jump in July. The August figure exceeded the median projection for a 0.2% increase. Excluding food and energy, core CPI rose 0.2%, which is unchanged from July.

The Labor Department also reported on Thursday that applications for jobless benefits rose 11,000 to 428,000 last week. The four week average, a less volatile measure, rose for the fourth straight week to 419,500, the highest level in eight weeks.

U.S. lenders accelerated residential foreclosures last month, according to data provider RealtyTrac. Specifically, foreclosure filings rose 7% in August, the biggest one month increase since June 2007, RealtyTrac said. However, the rise in default filings did not necessarily suggest that a new foreclosure problem was on the horizon. Rather it appears banks are making some progress in processing the mortgages already in default.

Finally, a report released Friday by the Federal Reserve indicated that factory output rose 0.5% in August, after increasing 0.6 percent in July. Most of the gain came from a 2.6% increase from autos and related products.

FRIDAY

U.S. consumer sentiment edged up in early September from a nearly three year low, but cconsumer expectations are at the lowest point since the Iranian hostage and oil crisis more than 30 years ago, according to survey results issued on Friday. The Thomson Reuters/University of Michigan index rose to 57.8 from 55.7 in August, slightly higher than the 57 predicted by economists in a Bloomberg poll. But the Conference Board's consumer expectations index, which measures how well off people expect to be in a year, fell from 47.4 to 47 – the lowest level since May 1980.

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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